

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 001-33853

CTRIP.COM INTERNATIONAL, LTD.

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name Into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

**968 Jin Zhong Road
Shanghai 200335**

People's Republic of China

(Address of Principal Executive Offices)

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**968 Jin Zhong Road
Shanghai 200335**

People's Republic of China

(Name, Telephone, Email and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American depository shares, each representing 0.125 ordinary share, par value US\$0.01 per share Ordinary shares, par value US\$0.01 per share*	Nasdaq Stock Market LLC (Nasdaq Global Select Market)

* Not for trading, but only in connection with the listing of American depository shares on the Nasdaq Global Select Market.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report: 64,155,412 ordinary shares, par value \$0.01 per share, as of December 31, 2016.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer
Non-Accelerated Filer

Accelerated Filer
Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS.)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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INTRODUCTION

In this annual report, unless otherwise indicated or unless the context otherwise requires:

- “ADSs” refers to our American depositary shares, each of which represents 0.125 ordinary share;
- “China” or “PRC” refers to the People’s Republic of China and, solely for the purpose of this annual report, excludes Taiwan, Hong Kong and Macau, and “Greater China” refers to the People’s Republic of China, Taiwan, Hong Kong and Macau;
- “Qunar” refers to Qunar Cayman Islands Limited, a Cayman Islands company, and unless the context requires otherwise, includes its predecessor entities and consolidated subsidiaries and variable interest entities;
- “RMB” or “Renminbi” refers to the legal currency of China; “U.S. dollars,” “dollars,” “US\$” or “\$” refers to the legal currency of the United States; “£” refers to the legal currency of the United Kingdom; “€” refers to the legal currency of Eurozone;
- “shares” or “ordinary shares” refers to our ordinary shares, par value of US\$0.01 per share; and
- “we,” “us,” “our company,” or “Ctrip” refers to Ctrip.com International, Ltd., its predecessor entities and subsidiaries and, in the context of describing our operations and consolidated financial information, also include its consolidated affiliated Chinese entities, unless otherwise indicated herein. We consolidate the financial results of Qunar starting from December 31, 2015. In calculating our active customers, cumulative customers, the number of hotels with whom we have room supply relationships, downloads of and transactions through our mobile channel and other operational data where applicable, we have not taken into account the comparable operating data of Qunar.

Any discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

This annual report on Form 20-F includes our audited consolidated financial statements for the years ended December 31, 2014, 2015 and 2016.

On December 1, 2015, we effected a change of the ratio of the ADSs to ordinary shares from four ADSs representing one ordinary share to eight ADSs representing one ordinary share. Unless otherwise indicated, ADSs and per ADS amount in this annual report have been retroactively adjusted to reflect the changes in ratio for all periods presented.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Selected Consolidated Financial Data

The following table presents the selected consolidated financial information for our business. You should read the following information in conjunction with “Item 5. Operating and Financial Review and Prospects” below. The selected consolidated statement of operations data for the years ended December 31, 2014, 2015 and 2016 and the selected consolidated balance sheet data as of December 31, 2015 and 2016 have been derived from our audited consolidated financial statements and should be read in conjunction with those statements, which are included in this annual report beginning on page F-1. The selected consolidated statement of operations data for the years ended December 31, 2012 and 2013 and the selected consolidated balance sheet data as of December 31, 2012, 2013 and 2014 have been derived from our audited consolidated financial statements for these periods, which are not included in this annual report.

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Our historical results do not necessarily indicate results expected for any future periods.

	For the Year Ended December 31,					
	2012 RMB	2013 RMB	2014 RMB	2015 RMB	2016 RMB	2016 US\$ ⁽²⁾
	(in thousands, except for per ordinary share data)					
Consolidated Statement of Operation Data						
Net revenues	4,158,791	5,386,746	7,346,918	10,897,568	19,228,440	2,769,472
Cost of revenues	(1,037,791)	(1,386,767)	(2,100,606)	(3,043,440)	(4,729,750)	(681,226)
Gross profit	3,121,000	3,999,979	5,246,312	7,854,128	14,498,690	2,088,246
Operating expenses						
Product development ⁽¹⁾	(911,905)	(1,245,719)	(2,321,349)	(3,296,693)	(7,687,422)	(1,107,219)
Sales and marketing ⁽¹⁾	(984,002)	(1,269,413)	(2,214,210)	(3,087,990)	(5,860,927)	(844,149)
General and administrative ⁽¹⁾	(570,487)	(646,405)	(861,551)	(1,088,402)	(2,518,819)	(362,785)
Total operating expenses	(2,466,394)	(3,161,537)	(5,397,110)	(7,473,085)	(16,067,168)	(2,314,153)
Income / (loss) from operations	654,606	838,442	(150,798)	381,043	(1,568,478)	(225,907)
Net interest income / (expense) and other income / (expense) ⁽⁵⁾	296,088	305,554	186,050	2,624,321	(191,627)	(27,600)
Income / (loss) before income tax expense, equity in income of affiliates and non-controlling interest	950,694	1,143,996	35,252	3,005,364	(1,760,105)	(253,507)
Income tax expense	(294,526)	(293,740)	(130,821)	(470,188)	(478,009)	(68,848)
Equity in income / (loss) of affiliates	34,343	56,147	187,191	(135,781)	601,883	86,689
Net income / (loss)	690,511	906,403	91,622	2,399,395	(1,636,231)	(235,666)
Less: Net loss attributable to non-controlling interests	23,895	91,917	151,117	108,261	205,528	29,602
Net income / (loss) attributable to Ctrip's shareholders	714,406	998,320	242,739	2,507,656	(1,430,703)	(206,064)
Earnings Per Ordinary Share Data:						
Net income / (loss) attributable to Ctrip's shareholders	714,406	998,320	242,739	2,507,656	(1,430,703)	(206,064)
Earnings / (loss) per ordinary share ⁽³⁾ , basic	20.87	30.34	7.08	66.34	(24.18)	(3.48)
Earnings / (loss) per ordinary share ⁽³⁾ , diluted	19.92	26.63	6.35	56.85	(24.18)	(3.48)

	As of December 31,					
	2012 RMB	2013 RMB	2014 RMB	2015 RMB	2016 ⁽⁷⁾ RMB	2016 ⁽⁷⁾ US\$ ⁽²⁾
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents	3,421,533	7,138,345	5,300,888	19,215,675	18,434,681	2,655,146
Restricted cash	768,229	739,544	836,395	2,286,883	1,744,490	251,259
Short-term investment	1,408,664	3,635,091	6,438,855	8,235,786	14,112,862	2,032,675
Accounts receivable, net	983,804	1,518,230	1,826,766	3,150,768	4,624,818	666,112
Prepayments and other current assets	999,149	1,237,531	2,480,276	7,711,756	6,994,591	1,007,431
Deferred tax assets, current	61,841	96,980	193,503	— ⁽⁶⁾	—	—
Non-current assets	3,994,135	6,324,938	14,132,842	78,241,724	98,502,460	14,187,305
Total assets	11,637,355	20,690,659	31,209,525	118,842,592	144,413,902	20,799,928
Current liabilities	3,910,144	6,368,008	12,714,703	33,666,095	30,295,025	4,363,391
Deferred tax liabilities, non-current	53,309	63,197	132,507	3,045,259	3,607,883	519,643
Long-term Debt ⁽⁴⁾	1,089,022	5,529,368	7,984,588	18,354,608	34,650,674	4,990,735
Other long-term Liabilities	—	—	—	91,702	339,567	48,908
Total Ctrip's shareholders' equity	6,489,632	8,530,396	9,529,179	44,550,730	71,536,835	10,303,447
Noncontrolling interests	95,248	199,690	848,548	19,134,198	3,983,918	573,804
Total shareholder's equity	6,584,880	8,730,086	10,377,727	63,684,928	75,520,753	10,877,251

(1) Share-based compensation was included in the related operating expense categories as follows:

	For the Year Ended December 31,					
	2012 RMB	2013 RMB	2014 RMB	2015 RMB	2016 RMB	2016 US\$ ⁽²⁾
	(in thousands)					
Product development	132,583	138,668	184,665	291,643	2,079,515	299,512
Sales and marketing	55,892	49,105	54,392	65,574	392,642	56,552
General and administrative	243,246	250,157	257,587	285,379	1,087,563	156,642

(2) Translation from Renminbi amounts into U.S. dollar amounts was made at a rate of RMB6.9430 to US\$1.00. See "Item 3.A. Key Information — Selected Financial Data — Exchange Rate Information."

(3) Each ADS represents 0.125 ordinary share.

(4) In April 2015, the FASB issued new guidance which changes the presentation of debt issuance cost. Under the new guidance, debt issuance cost is presented as a reduction of the carrying amount of the related liability, rather than as an asset. This guidance has been adopted and applied retrospectively by us to the prior periods presented herein.

(5) In 2015, a gain of RMB2.3 billion was recognized in the other income for the deconsolidation of Tujia, which was once a subsidiary of our company. Please refer to footnote 8 of our consolidated financial statements incorporated herein.

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- (6) In 2015, we determined and elected to early adopt ASU 2015-17 to our consolidated financial statements starting December 31, 2015, prospectively to present the deferred tax assets and liabilities as non-current items.
- (7) Our consolidated balance sheet data has reflected the effect of consolidation of the financial statements of Qunar starting from December 31, 2015.

Exchange Rate Information

We have published our consolidated financial statements in Renminbi. Our business is primarily conducted in China in Renminbi. The conversion of Renminbi into U.S. dollars in this annual report is based on the certified exchange rate published by the Federal Reserve Board. For your convenience, this annual report contains translations of some Renminbi or U.S. dollar amounts for 2016 at a rate of RMB6.9430 to US\$1.00, which was the certified exchange rate in effect as of December 30, 2016. The certified exchange rate on April 7, 2017 was RMB6.8978 to US\$1.00. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange.

The following table sets forth information concerning exchange rates between Renminbi and U.S. dollars for the periods indicated. The exchange rates refer to the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you. The source of these rates is the Federal Reserve Statistical Release.

Period	Noon Buying Rate			
	Period-End	Average ⁽¹⁾	Low	High
		(RMB per US\$)		
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
October	6.7735	6.7303	6.7819	6.6685
November	6.8837	6.8402	6.9195	6.7534
December	6.9430	6.9198	6.9580	6.8771
2017				
January	6.8768	6.8907	6.9575	6.8360
February	6.8665	6.8694	6.8821	6.8517
March	6.8832	6.8940	6.9132	6.8687
April (through April 7, 2017)	6.8978	6.8903	6.8978	6.8832

- (1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Company

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

Our business has grown significantly as a result of both organic growth of existing operations and acquisitions, and we expect to continue to experience such growth in the future. We have significantly expanded our operations and anticipate further expansion of our operations and workforce, as a result of the continued growth of our service offerings, customer base and geographic coverage.

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For example, we have invested in, and plan to continue to invest in, organic growth by rolling out new business initiatives focusing in a diverse range of areas including cruise lines, car services, bus tickets and train tickets. Consequentially, in 2016, we invested US\$1.1 billion in product development. If such new business initiatives fail to perform as expected, our financial condition and results of operations could be adversely affected. 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.

Strategic acquisition of complementary businesses and assets, and the subsequent integration of newly acquired business into our own, create significant challenges that may have a material adverse effect on our business, reputation, results of operations and financial condition.

We have made and intend to continue to make strategic acquisitions in the travel industry in Greater China and overseas. For example, in October 2015, we completed a share exchange transaction with Baidu Inc., or Baidu, whereby we obtained approximately 45% of the aggregate voting interest of Qunar in exchange for our newly issued ordinary shares. Subsequently, we issued ordinary shares represented by ADSs to certain special purpose vehicles holding shares solely for the benefit of certain Qunar employees and, in return, we received class B ordinary shares of Qunar from these employees. We directly injected these shares to a third-party investment entity dedicated to investing in business in China. From an accounting perspective, we consolidated the financial statements of these non-U.S. investment entities and started to consolidate Qunar's financial statements from December 31, 2015. In October 2016, we participated as a member in the buying consortium in Qunar's going private transaction and rolled our then existing equity stake into the entity that wholly owns Qunar upon completion of the transaction in February 2017.

If we are presented with appropriate opportunities, we may continue to acquire complementary businesses and assets in the future. However, strategic acquisitions and the subsequent integration of new businesses and assets into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. In addition, acquisitions could result in potential dilutive issuances of equity securities, use of substantial amounts of cash, and exposure to potential ongoing financial obligations and unforeseen or hidden liabilities of the acquired business. The cost and duration of, and difficulties in, integrating newly acquired businesses and managing a larger overall business could also materially exceed our expectations. Moreover, we may not be able to achieve our intended strategic strategies and record substantial impairment charges to goodwill, if we fail to successfully integrate the newly acquired business or manage a larger business. Any such negative developments could have a material adverse effect on our business, reputation, results of operations and financial condition.

Our strategy to acquire or invest in complementary businesses and assets and establish strategic alliances involves significant risk and uncertainties that may have a material adverse effect on our business, reputation, results of operations and financial condition.

As part of our plan to expand our product and service offerings, we have made and intend to make strategic acquisitions or investments in the travel service industries in Greater China and overseas, such as the following, in addition to our transactions relating to Qunar described elsewhere in this annual report:

- In 2014 and 2015, we invested a total of US\$50 million in approximately 4% stake in Tuniu Corporation, or Tuniu, a well-known service provider in the leisure package tour market, through a private placement transaction conducted concurrently with Tuniu's initial public offering and private acquisitions afterwards.
- In May 2015, we acquired approximately 38% equity stake in eLong, Inc., or eLong, from certain selling shareholders, including Expedia, Inc., or Expedia, together with several other investors. We subsequently participated as a member in the buying consortium in eLong's going private transaction and rolled our then existing equity stake into the entity that wholly owns eLong upon completion of the transaction in May 2016.
- In January 2016, we invested US\$180 million in MakeMyTrip Limited, or MakeMyTrip, India's largest online travel company, via convertible notes, and subsequently appointed a director to MakeMyTrip's board of directors. In October 2016, we converted all of its outstanding principal amount of convertible notes into ordinary shares of MakeMyTrip.
- In April 2016, we announced strategic collaboration with China Eastern Airlines Corporation Limited, or China Eastern Airlines, one of China's three major air transportation groups, on a broad range of products and services. In June 2016, we invested approximately RMB3 billion in approximately 466 million A shares of China Eastern Airlines in a private placement. Further, we may in the future invest in up to 10% of the shares of China Eastern Airlines, and may also nominate a representative to its board.

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- In December 2016, we consummated an acquisition transaction whereby shares held by nearly all the shareholders of Skyscanner Holdings Limited, or Skyscanner, a leading global travel search site headquartered in Edinburgh, the United Kingdom, were acquired by Ctrip.
- In December 2016, we completed a share exchange transaction with BTG Hotels (Group) Co., Ltd., or BTG, a PRC joint stock company that is listed on the Shanghai Stock Exchange and principally engaged in the management of hotels and tourism destinations, whereby Ctrip exchanged its 15% equity interest in Homeinns Hotel Group, or Homeinns, in consideration for 104,901,899 ordinary shares of BTG. We recorded a gain of RMB1.4 billion (US\$203.0 million) of equity in income of affiliates as a result of the transaction.

If the ADS or share prices of the public companies that we have invested in or may invest in the future which are classified as available-for-sale investments decline and become lower than our share purchase prices, as have happened historically, we could incur impairment loss under U.S. GAAP, which in turn would adversely affect our financial results for the relevant periods. In addition, if any of our investees in which our investments are classified as equity method investments incur a net loss in the future, we will share their net loss proportionate to our equity interest in them.

Our strategic investments could also subject us to other uncertainties and risks, and our failure to address any of these uncertainties and risks, among others, may have a material adverse effect on our financial condition and results of operations:

- diversion of our resources and management attention;
- high acquisition and financing costs;
- failure to achieve our intended objectives or benefits in making these investments or revenue-enhancing opportunities;
- potential claims or litigation regarding our board's exercise of its duty of care and other duties required under applicable law in connection with any of our significant investments approved by the board; and
- failure to be in full compliance with applicable laws, rules and regulations.

In particular, our strategy of acquiring or investing in a competing business could be adversely affected by uncertainties in the implementation and enforcement of the PRC Anti-Monopoly Law. Under the PRC Anti-Monopoly Law, companies undertaking acquisitions or investments in a business in China must notify the Ministry of Commerce, or MOFCOM, in advance of any transaction where the parties' revenues in the China market and global market exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the target. There are numerous factors MOFCOM considers in determining "control" or "decisive influence," and, depending on certain criteria, MOFCOM will conduct anti-monopoly review of transactions in respect of which it was notified. In light of the uncertainties relating to the interpretation, implementation and enforcement of the PRC Anti-Monopoly Law, we cannot assure you that MOFCOM will not deem our past and future acquisitions or investments, including the ones referenced herein or elsewhere in this annual report, to have met the filing criteria under the PRC Anti-Monopoly Law and therefore demand a filing for merger review. However, there have been limited cases of MOFCOM anti-monopoly review of filings involving companies with a "variable interest entity" structure, or VIE structure, similar to ours. If we are found to have violated the PRC Anti-Monopoly Law for failing to file the notification of concentration and request for review, we could be subject to a fine of up to RMB500,000, and the parts of the transaction causing the prohibited concentration could be ordered to be unwound. Such unwinding could affect our business and financial results, and harm our reputation. Further, if any of our business cooperation arrangements with Qunar are determined to have violated the PRC Anti-Monopoly Law, we could be subject to sanctions including an order to cease the relevant activities, confiscation of illegal gains and fines of 1% to 10% of our sales revenue from the previous year.

In addition, we establish strategic alliances with various third parties to further our business purpose from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counter-party, an increase in expenses incurred in establishing new strategic alliances, inefficiencies caused by failure to integrate strategic partners' businesses with our own, and unforeseen levels of diversion of our resources and management attention, any of which may materially and adversely affect our business.

As a result of any of the above factors, any actual or perceived failure to realize the benefits we expected from these investments may materially and adversely affect our business and financial results and cause the trading price of our ADSs to decline.

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Consolidation of the results of operations of Qunar with ours may negatively impact our financial performance and results of operations.

Our acquisition of Qunar shares as a consideration for our share exchange transaction with Baidu in October 2015 and share issuance for the benefit of Qunar employees in December 2015 is accounted for as a business combination under U.S. GAAP, and as a result, we began to consolidate Qunar's financial statements from an accounting perspective, starting from December 31, 2015. Qunar has historically incurred net loss and a significant portion of our net loss is attributable to Qunar's net loss for the year ended December 31, 2016. Consolidation of Qunar's financial statements has negatively impacted our financial statements in past periods and may continue to negatively impact our financial performance in the upcoming financial reporting cycles for an extended period of time. If Qunar is not able to reduce or narrow its net losses, our consolidated results of operations will continue to be materially and adversely affected by the consolidation of Qunar. Moreover, in early 2016, some PRC airlines, including four of the largest airlines in China, announced suspension of their respective business cooperation with Qunar without indicating the length of such suspension and cited serious customer complaints in their respective announcements. Although most of these PRC airlines subsequently resumed cooperation with Qunar, we cannot assure you that similar suspensions will not occur again and if that happens, Qunar may suffer from losses of revenue and its results of operations may be materially and adversely affected. Similar incidences and other risks that are unique and specific to Qunar's business operations, rather than the travel industry as a whole, may also materially and adversely affect our consolidated results of operations. See "Item 3.D. Key Information — Risk Factors — Risks Relating to Our Company — If Qunar fails to effectively implement and execute its strategies to maintain competitiveness and grow its business, our business, results of operations and financial condition may be materially and adversely affected."

If Qunar fails to effectively implement and execute its strategies to maintain competitiveness and grow its business, our business, results of operations and financial condition may be materially and adversely affected.

As a result of the transactions described elsewhere in this annual report involving Qunar securities during 2015, we began to consolidate Qunar's financial results from December 31, 2015 from an accounting perspective under U.S. GAAP. Historically, Qunar enjoyed one of the market leading positions in China's travel industry with its unique business model as a search-based travel commerce platform, while it is currently transitioning into a mobile and online commerce travel platform that focuses on providing users with one-stop solutions. Certain risks and uncertainties associated with the business operations of Qunar are distinct from those we have faced historically:

- Failure to transition into a one-stop mobile and online commerce travel platform from a search-based platform. As part of the transitioning effort, Qunar's product development and product headcount has increased significantly in recent years as a result of its focus on development of its mobile platform and hotel direct business;
- Failure to increase penetration into hotel business in lower-tier cities, and maintain and increase popularity among young users in China by offering attractive features and services to meet user requirements of those markets;
- Failure to maintain relationships with air ticket suppliers, such as major airlines and China's sole global distribution systems, from which Qunar retrieves ticket availability information in order to generate comprehensive and accurate flight information on its platform;
- Failure to maintain and strengthen relationships with online travel agents that are Qunar's existing customers, and establish new customer relationships with other online travel agents and travel service providers to ensure that it has access to a steady supply of travel product information on favorable commercial terms;
- Failure to adequately monitor and secure service quality of travel service providers on its platform, and address user dissatisfaction with travel service providers;
- Consolidation of the fragmented travel market in China, which may result in travel service providers becoming fewer but larger, comprehensive travel information more readily available to users, and a potential loss to the value of Qunar's business as a travel service platform; and
- Inability to maintain or increase awareness and preference of its brand "Qunar" as a result of failure to provide a compelling user experience of online travel searches, maintaining the quality of its services, and preserving Qunar's reputation and goodwill in the event of negative media publicity toward its services, internet security or other issues affecting Qunar or online travel businesses in China.

If Qunar is unable to successfully implement and execute its strategies to maintain competitiveness and grow its business, or effectively address risks and uncertainties associated with its business operations and transitioning efforts, our business, results of operations and financial condition may be materially and adversely affected.

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Our transactions involving issuance of our shares as consideration and investment or financing arrangements with selected third-party investment entities may result in substantial dilution to our shareholders and may also reduce our existing cash balance and adversely affect our working capital.

In the long-term interest of our company, we make investments, in the form of limited partnership contributions, assets injection or other financing arrangements, into or with certain entities that are dedicated to investing businesses in China. In late 2015 and early 2016, we agreed to make investment or enter into financing arrangements with several non-U.S. investment entities, which are managed and/or owned by parties unaffiliated with each other and unaffiliated with us and are dedicated to investing in businesses in China. As of December 31, 2016, we issued an aggregate of approximately 6.2 million ordinary shares, including approximately 3.1 million ordinary shares represented by ADSs, and provided capital contribution or financial support in a total amount of approximately US\$1.3 billion in cash to some of these non-U.S. investment entities. These investments, capital contributions and financing arrangements together with the share exchange with Baidu and issuance of shares for the benefit of Qunar employees historically caused significant dilution to our existing shareholders and impacted our working capital. Transactions involving issuance of a substantial number of our ordinary shares such as the transactions contemplated hereunder may result in substantial dilution to our shareholders. In addition, future sale of our shares by these non-U.S. investment entities and/or our other significant shareholders such as Baidu may cause our share price to decline. Furthermore, if we obtain debt financings, we may be subject to restrictive covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. See “Item 4.B. Information on the Company — Business Overview — Strategic Investments and Acquisitions.”

Our business is sensitive to global economic conditions. A severe or prolonged downturn in the global or Chinese economy may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability.

The global macroeconomic environment is facing challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve, the economic slowdown in the Eurozone in 2014, and the slowdown of the Chinese economy since 2012. There have been concerns over unrest in the Middle East and Africa, which have resulted in volatility in oil and other markets, and over the expansion of terrorist activities into Europe and other regions. In June 2016, British citizens voted in a referendum to withdraw the membership of the United Kingdom from the European Union. The result of the vote caused instant and significant volatility in the global financial and securities markets. The various uncertainties in the political and economic situations of the United Kingdom and the European Union arising from the anticipated withdrawal may have a negative and prolonged impact on the global economy.

Economic conditions in China are sensitive to global economic conditions. Our business and operations are primarily based in China and the majority of our revenues are derived from our operations in China. Accordingly, our financial results have been, and are expected to continue to be, affected by the economy and travel industry in China. While the economy in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. Since we derive the majority of our revenues from accommodation reservation, transportation ticketing and packaged-tour services in China, any severe or prolonged slowdown in the global and/or Chinese economy or the recurrence of any financial disruptions could reduce expenditures for travel, which in turn may adversely affect our business operating results and financial condition in a number of ways. For example, the weakness in the economy could erode consumer confidence which, in turn, could result in changes to consumer spending patterns relating to travel products and services. If consumer demand for travel products and services we offer decreases, our revenues may decline. Furthermore, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

General declines or disruptions in the travel industry may materially and adversely affect our business and results of operations.

Our business is significantly affected by the trends that occur in the travel industry in China, including the hotel, transportation ticketing and packaged-tour sectors. As the travel industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. The recent worldwide recession has led to a weakening in the demand for travel services. Other trends or events that tend to reduce travel and are likely to reduce our revenues include:

- terrorist attacks or threats of terrorist attacks or wars, particularly given the terrorist attacks in Paris and the worsening situation in Syria;
- an outbreak of H1N1 influenza, Ebola virus, avian flu, Middle East respiratory syndrome, or MERS, severe acute respiratory syndrome, or SARS, or any other serious contagious diseases;
- increasing prices in the hotel, transportation ticketing, or other travel-related sectors;

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- increasing occurrence of travel-related accidents;
- political unrest;
- natural disasters or poor weather conditions; and
- any travel restrictions or other security procedures implemented in connection with any major events in China.

We could be severely and adversely affected by declines or disruptions in the travel industry and, in many cases, have little or no control over the occurrence of such events. Such events could result in a decrease in demand for our travel services. This decrease in demand, depending on the scope and duration, could significantly and adversely affect our business and financial performance over the short and long term.

We recorded a significant amount of goodwill and indefinite lived intangible assets in connection with our strategic acquisitions and investments, and we may incur material impairment charges to our goodwill and indefinite lived intangible assets if the recoverability of these assets become substantially reduced.

In connection with our strategic acquisitions over the recent years, there has been a significant increase of goodwill and indefinite lived intangible assets booked in our financial statements. As of December 31, 2016, our goodwill was RMB56.0 billion (US\$8.1 billion) and our indefinite lived intangible assets were RMB11.6 billion (US\$1.7 billion), compared to RMB45.7 billion and RMB9.7 billion, respectively, as of December 31, 2015. In 2015, our acquisition of Qunar securities resulted in an RMB43.0 billion increase in our goodwill. ASC 350 “Intangibles — Goodwill and Other” provides that intangible assets that have indefinite useful lives and goodwill will not be amortized but rather will be tested at least annually for impairment. ASC 350 also requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from its undiscounted future cash flow. For 2014, 2015 and 2016, we did not recognize any impairment charges for goodwill or intangible assets. If different judgments or estimates had been utilized, however, material differences could have resulted in the amount and timing of the impairment charge. We may potentially incur significant impairment charges if the recoverability of these assets become substantially reduced in the future. Any such impairment charges would adversely affect our results of operations and financial condition.

The trading price of our ADSs has been volatile historically and may continue to be volatile regardless of our operating performance.

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. In 2016, the trading prices of our ADSs on the Nasdaq Global Select Market have ranged from US\$35.50 to US\$49.62 per ADS, and the last reported trading price on April 12, 2017 was US\$48.59 per ADS. The price of our ADSs may fluctuate in response to a number of events and factors, including the following:

- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities analysts;
- conditions in the Internet or travel industries;
- changes in the economic performance or market valuations of other Internet or travel companies or other companies that primarily operate in China;
- changes in major business terms between our travel suppliers and us;
- announcements by us or our competitors of new products or services, significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel; and
- market and volume fluctuations in the stock market in general.

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In addition, the stock market in general, and the market prices for Internet-related companies and companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based U.S.-listed companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial declines in the trading prices of their securities. The trading performance of the securities of these China-based U.S.-listed companies after their offerings and the surge in the number of China-based U.S.-listed companies that commenced going private proceedings in recent years may affect the attitudes of investors toward China-based U.S.-listed companies, which consequently may impact the trading performance of the ADSs, regardless of our actual operating performance. Furthermore, some negative news and perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure including the use of VIE structures or other matters of other China-based U.S.-listed companies have negatively affected the attitudes of investors towards China-based U.S.-listed companies, including us, in general in the past, regardless of whether we have engaged in any inappropriate activities, and any news or perceptions with a similar nature may continue to negatively affect us in the future. In addition, the global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets, such as the large decline in share prices in the United States, China and other jurisdictions in recent years. These broad market and industry fluctuations may continue to adversely affect the trading price of the ADSs, regardless of our operating performance. Additionally, volatility or a lack of positive performance in our ADS price may adversely affect our ability to retain key employees, all of whom have been granted share-based awards.

If we are unable to maintain existing relationships with travel suppliers and strategic alliances, or unable to establish new arrangements with travel suppliers and strategic alliances at or on favorable terms or at terms similar to those we currently have, or at all, our business, market share and results of operations may be materially and adversely affected.

We rely on travel suppliers (including without limitation hotels and domestic and international airlines) to make their services available to consumers through us, and our business prospects depend on our ability to maintain and expand relationships with travel suppliers. If we are unable to maintain satisfactory relationships with our existing travel suppliers, or if our travel suppliers establish similar or more favorable relationships with our competitors, or if our travel suppliers increase their competition with us through their direct sales, or if any one or more of our travel suppliers significantly reduce participation in our services for a sustained period of time or completely withdraw participation in our services, our business, market share and results of operations may be materially and adversely affected. To the extent any of those major or popular travel suppliers ceased to participate in our services in favor of one of our competitors' systems or decided to require consumers to purchase services directly from them, our business, market share and results of operations may suffer.

Our business depends significantly upon our ability to contract with hotels in advance for the guaranteed availability of certain hotel rooms. We rely on hotel suppliers to provide us with rooms at discounted prices. However, our contracts with our hotel suppliers are 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 favorable terms or terms similar to those we currently have agreed. The hotel suppliers may reduce the commission rates on bookings made through us. Furthermore, in order to maintain and grow our business and to effectively compete with many of our competitors in all potential markets, we will need to establish new arrangements with hotels and accommodations of all ratings and categories 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 adversely affect our operating results and financial condition, which consequently will impact the trading price of our ADSs.

We derive revenues and other significant benefits from our arrangements with major domestic airlines in China and international airlines. 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, they 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. Starting in early 2016, some PRC airlines, including four of the largest airlines in China, announced suspension of their respective business cooperation with Qunar without indicating the length of such suspension and cited serious customer complaints in their respective announcements. Although most of these airlines have resumed cooperation with Qunar, if any airlines choose to take similar actions against us and additional airlines follow suit, our business, market share and results of operations may be materially and adversely affected. We cannot assure you that any of these airlines will continue to have supplier relationships with us or pay us commissions at the same or similar rates as what they paid us in the past. Further, on July 1, 2016, the four largest airlines in China announced that third-party ticketing agents are prohibited from selling tickets for domestic flights on third-party platforms, such as ours. Additionally, on July 1, 2016, most major domestic airlines also replaced their commissions and rebate incentives completely with a fixed "admin fee" per ticket. The loss of supplier relationships or further adverse changes in major business terms with our travel suppliers would materially impair our operating results and financial condition as we would lose an increasingly significant source of our revenues.

Part of the revenues that we derive from our hotel suppliers, airline ticket suppliers and other travel service providers are obtained through our strategic alliances with various third parties. We cannot assure you, however, that we will be able to successfully establish and maintain strategic alliances with third parties which are effective and beneficial for our business. Our inability to do so could have a material adverse effect on our market penetration, revenue growth and profitability.

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If we fail to further increase our brand recognition, we may face difficulty in maintaining existing and acquiring new customers and business partners and our business may be harmed.

We believe that maintaining and enhancing the Ctrip brand depends in part on our ability to grow our customer base and obtain new business partners. Some of our potential competitors already have well-established brands in the travel industry. The successful promotion of our brand will depend largely on our ability to maintain a sizeable and active customer base, maintain relationships with our business partners, provide high-quality customer service, properly address customer needs and handle customer complaints and organize effective marketing and advertising programs. If our customer base significantly declines or grows more slowly than our key competitors, the quality of our customer services substantially deteriorates, or our business partners cease to do business with us, we may not be able to cost-effectively maintain and promote our brand, 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 business may be materially and adversely affected.

We compete primarily with other consolidators of hotel accommodations and transportation reservation services based in China. We also compete with traditional travel agencies and new Internet travel search websites. In the future, we may also face competition from new players in the hotel consolidation market in China and abroad that may enter China.

We may face more competition from hotels and airlines as they enter the discount rate market directly or through alliances with other travel consolidators. In addition, international travelers have become an increasingly important customer base. Competitors that have formed stronger strategic alliances with overseas travel consolidators may have more effective channels to address the needs of customers in China to travel overseas. Furthermore, we do not have exclusive arrangements with our travel suppliers. The combination of these factors means that potential entrants to our industry face relatively low entry barriers.

In the past, certain competitors launched aggressive advertising campaigns, special promotions and engaged in other marketing activities to promote their brands, acquire new customers or to increase their market shares. In response to such competitive pressure, we started to take and may continue to take similar measures and as a result will incur significant expenses, which in turn could negatively affect our operating margins in the quarters or years when such promotional activities are carried out. For example, we launched a promotion program in recent years to offer certain selected transportation tickets, hotel rooms and package tours as well as grant of e-coupons to our customers in response to promotion campaigns that our competitors have launched. Primarily as a result of the enhanced marketing efforts and additional investment in product developments in response to the intensified market competition, our operational margin was negatively affected. In addition, some of our existing and potential competitors may have competitive advantages, such as significantly larger active user base on mobile or other online platforms, greater financial, marketing and strategic relationships and alliances or other resources or name recognition, and may be able to imitate and adopt our business model. We cannot assure you that we will be able to successfully compete against new or existing competitors. In the event we are not able to compete successfully, our business, results of operations and profit margins may be materially and adversely affected.

Our quarterly results are likely to fluctuate because of seasonality in the travel industry in Greater China.

Our business experiences fluctuations, reflecting seasonal variations in demand for travel services. For example, the first quarter of each year generally contributes the lowest portion of our annual net revenues primarily due to a slowdown in business activity around and during the Chinese New Year holiday, which occurs during the period. Consequently, our results of operations may fluctuate from quarter to quarter.

Any failure to maintain the satisfactory performance of our mobile platform, websites and systems, particularly those leading to disruptions in our services, could materially and adversely affect our business and reputation, and our business may be harmed if our infrastructure or technology is damaged or otherwise fails or becomes obsolete.

The satisfactory performance, reliability and availability of our infrastructure, including our mobile platform, websites and systems, are critical to the success of our business. Any system interruptions that result in the unavailability or slowdown of our mobile platform, websites or other systems and the disruption in our services could reduce the volume of our business and make us less attractive to customers. Substantially all of our computer and communications systems are located at two customer service centers, one in Shanghai, China and the other one in Nantong, China. Our technology platform and computer and communication systems are vulnerable to damage or interruption from human error, computer viruses, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, hacking or other attempts at system sabotage, vandalism, natural disasters and other similar events. For example, in May 2015, we experienced a network shut-down for a few hours, leading to temporary disruptions in the operations of our mobile platform and websites and interrupted customer services; later internal investigations revealed the cause to be employee human error. No data leakage occurred as part of the May 2015 incident, and we have since implemented extensive measures to ensure prompt responses to similar future incidents of network shutdown/service disruption and to continue to update our security mechanisms to protect our systems from any human error, third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities; however, we cannot assure you that unexpected interruptions to our systems will not occur again in the future. We do not carry business interruption insurance to compensate us for losses that may occur as a result of such disruptions. In addition, any such future occurrences could reduce customer satisfaction levels, damage our reputation and materially and adversely affect our business.

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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 quickly enough to accommodate future traffic levels, 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, which would have a material adverse effect on our results of operations and financial condition.

In addition, our future success will depend on our ability to adapt our products and services to the changes in technologies and Internet user behavior. For example, the number of people accessing the Internet through mobile devices, including smart devices, mobile phones, tablets and other hand-held devices, has increased in recent years, and we expect this trend to continue while 3G, 4G and more advanced mobile communications technologies are broadly implemented. As we make our services available across a variety of mobile operating systems and devices, we are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android, iOS and Windows. Any changes in such mobile operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. Further, if the number of platforms for which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China, it will result in an increase in our costs and expenses. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. If we fail to develop products and technologies that are compatible with all mobile devices and operating systems, or if the products and services we develop are not widely accepted and used by users of various mobile devices and operating systems, we may not be able to penetrate the mobile Internet market. In addition, the widespread adoption of new Internet technologies or other technological changes could require significant expenditures to modify or integrate our products or services. If we fail to keep up with these changes to remain competitive, our future success may be adversely affected.

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 depends heavily upon the continued services of our key executives. We rely on their expertise in business operations, finance and travel services and on their relationships with our suppliers, shareholders, and business partners. 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. In that case, our business may be severely disrupted, we may incur additional expenses to recruit and train personnel and our financial condition and results of operations may be materially and adversely affected.

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 that contains confidentiality and non-competition provisions. If any disputes arise between our executive officers and us, we cannot assure you of the extent to which any of these agreements would be enforced in China, where most of these executive officers reside and hold most of their assets, in light of the uncertainties with China's legal system. See "Item 3.D. Key Information — Risk Factors — Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could adversely affect us."

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 mobile platform, websites, customer service centers and systems, and customer service representatives 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 mobile platform, websites and customer service centers may not have satisfactory experiences and may turn to our competitors, which may adversely affect our business and results of operations.

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

The PRC government regulates the air-ticketing, travel agency and Internet industries. We are required to obtain applicable permits or approvals from different regulatory authorities to conduct our business, including separate licenses for value-added telecommunications, air-ticketing and travel agency activities. If we fail to obtain or maintain any of the required permits or approvals in the future, 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.

In particular, the Civil Aviation Administration of China, or CAAC, together with National Development and Reform Commission, or NDRC, regulates pricing of air tickets. CAAC also supervises commissions payable to air-ticketing agencies together with China National Aviation Transportation Association, or CNATA. If restrictive policies are adopted by CAAC, NDRC, or CNATA, or any of their regional branches, 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 trademark protection and confidentiality laws and contracts. Trademark and confidentiality protection in China may not be as effective as that 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 “Item 3.D. Key Information — Risk Factors — Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could adversely affect us.”

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 transportation ticketing agencies to issue transportation tickets and travel insurance products, confirmations and deliveries in some cities in Greater China. We also rely on third-party local operators to deliver on-site services to our packaged-tour customers. Any interruption in our ability to obtain the products or services of these or other third parties or deterioration in their performance, such as server errors or interruptions, or dishonest business conduct, could impair the timing and quality of our own service. If our service providers fail to provide high quality services in a timely manner to our customers or violate any applicable rules and regulations, our services will not meet the expectations of our customers and our reputation and brand will be damaged. Furthermore, if our arrangement with any of these third parties is terminated, we may not find an alternative source of support on a timely basis or on favorable terms to us.

If our hotel suppliers or customers provide us with untrue information regarding our customers’ stay, we may not be able to recognize and collect revenues to which we are entitled.

A substantial portion of our revenues are represented by commissions paid by 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 routinely make inquiries with the hotel and, occasionally, with the customer. We rely on the hotel and the customer to provide us truthful information regarding the customer’s check-in and check-out dates, which 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, we would not be able to collect revenues to which we are entitled. In addition, using such untrue information may lead to inaccurate business projections and plans, which may adversely affect our business planning and strategy.

We may suffer losses if we are unable to predict the amount of inventory we will need to purchase during the peak holiday seasons.

During the peak holiday seasons in China, we establish limited merchant business relationships with selected travel service suppliers, particularly for our packaged-tour products, in order to secure adequate supplies for our customers. In merchant business relationships, we buy hotel rooms and/or transportation tickets before selling them to our customers and thereby incur inventory risk. If we are unable to correctly predict demand for hotel rooms and transportation tickets that we are committed to purchase, we would be responsible for covering the cost of the hotel rooms and transportation tickets we are unable to sell, and our financial condition and results of operations would be adversely affected.

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The recurrence of SARS or other similar outbreaks of contagious diseases as well as natural disasters may materially and adversely affect our business and operating results.

In early 2003, several regions in Asia, including Hong Kong and China, were affected by the outbreak of SARS. The travel industry in China, Hong Kong and some other parts of Asia suffered tremendously as a result of the outbreak of SARS. Furthermore, in early 2008, severe snowstorms hit many areas of China and particularly affected southern China. The travel industry was severely and adversely affected during and after the snowstorms. Additionally, in May 2008, a major earthquake struck China's populous Sichuan Province, causing great loss of life, numerous injuries, property loss and disruption to the local economy. The earthquake had an immediate impact on our business as a result of the sharp decrease in travel in the relevant earthquake-affected areas in Sichuan Province. In 2009, an outbreak of H1N1 influenza (swine flu) occurred in Mexico and the United States and human cases of the swine flu were discovered in China and Hong Kong. In March 2011, a powerful earthquake hit Japan, and the subsequent tsunami and nuclear accidents had far-reaching impact on the surrounding economies. Starting from March 2013, H7N9 bird flu, a new strain of animal influenza, has been spreading in China and has infected more than a hundred people. In October 2013, large scale political protests began in Thailand that lasted several months and caused disruption to tourism and travel. In November 2013, one of the largest typhoons ever recorded hit the Philippines, causing widespread devastation. In March 2014, the World Health Organization, or the WHO, reported a major Ebola outbreak in Guinea, a western African nation. The disease then rapidly spread to the neighboring countries of Liberia and Sierra Leone. As of February 3, 2015, 22,560 suspected cases and 9,019 deaths had been reported; however, the WHO has said that these numbers may be underestimated. In June 2015, an outbreak of Middle East respiratory syndrome, or MERS, affected South Korea, one of our popular overseas travel destinations.

Any future outbreak of contagious diseases, extreme unexpected bad weather or natural disasters would adversely affect our business and operating results. Ongoing concerns regarding contagious disease or natural disasters, particularly its effect on travel, could negatively impact our customers' desire to travel. If there is a recurrence of an outbreak of certain contagious diseases or natural disasters, travel to and from affected regions could be curtailed. Government advice regarding, or restrictions on, travel to and from these and other regions on account of an outbreak of any contagious disease or occurrence of natural disasters may have a material adverse effect on our business and operating results.

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

Under the PRC Enterprise Income Tax Law and the relevant implementation rules, or the EIT Law, effective on January 1, 2008, foreign-invested enterprises, or FIEs, and domestic enterprises are subject to EIT at a uniform rate of 25%. Certain enterprises will benefit from a preferential tax rate of 15% under the EIT Law if they qualify as "high and new technology enterprises," or HNTEs, or if they are located in applicable PRC regions as specified in the Catalogue of Encouraged Industries in Western Regions (initially effective through the end of 2010 and further extended to 2020), or the Western Regions Catalogue, subject to certain general restrictions described in the EIT Law and the related regulations.

In December 2008 and 2009, some of our PRC subsidiaries, Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network, JointWisdom, and Qunar Software, and one of our consolidated affiliated Chinese entities, Qunar Beijing, were each designated by relevant local authorities as a HNTE under the EIT Law with an effective period of three years. Therefore, these entities were entitled to enjoy a preferential tax rate of 15%, as long as they maintained their qualifications for HNTEs that are subject to verification by competent authorities and renewals every three years. The effective periods for these entities as HNTEs expired or would expire by the end of 2016 or 2017, and we are in the process of renewing the HNTE qualifications for these entities. We cannot assure you that our subsidiaries and the consolidated affiliated Chinese entity will continue to qualify as HNTEs when they are subject to reevaluation in the future. In 2002, the PRC State Administration of Taxation, or SAT, started to implement preferential tax policy in China's western region, and companies located in applicable jurisdictions covered by the Western Regions Catalogue are eligible to apply for a preferential income tax rate of 15% if their businesses fall within the "encouraged" category of the policy and the revenue derived from such "encouraged" businesses accounts for more than 70% of the total revenue. Benefiting from this policy, Chengdu Ctrip and Chengdu Ctrip International obtained approval from local tax authorities to apply the 15% tax rate for their annual tax filing subject to periodic renewals over the years since 2012. After the initial effective period expired in 2014, the two entities were approved by the relevant government authority to renew this qualification, which will expire in 2020. In 2013, Chengdu Information Technology Co., Ltd., or Chengdu Information, obtained approval from local tax authorities to apply the 15% tax rate for its 2012 tax filing and for the years from 2013 to 2020. In the event that the preferential tax treatment for these entities is discontinued, these entities will become subject to the standard tax rate at 25%, which would materially increase our tax obligations.

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

We sustained net losses in certain past periods, and 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 is largely based on anticipated growth, revenue trends and competitive pressure. As a result, any decrease or delay in generating additional sales volume and revenues and increase in our operating expenses may result in substantial operating losses. Moreover, consolidation of Qunar's financial statements starting from December 31, 2015 has negatively impacted our financial statements and may continue to negatively impact our financial performance in the upcoming financial reporting cycles for an extended period of time. See "Item 3.D. Key Information — Risk Factors — Risks Relating to Our Company — Consolidation of the results of operations of Qunar with ours may negatively impact our financial performance and results of operations."

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We have incurred substantial indebtedness and may incur additional indebtedness in the future. We may not be able to generate sufficient cash to satisfy our outstanding and future debt obligations.

As of December 31, 2016, our total short-term bank borrowings and long-term bank borrowings (current portions) were RMB6.7 billion (US\$960.4 million), our total long-term borrowings (excluding current portions) were RMB2.6 billion (US\$367.3 million), and the aggregate principal amount of our outstanding convertible notes was RMB32.5 billion (US\$4.7 billion). To the extent that we were to settle or redeem our convertible notes in cash, our debt obligations would become more substantial.

Our substantial indebtedness could have important consequences to you. For example, it could:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; and
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to conduct additional financing activities, or increase the cost of additional financing.

In the future, we may from time to time incur additional indebtedness and contingent liabilities. If we incur additional debt, the risks that we face as a result of our substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. As a result, we may not generate or obtain sufficient cash flow to meet our anticipated operating expenses and to service our debt obligation as they become due.

We may be subject to legal or administrative proceedings regarding information provided on our online portals or other aspects of our business operations, which may be time-consuming to defend.

Our online portals contain information about hotels, transportation, popular vacation destinations and other travel-related topics. It is possible that if any information accessible on our online portals 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. From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to labor and employment claims, breach of contract claims, anti-competition claims and other matters. Although such proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of our current pending matters will not have a material adverse effect on our business, consolidated financial position, results of operations or cash flow. Regardless of the outcome and merit of such proceedings, however, any legal action can have an adverse impact on us because of defense costs, negative publicity, diversion of management's attention and other factors. In addition, it is possible that an unfavorable resolution of one or more legal or administrative proceedings, whether in China or in another jurisdiction, could materially and adversely affect our financial position, results of operations or cash flows in a particular period or damage our reputation.

We could be liable for breaches of Internet security or fraudulent transactions by users of our mobile platform and our websites.

Internet industry is facing significant challenges regarding information security and privacy, including the storage, transmission and sharing of confidential information. In recent years, PRC government authorities have enacted legislation on Internet use to protect personal information from any unauthorized disclosure. See "Item 4.B. Information on the Company — Business Overview — PRC Government Regulations — Internet Privacy." We conduct a significant portion of our transactions through the Internet, including our mobile platform and websites. In such transactions, secured transmission of confidential information (such as customers' itineraries, hotel and other reservation information, credit card information, personal information and billing addresses) over public networks and ensuring the confidentiality, integrity, availability and authenticity of the information of our users, customers, hotel suppliers and airline partners are essential to maintaining their confidence in our online products and services. Our current security measures may not be adequate and may contain deficiencies that we fail to identify, and advances in technology, increased levels of expertise of hackers, new discoveries in the field of cryptography or others could increase our vulnerability. For example, a third-party website with focus on Internet security information exchange released news in March 2014 that as a result of a temporary testing function performed by us, certain data files containing customers' credit card information had been stored on local servers maintained by us, which may lead to potential exposure of these customers' information to hackers. We removed the cause of the potential security concern within two hours of the release of the news report and then examined all other possible leaks and found that 93 customers' credit card information might have been downloaded by the above-mentioned website for the purpose of confirming potential risks. Although to our knowledge, no customer has suffered financial loss or other damage due to the incident as of the date of this report, our business, results of operations, user experience and reputation may be materially and adversely affected if similar incidents related to Internet security recur in the future. In August 2011, China's Supreme People's Court and Supreme People's Procuratorate issued judicial interpretations regarding hacking and other Internet crimes. However, its effect on curbing hacking and other illegal online activities still remains to be seen.

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Significant capital, managerial and human resources are required to enhance information security and to address any issues caused by security failures. If we are unable to protect our systems and the information stored in our systems from unauthorized access, use, disclosure, disruption, modification or destruction, such problems or security breaches may cause loss, expose us to litigation and possible liability to the owners of confidential information, disrupt our operations and may harm our reputation and ability to attract customers.

We may be the subject of detrimental conduct by third parties including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business, which could have a negative impact on our reputation and cause us to lose market share, travel suppliers and customers and revenues, and adversely affect the price of our ADSs.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, revenues, business relationships, business prospects and business ethics. Additionally, allegations, directly or indirectly against us, may be posted in Internet chat-rooms or on blogs or any websites by anyone, whether or not related to us, on an anonymous basis. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and we cannot assure you that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our reputation may also be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, travel suppliers and customers and revenues and adversely affect the price of our ADSs.

We have limited business insurance coverage in Greater China.

Insurance companies in Greater China offer limited business insurance products and generally do not, to our knowledge, offer business liability insurance. Business disruption insurance is available to a limited extent in Greater China, but we have determined that the risks of disruption, the cost of such insurance and the difficulties associated with acquiring such insurance make it impractical for us to have such insurance. We do not maintain insurance coverage for any kinds of business liabilities or disruptions and would have to bear the costs and expenses associated with any such events out of our own resources.

We hire celebrities to be our brand ambassadors to market our brands and products and this marketing initiative may not be effective.

From time to time, we hire celebrities to be our brand ambassadors to market our “Ctrip” brand or our products and services that are important to our business. However, we cannot assure you that the endorsement from our brand ambassadors or related advertisements will remain effective, that the brand ambassadors will remain popular or their images will remain positive and compatible with the messages that our brand and products aim to convey. Furthermore, we cannot assure you that we can successfully find suitable celebrities to replace any of our existing brand ambassadors if any of their popularities decline or if the existing brand ambassadors are no longer able or suitable to continue the engagement, and termination of such engagements may have a significant impact on our brand images and the promotion or sales of our products. If any of these situations occurs, our business, financial condition and results of operations could be materially and adversely affected.

We may face greater risks of doubtful accounts as our corporate travel business increases in scale.

Since we began providing travel booking services to corporate customers who generally request credit terms, our accounts receivable have increased. We cannot assure you that we will be able to collect payment fully and in a timely manner on our outstanding accounts receivable from our corporate travel service customers. As a result, we may face a greater risk of non-payment of our accounts receivable and, as our corporate travel business grows in scale, we may need to make higher provisions for doubtful accounts. For the years ended December 31, 2014, 2015 and 2016, we recognized the provisions of doubtful accounts of RMB11.7 million, RMB32.1 million and RMB32.3 million (US\$4.7 million) respectively. Our operating results and financial condition may be materially and adversely affected if we are unable to successfully manage our accounts receivable.

Our accounting treatment for share-based compensation could continue to significantly reduce our net income.

Since 2006, we have accounted for share-based compensation in accordance with ASC 718 “Compensation — Stock Compensation,” or ASC 718, which requires a public company to recognize, as an expense, the fair value of share options and other share-based compensation to employees based on the requisite service period of the share-based awards. We have granted share-based compensation awards, including share options and restricted share units, to employees, officers and directors to incentivize performance and align their interests with ours. See “Item 6.B. Directors, Senior Management and Employees — Compensation — Employees’ Share Incentive Plans.” As a result of the grants and potential future grants under our share incentive plans, we had incurred in the past and expect to continue to incur in future periods significant share-based compensation expenses. The amount of these expenses is based on the fair value of the share-based awards.

Our board of directors has the discretion to change terms of any previously issued share options and any such change may significantly increase the amount of our share-based compensation expenses for the period that the change takes effect as well as those for any future periods. In February 2009, our board of directors approved to reduce the exercise price of all outstanding unvested options that were granted by us in 2007 and 2008 under our 2007 Plan to the then fair market value of our ordinary shares underlying such options and, in December 2009, our board of directors approved to extend the expiration dates of all stock options granted in 2005 and 2006 to eight years after the respective original grant dates of these options. As a result of such changes, our share-based compensation expense of 2009 reduced our diluted earnings per ADS by US\$0.14. In February 2010, our compensation committee approved to extend the expiration dates of all stock options granted in and after 2007 to eight years after the respective original grant dates of these options. As a result of such changes and extensions, our share-based compensation expense of 2010 reduced our diluted earnings per ADS by US\$0.06. In addition, with such changes and extensions, the application of ASC 718 will continue to have a significant impact on our net income. Further, future changes to various assumptions used to determine the fair value of awards issued or the amount and type of equity awards granted may also create uncertainty as to the amount of future share-based compensation expense.

Failure to maintain effective internal control over financial reporting could result in errors in our published financial statements, which in turn could have a material adverse effect on the trading price of our ADSs.

We are subject to the reporting obligations under the U.S. securities laws. As required under Section 404 of the Sarbanes-Oxley Act of 2002, the SEC has adopted rules requiring public companies to include a report of management on the effectiveness of such companies’ internal control over financial reporting in its annual report. In addition, an independent registered public accounting firm for a public company must issue an attestation report on the effectiveness of the company’s internal control over financial reporting. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2016. In addition, our independent registered public accounting firm attested the effectiveness of our internal control and reported that our internal control over financial reporting was effective as of December 31, 2016. If we fail to maintain the effectiveness of our internal control over financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act. Moreover, effective internal control over financial reporting is necessary for us to produce reliable financial reports. As a result, any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs. Furthermore, we may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward.

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

We believe that our current cash and cash equivalents, short-term investments, cash flow from operations and proceeds from our financing activities 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. In particular, the recent financial turmoil affecting the financial markets and banking system may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all.

Risks Related to Our Corporate Structure

PRC laws and regulations restrict foreign investment in the air-ticketing, travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations.

We are a Cayman Islands incorporated company and a foreign person under PRC law. Due to foreign ownership restrictions in the air-ticketing, travel agency and value-added telecommunications industries, we conduct part of our business through contractual arrangements with our consolidated affiliated Chinese entities. These entities hold the licenses and approvals that are essential for our business operations.

In the opinion of our PRC counsel, Commerce & Finance Law Offices, our current ownership structure, the ownership structure of our subsidiaries and our consolidated affiliated Chinese entities, the contractual arrangements among us, our subsidiaries, our consolidated affiliated Chinese entities and their shareholders, as described in this annual report, are in compliance with existing PRC laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, we cannot assure you that PRC government authorities will not ultimately take a view contrary to the opinion of our PRC legal counsel due to the lack of official interpretation and clear guidance.

If we and our consolidated affiliated Chinese entities are found to be in violation of any existing or future PRC 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 consolidated affiliated Chinese entities, revoking our business licenses or the business licenses of our consolidated affiliated Chinese entities, requiring us and our consolidated affiliated Chinese entities to restructure our ownership structure or operations and requiring us or our consolidated affiliated Chinese entities to discontinue any portion or all of our value-added telecommunications, air-ticketing or travel agency businesses. In particular, if the PRC government authorities impose penalties which cause us to lose our rights to direct the activities of and receive economic benefits from our consolidated affiliated Chinese entities, we may lose the ability to consolidate and reflect in our financial statements the operation results of our consolidated affiliated Chinese entities. 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.

Under the equity pledge agreements between our subsidiaries and the shareholders of our consolidated affiliated Chinese entities, the shareholders of our consolidated affiliated Chinese entities pledged their respective equity interests in these entities to our subsidiaries. According to the PRC Property Rights Law, effective as of October 1, 2007, and the Measures for the Registration of Equity Pledge with the Administration for Industry and Commerce (2016 Revision), effective as of April 29, 2016, the effectiveness of the pledges will be denied if the pledges are not registered with the Administration for Industry and Commerce. The effectiveness of the pledges upon registration will be recognized by PRC courts if disputes arise on certain pledged equity interests and that our subsidiaries' interests as pledgees will prevail over those of third parties.

Furthermore, we were aware that a China-based U.S.-listed company announced in 2012 that it was subject to SEC's investigation, which it believed was related to the consolidation of its consolidated affiliated Chinese entities. Following the announcement, that issuer's stock price declined significantly. Although we are not aware of any actual or threatened investigation, inquiry or other action by SEC, Nasdaq or any other regulatory authority with respect to consolidation of our consolidated affiliated Chinese entities, we cannot assure you that we will not be subject to any such investigation or inquiry in the future. In the event we are subject to any regulatory investigation or inquiry relating to our consolidated affiliated Chinese entities, including the consolidation of such entities into our financial statements, or any other matters, we may need to spend significant amount of time and expenses in connection with the investigation or inquiry, our reputation may be harmed regardless of the outcome, and the trading price of our ADS may materially decline or fluctuate.

If our consolidated 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 PRC government restricts foreign ownership of value-added telecommunications, air-ticketing and travel agency businesses in China, we depend on our consolidated affiliated Chinese entities, in which we have no ownership interest, to conduct part of our non-accommodation reservation business activities through a series of contractual arrangements, which are intended to provide us with effective control over these entities and allow us to obtain economic benefits from them. Although we have been advised by our PRC counsel, Commerce & Finance Law Offices, that the contractual arrangements as described in this annual report are valid, binding and enforceable under current PRC laws, these arrangements are not as effective in providing control as direct ownership of these businesses. For example, our consolidated affiliated Chinese entities could violate our contractual arrangements with them by, among other things, failing to operate our air-ticketing or packaged-tour business in an acceptable manner or pay us for our consulting or other services. In any such event, we would have to rely on the PRC legal system for the enforcement of those agreements, which could have uncertain results. Any legal proceeding could result in the disruption of our business, damage to our reputation, diversion of our resources and incurrence of substantial costs. See "Item 3.D. Key Information — Risk Factors — Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could adversely affect us."

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

Some of our directors and officers were also the principal shareholders of our consolidated affiliated Chinese entities as of the date of this annual report. Thus, conflict of interest between their duties to our company and their interests in our consolidated affiliated Chinese entities may arise. We cannot assure you that when conflict of interest arises, these persons will act entirely in our interests or that the conflict of interest will be resolved in our favor. 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, resulting in our loss of corporate opportunities. In any such event, we would have to rely on the PRC legal system for the enforcement of these agreements, which could have uncertain results. Any legal proceeding could result in the disruption of our business, diversion of our resources and incurrence of substantial costs. See “Item 3.D. Key Information — Risk Factors — Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could adversely affect us.”

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Foreign-Invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. MOFCOM solicited comments on this draft and substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. On September 3, 2016, the Standing Committee of China’s National People’s Congress, or NPC, passed a decision in connection with the revision of four laws, including the trio of laws regulating foreign investment in China, which was implemented starting on October 1, 2016. According to this decision, formation of an FIE in a sector not subject to special entry administrative measures will be simplified by going through government filing instead of government approval process. The special entry administrative measures will be separately promulgated by the State Council. Subsequently, MOFCOM published a discussion draft of the proposed Provisional Measures on Filing Administration for Establishment and Change of Foreign-Invested Enterprises, which, upon its enactment, aims to implement and elaborate the filing requirement, procedures, supervision and related matters. The draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating the foreign investments in China as well as the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered an FIE. The draft Foreign Investment Law specifically provides that entities established in China but “controlled” by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by MOFCOM, treated as a PRC domestic investor provided that the entity is “controlled” by PRC entities and/or citizens. In this connection, “control” is broadly defined in the draft law to cover any of the following summarized categories: (i) holding 50% or more of the equity interest, share of interests, voting rights or similar equity interest of the subject entity; (ii) holding less than 50% of the equity interest, share of interests, voting rights or similar equity interest of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision-making bodies, or having the voting power to material influence on the board, the shareholders’ meeting or other equivalent decision-making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE and its investment amount exceeds certain thresholds or its business operation falls within a “negative list” to be separately issued by the State Council in the future, market entry clearance by MOFCOM or its local counterparts would be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The VIE structure has been adopted by many China-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See “Item 3.D. Key Information — Risk Factors — Risks Related to Our Corporate Structure — PRC laws and regulations restrict foreign investment in the air-ticketing, travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations.” and “Item 7.B. Major Shareholders and Related Party Transactions — Related Party Transactions — Arrangements with Consolidated Affiliated Chinese Entities.” Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is on the “negative list,” the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state-owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

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It is likely that we would not be considered as ultimately controlled by PRC nationals, as our shareholder base is relatively diverse and, to our knowledge, ultimate beneficial owners of our shares who are PRC nationals may not, in the aggregate, control more than 50% of our total voting power as of the date of this annual report. The draft Foreign Investment Law has not taken a position on what actions will be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC parties, while it solicited comments from the public on this point by illustrating several possible options. Under these varied options, a company that has a VIE structure and conducts the business on the “negative list” at the time of enactment of the new Foreign Investment Law has either the option or obligation to disclose its corporate structure to the authorities, while the authorities, after reviewing the ultimate share control structure of the company, may either permit the company to continue maintain the VIE structure (if the company is deemed ultimately controlled by PRC nationals), or require the company to dispose of its businesses and/or VIE structure based on circumstantial considerations. Moreover, it is uncertain whether the air-ticketing, travel agency and value-added telecommunications industries, in which our variable interest entities operate, will be subject to the foreign investment restrictions or prohibitions set forth in the “negative list” to be issued. If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as MOFCOM market entry clearance or certain restructuring of our corporate structure and operations, to be completed by companies with existing VIE structure like us, we face substantial uncertainties as to whether these actions can be timely completed, or at all, and our business and financial condition may be materially and adversely affected.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent *ad hoc* and periodic information reporting requirements on foreign investors and applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Our contractual arrangements with our consolidated affiliated Chinese entities may result in adverse tax consequences to us.

As a result of our corporate structure and the contractual arrangements between us and our consolidated affiliated Chinese entities, we are effectively subject to the 5% PRC business tax or the 6% PRC value-added tax, or VAT, on both revenues generated by our consolidated affiliated Chinese entities’ operations in China and revenues derived from our contractual arrangements with our consolidated affiliated Chinese entities. We might be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between us and our consolidated affiliated Chinese entities were not made on an arm’s-length basis and therefore constitute favorable transfer pricing arrangements. If this occurs, the PRC tax authorities could request that our consolidated affiliated Chinese entities adjust their taxable income upward for PRC tax purposes. Such an adjustment could adversely affect us by increasing our consolidated affiliated Chinese entities’ tax expenses without reducing our tax expenses, which could subject our consolidated affiliated Chinese entities to late payment fees and other penalties for underpayment of taxes, and/or result in the loss of the tax benefits available to our subsidiaries in China. The EIT Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its affiliates to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm’s-length principles. As a result, our contractual arrangements with our consolidated affiliated Chinese entities may result in adverse tax consequences to us.

Our subsidiaries and consolidated affiliated Chinese entities in China are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.

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 consolidated affiliated Chinese entities. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC 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 unless these reserves have reached 50% of the subsidiaries’ registered capital. These reserves are not distributable as cash dividends. Furthermore, if our subsidiaries and consolidated affiliated Chinese 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, which may restrict our ability to satisfy our liquidity requirements.

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Pursuant to the EIT Law, its implementing rules and a circular issued by the PRC Ministry of Finance, or MOF, and SAT, in February 2008, the dividends declared out of the profits earned after January 1, 2008 by an FIE to its immediate offshore holding company are subject to a 10% withholding tax unless such offshore holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement, and certain supplementary requirements and procedures stipulated by SAT for such tax treaty are met and observed. Our subsidiaries in China are considered FIEs and are directly held by our subsidiaries in Hong Kong. According to the currently effective tax treaty between China and Hong Kong, dividends payable by an FIE in China to a company in Hong Kong that directly holds at least 25% of the equity interests in the FIE will be subject to a withholding tax of 5%. In February 2009, SAT issued SAT Notice No. 81, pursuant to which an enterprise must be the "beneficial owner" of the relevant dividend income in order to enjoy the preferential withholding tax rates on dividend. If, however, such enterprise otherwise qualifies for such preferential withholding tax rates through any transaction or arrangement, whose main purpose is to qualify for such preferential withholding tax rates, the enterprise nevertheless cannot enjoy the preferential withholding tax rates and the competent tax authority has the power to adjust the applicable withholding tax rates if it so determines. In October 2009, SAT issued SAT Notice No. 601 to provide guidance on the criteria for determining whether an enterprise qualifies as the "beneficial owner" of the PRC sourced income for the purpose of obtaining preferential treatment under tax treaties. Pursuant to SAT Notice No. 601, the PRC tax authorities will review preferential tax treatment under the "substance over form" principle and grant such treatment on a case-by-case basis. SAT Notice No. 601 specifies that a beneficial owner should generally carry out substantial business activities and own and have control over the income, the assets or other rights generating the income. Therefore, an agent or a conduit company will not be regarded as a beneficial owner of such income. It remains unclear how the PRC tax authorities will implement SAT Notice No. 81 and SAT Notice No. 601 in practice and to what extent they will affect the dividend withholding tax rates for dividends distributed by our PRC subsidiaries to our Hong Kong subsidiaries. If the relevant tax authority determines that our Hong Kong subsidiary is a conduit company and does not qualify as the "beneficial owner" of the dividend income it receives from our PRC subsidiaries, the higher 10% withholding tax rate will apply to such dividends.

Under the EIT Law, an enterprise established outside of China with its "de facto management body" within China is considered a PRC resident enterprise and will be subject to enterprise income tax at the rate of 25% on its worldwide income. The "de facto management body" is defined as the organizational body that effectively exercises overall management and control over production and business operations, personnel, finance and accounting, and properties of the enterprise. It remains unclear how the PRC tax authorities will interpret such a broad definition. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, under the EIT Law, foreign ADS holders that are not PRC resident enterprises may be subject to a 10% withholding tax upon dividends payable by a PRC entity that is considered as a PRC resident enterprise and gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is considered as income derived from within China. Any such tax would reduce the returns on your investment in our ADSs.

If we exercise the option to acquire equity ownership in our consolidated affiliated Chinese entities, such ownership transfer require approval from or filings with PRC governmental authorities and subject to taxation, which may result in substantial costs to us.

Pursuant to the relevant contractual arrangements, each of our PRC subsidiaries, Ctrip Travel Information, Ctrip Travel Network, Wancheng, and Ctrip Corporate Travel Information Service (Shanghai) Co., Ltd., or Ctrip Corporate Travel (or their respective designees), has its respective exclusive right to purchase all or any part of the equity interests in the applicable consolidated affiliated Chinese entities of ours from the respective shareholders of these consolidated affiliated Chinese entities for a price that is the higher of (i) the registered capital of such consolidated affiliated Chinese entities or (ii) another minimum price as permitted by the then applicable PRC laws. Such equity transfers may be subject to approvals from, or filings with, relevant PRC authorities. In addition, the relevant equity transfer prices may be subject to review and adjustment for tax determination by the relevant tax authorities. Moreover, the shareholders of our consolidated affiliated Chinese entities, under the circumstances of such equity transfers, will be subject to PRC individual income tax on the difference between the equity transfer prices and the then current registered capital of the relevant consolidated affiliated Chinese entities. The shareholders of such consolidated affiliated Chinese entities will pay, after deducting such taxes, the remaining amount to Ctrip Travel Information, Ctrip Travel Network, Wancheng or Ctrip Corporate Travel, as appropriate, under the applicable contractual arrangements. The amount to be received by Ctrip Travel Information, Ctrip Travel Network, Wancheng and Ctrip Corporate Travel may also be subject to enterprise income tax. Any of the aforementioned tax amounts could be substantial. Similar risk is faced by Qunar Software.

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We face uncertainty with respect to indirect transfer of equity interests in PRC resident enterprises by their non-PRC holding companies.

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-PRC resident investors. According to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by SAT on December 10, 2009, or SAT Circular 698, where a non-PRC resident enterprise transfers the equity interests in a PRC resident enterprise indirectly through a disposition of equity interests in an offshore holding company (other than a purchase and sale of shares issued by a PRC resident enterprise in public securities market), or an Indirect Transfer, the non-PRC resident enterprise, as the seller, may be subject to PRC enterprise income tax of up to 10% of the gains derived from the Indirect Transfer in certain circumstances.

On February 3, 2015, SAT issued Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfers by Non-PRC Resident Enterprises, or SAT Notice No. 7, to supersede the existing tax rules in relation to the tax treatment of the Indirect Transfer, while the other provisions of SAT Circular 698 irrelevant to the Indirect Transfer remain in force. SAT Notice No. 7 introduces a new tax regime that is significantly different from that under SAT Circular 698. It extends SAT's tax jurisdiction to capture not only the Indirect Transfer as set forth under SAT Circular 698 but also transactions involving indirect transfer of (i) real properties in China and (ii) assets of an "establishment or place" situated in China, by a non-PRC resident enterprise through a disposition of equity interests in an offshore holding company. SAT Notice No. 7 also extends the interpretation with respect to the disposition of equity interests in an offshore holding company. In addition, SAT Notice No. 7 further clarifies how to assess reasonable commercial purposes and introduces safe harbors applicable to internal group restructurings. However, it also brings challenges to both offshore transferor and transferee as they are required to make self-assessment on whether an Indirect Transfer or similar transaction should be subject to PRC tax and whether they should file or withhold any tax payment accordingly.

There is uncertainty as to the application of SAT Circular 698 and SAT Notice No. 7. In the event that non-PRC resident investors were involved in our private equity financing transactions and such transactions were determined by the competent tax authorities as lack of reasonable commercial purposes, we and our non-PRC resident investors may become at risk of being taxed under SAT Circular 698 and SAT Notice No. 7 and may be required to expend costly resources to comply with SAT Circular 698 and SAT Notice No. 7, or to establish a case to be tax exempt under SAT Circular 698 and SAT Notice No. 7, which may cause us to incur additional costs and may have a negative impact on the value of your investment in us.

The PRC tax authorities have discretion under SAT Circular 698 and SAT Notice No. 7 to adjust the taxable capital gains based on the difference between the fair value of the transferred equity interests and the investment cost. We may pursue acquisitions in the future that may involve complex corporate structures. If we are deemed as a non-PRC resident enterprise under the EIT Law and if the PRC tax authorities adjust the taxable income of the transactions under SAT Circular 698 and SAT Notice No. 7, our income tax expenses associated with such potential acquisitions will increase, which may have an adverse effect on our financial condition and results of operations.

Risks Related to Doing Business in China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.

The majority of our business operations are conducted in mainland China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the Chinese economy has experienced significant growth in the past decades, that growth may not continue, as evidenced by the slowing of the growth of the Chinese economy since 2012. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, future measures to control the pace of economic growth may cause a decrease in the level of economic activity in China, which in turn could adversely affect our results of operations and financial condition.

Inflation in China may disrupt our business and have an adverse effect on our financial condition and results of operations.

The Chinese economy has experienced rapid expansion together with rising rates of inflation. Inflation may erode disposable incomes and consumer spending, which may have an adverse effect on the Chinese economy and lead to a reduction in business and leisure travel as the travel industry is highly sensitive to business and personal discretionary spending levels. This in turn could adversely impact our business, financial condition and results of operations.

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

The value of Renminbi against U.S. dollars and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China. The PRC government allowed Renminbi to appreciate by more than 20% against U.S. dollars between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between Renminbi and U.S. dollars remained within a narrow band. As a consequence, Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with U.S. dollars. Since June 2010, Renminbi has fluctuated against U.S. dollars, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and U.S. dollars in the future.

The majority of our revenues and costs are denominated in Renminbi, while a portion of our financial assets and our dividend payments are denominated in U.S. dollars. We have used forward contracts and currency borrowings to help hedge our exposure to foreign currency risk. Any significant revaluation of Renminbi or U.S. dollars may adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our ADSs. For example, an appreciation of Renminbi against U.S. dollars would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes. An appreciation of Renminbi against U.S. dollars would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar-denominated financial assets into Renminbi, our reporting currency. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of U.S. dollars against Renminbi would have a negative effect on the U.S. dollar amount available to us.

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

Because the majority of our revenues are denominated in Renminbi, any restrictions on currency exchange may limit our ability to use Renminbi-denominated revenues to fund our business activities outside China or to make dividend payments in U.S. dollars. The principal PRC regulation governing foreign currency exchange is the Regulations on Administration of Foreign Exchange, as amended, or the Forex Regulations. Under the Forex Regulations, Renminbi is freely convertible for trade- and service-related foreign exchange transactions, but not for direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange, or SAFE, is obtained. Although the PRC regulations now allow greater convertibility of Renminbi for current account transactions, significant restrictions 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 SAFE. These limitations could affect our ability to obtain foreign exchange for capital expenditures. We cannot be certain that the PRC regulatory authorities will not impose more stringent restrictions on the convertibility of Renminbi, especially with respect to foreign exchange transactions.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents and the grant of employee stock options by overseas-listed companies may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to distribute profits to us, or otherwise adversely affect us.

SAFE issued a public notice, or SAFE Circular 75, in October 2005 requiring PRC residents to register with the local SAFE branches before establishing or controlling any company outside of China for the purpose of capital financing with assets or equity interests in any onshore enterprise located in China, referred to in the notice as a "special purpose vehicle." On July 4, 2014, SAFE issued the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Outbound Investment and Financing and Inbound Investment via Special Purpose Vehicles, or SAFE Circular 37, which has superseded SAFE Circular 75. Under SAFE Circular 75, SAFE Circular 37 and other relevant foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies will be required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is also required to file or update the registration with the local branches of SAFE, with respect to that offshore company for any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger, division, long-term equity or debt investment or the creation of any security interest. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

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We have notified holders of our ordinary shares who we know are PRC residents to register with the local SAFE branches as required under the applicable foreign exchange regulations. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth therein may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to our company or otherwise adversely affect our business.

On February 15, 2012, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in an Employees Share Incentive Plan of an Overseas-Listed Company (replacing the prior circular in 2007, Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in an Employee Stock Holding Plan or Stock Option Plan of an Overseas-Listed Company), or the Share Incentive Rules. Under the Share Incentive Rules, PRC resident individuals who participate in a share incentive plan of an overseas publicly listed company are required to register with SAFE and complete certain other procedures. All such participants need to retain a PRC agent through PRC subsidiaries to register with SAFE and handle foreign exchange matters such as opening accounts, transferring and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sale of proceeds for the participants of share incentive plans. We and our PRC employees who have been granted stock options are subject to the Share Incentive Rules. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions.

Uncertainties with respect to the PRC 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, or WFOEs. In addition, we depend on several consolidated affiliated Chinese entities in China to honor their service agreements with us. Almost all of these agreements are governed by PRC law and disputes arising out of these agreements are expected to be decided by arbitration in China. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the foreign investments in China. However, since the PRC 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. If we and our consolidated affiliated Chinese entities are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including restructuring. See "Item 3.D. Key Information — Risk Factors — Risks Related to Our Corporate Structure — PRC laws and regulations restrict foreign investment in the air-ticketing, travel agency and value-added telecommunications businesses, and substantial uncertainties exist with respect to the application and implementation of PRC laws and regulations." and "Item 3.D. Key Information — Risk Factors — Risks Related to Our Corporate Structure — Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

Implementation of laws and regulations relating to data privacy in China could adversely affect our business.

Certain data and services collected, provided or used by us or provided to and used by us or our users are currently subject to regulation in certain jurisdictions, including China. The PRC Constitution states that PRC laws protect the freedom and privacy of communications of citizens and prohibit infringement of such basic rights, and the PRC Contract Law prohibits contracting parties from disclosing or misusing the trade secrets of the other party. Further, companies or their employees who illegally trade or disclose customer data may face criminal charges. Although the definition and scope of "privacy" and "trade secret" remain relatively ambiguous under PRC law, growing concerns about individual privacy and the collection, distribution and use of information about individuals have led to national and local regulations that could increase our expenses.

In December 2012, the Standing Committee of NPC enacted the Decision to Enhance the Protection of Network Information, or the Information Protection Decision, to further enhance the protection of users' personal information in electronic form. The Information Protection Decision provides that Internet information service providers must expressly inform their users of the purpose, manner and scope of the collection and use of users' personal information by Internet information service providers, publish the Internet information service providers' standards for their collection and use of users' personal information, and collect and use users' personal information only with the consent of the users and only within the scope of such consent. The Information Protection Decision also mandates that Internet information service providers and their employees keep users' personal information that they collect strictly confidential, and that they must take such technical and other measures as are necessary to safeguard the information against disclosure, damages and loss. Pursuant to the Order for the Protection of Telecommunication and Internet User Personal Information issued in July 2013 by the PRC Ministry of Industry and Information Technology (formerly known as the Ministry of Information Industry), or MIIT, any collection and use of users' personal information must be subject to the consent of the users, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. Compliance with current regulations and regulations that may come into effect in these areas may increase our expenses related to regulatory compliance, which could have an adverse effect on our financial condition and operating results.

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PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds from the offerings of any securities to make loans or additional capital contributions to our PRC operating subsidiaries.

In September 2012, we completed an offering of US\$180 million in aggregate principal amount of 0.5% convertible senior notes due 2017, or the 2017 Notes. In October 2013, we completed another offering of US\$800 million in aggregate principal amount of 1.25% convertible senior notes due 2018, or the 2018 Notes. In June 2015, we completed an offering of US\$700 million in aggregate principal amount of 1.00% convertible senior notes due 2020, or the 2020 Notes, and US\$400 million in aggregate principal amount of 1.99% convertible senior notes due 2025, or the 2025 Notes. In September 2016, we concurrently completed an offering of 32,775,000 ADSs at US\$45.96 per ADS (taking into account of the fully exercised over-allotment option) and an offering of US\$975 million in aggregate principal amount of 1.25% convertible senior notes due 2022 (taking into account of the fully exercised over-allotment option), or the 2022 Notes. In August 2014, May 2015, December 2015 and September 2016, we issued US\$500 million in aggregate principal amount of 1.00% convertible notes due 2019, or the Priceline 2019 Notes, US\$250 million in aggregate principal amount of 1.00% convertible notes due 2020, or the Priceline 2020 Notes, US\$500 million in aggregate principal amount of 2.00% convertible notes due 2025, or the Priceline 2025 Notes, and US\$25 million in aggregate principal amount of 1.25% convertible notes due 2022, or the Priceline 2022 Notes, respectively, to Priceline Group Treasury Company B.V., an indirect wholly-owned subsidiary of The Priceline Group Inc., or Priceline. In December 2015, we issued US\$500 million in aggregate principal amount of 2.00% convertible notes due 2025, or the Hillhouse 2025 Notes, to Gaoling Fund, L.P. and YHG Investment, L.P., or collectively Hillhouse, in addition to the aforementioned issuance to Priceline. In September 2016, we closed private placements of our ordinary shares with the respective subsidiaries of Baidu and Priceline at an aggregate amount of US\$100 million and US\$25 million, respectively. As an offshore holding company, our ability to make loans or additional capital contributions to our PRC operating subsidiaries is subject to PRC regulations and approvals and there are restrictions for us to make loans to our consolidated affiliated Chinese entities. These regulations and approvals may delay or prevent us from using the proceeds we received in the past or will receive in the future from the offerings of securities to make loans or additional capital contributions to our PRC operating subsidiaries and our consolidated affiliated Chinese entities, and impair our ability to fund and expand our business which may adversely affect our business, financial condition and result of operations.

For example, on March 3, 2015, SAFE promulgated a Circular on the Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies, or SAFE Circular 19, which became effective on June 1, 2015 and replaced SAFE Circular 142. Previously, pursuant to SAFE Circular 142, the registered capital of an FIE settled in Renminbi converted from foreign currencies may only be used within the business scope approved by the applicable government authority and may not be used for equity investments in China, and the FIE may not change how it uses such capital without SAFE's approval, and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans. Although SAFE Circular 19 restates certain restrictions on the use of investment capital denominated in foreign currency by FIEs, it specifies that the registered capital of an FIE, denominated in foreign currency, can be converted into Renminbi at the discretion of such FIE and can be used for equity investment in China subject to the invested company's filing of a reinvestment registration with the relevant local SAFE. On June 9, 2016, SAFE issued the Circular on Reforming and Regulating the Administrative Policy of the Settlement under Capital Accounts, or SAFE Circular 16, which became effective on the same date. Although SAFE Circular 16 further extends the reform to cover foreign currency income under capital account, including capital, foreign debt and proceeds from offshore offering and listing, an FIE's foreign currency income and such income settled in Renminbi under the capital account cannot be used directly and indirectly for any purposes out of the FIE's business scope or in areas prohibited by laws and regulations. However, the interpretation and enforcement of SAFE Circular 19 and SAFE Circular 16 remained to be subject to uncertainty.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our various offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

To comply with the PRC regulations regarding licensing requirements, we have entered into a series of agreements with our consolidated affiliated Chinese entities to maintain our operational control over them and secure consulting fees and other payments from them. Although we have been advised by our PRC counsel, Commerce & Finance Law Offices, that our contractual arrangements with our consolidated affiliated Chinese entities, as described in this annual report, are valid under current PRC laws and regulations, as there is substantial uncertainty regarding the interpretation and application of PRC laws and regulations, we cannot assure you that the PRC government would agree with our counsel's position or that we will not be required to restructure our organizational structure and operations in China to comply with changing and new PRC laws and regulations. Restructuring of our operations may result in disruption of our business, diversion of management attention and the incurrence of substantial costs. See "Item 3.D. Key Information — Risk Factors — Risks Related to Our Corporate Structure — Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

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 state-owned telecommunication operations under MIIT's administrative control and regulatory supervision. In addition, the national networks in China connect to the Internet through government-controlled international gateways. These international gateways are the only channels through which a domestic PRC user can connect to the international Internet network. We rely on this infrastructure, primarily China Telecom and China Unicom, to provide data communications capacity. Although the PRC government has announced plans to aggressively develop 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.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and Internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if Internet access fees or other charges to Internet users increase, some users may be prevented from accessing the mobile Internet and thus cause the growth of mobile Internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base and maintain our user experience.

Our auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board, and as such, investors may be deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit reports included in our annual reports filed with the SEC, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or PCAOB, is required by the laws of the United States to undergo regular inspections by PCAOB to assess its compliance with the applicable professional standards. Because our auditor is located in China, a jurisdiction where PCAOB is currently unable to conduct inspections without the approval of the PRC authorities, our auditor, like other independent registered public accounting firms operating in China, is currently not inspected by PCAOB.

Inspections of other firms that PCAOB has conducted outside of China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of PCAOB to conduct inspections of independent registered public accounting firms operating in China makes it more difficult to regularly evaluate the effectiveness of our auditor's audit procedures or quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

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Proceedings instituted by SEC against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, could result in our financial statements being determined to not be in compliance with the requirements of the Securities Exchange Act of 1934, as amended.

In December 2012, SEC brought administrative proceedings against the Big Four accounting firms, including our independent registered public accounting firm in China, alleging that they had refused to produce audit work papers and other documents related to certain other China-based companies under SEC's investigation for potential accounting fraud. On January 22, 2014, an initial administrative law decision, or Initial Decision, was issued, censuring these accounting firms and suspending four of the five firms from practicing before SEC for a period of six months. The accounting firms filed a Petition for Review of the Initial Decision to SEC. On February 6, 2015, the Big Four China-based accounting firms each agreed to a censure and to pay a fine to SEC to settle the dispute and avoid suspension of their ability to practice before SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide SEC with access to PRC firms' audit documents via the China Securities Regulatory Commission, or CSRC. If future document productions fail to meet specified criteria, SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. While we cannot predict if SEC will further review the four China-based accounting firms' compliance with specified criteria or if the results of such a review would result in SEC imposing penalties such as suspensions or restarting the administrative proceedings, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements could ultimately lead to the delisting of our ADSs from Nasdaq or the termination of the registration of our ADSs under the Securities Exchange Act of 1934, as amended, or the Exchange Act, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Risks Related to Our Ordinary Shares and ADSs

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

In the future, we may sell additional ADSs to raise capital, and our existing shareholders could sell substantial amounts of the ADSs, including those issued upon the exercise of outstanding options, in the public market. We cannot predict the size of such future issuance or the effect, if any, that they may have on the market price of the ADSs. Any future sales of a substantial number of the ADSs in the public market, or the perception that such issuance and sale may occur, could adversely affect the price of the ADSs and impair our ability to raise capital through the sale of additional equity securities.

Provisions of our convertible notes could discourage an acquisition of us by a third party.

As of December 31, 2016, the aggregate principal amount of our outstanding convertible notes was US\$4.7 billion. Certain provisions of our convertible notes could make it more difficult or more expensive for a third party to acquire us. The indentures for these convertible notes define a "fundamental change" to include, among other things: (1) any person or group gaining control of our company; (2) our company merging with or into another company or disposing of substantially all of its assets; (3) any recapitalization, reclassification or change of our ordinary shares or the ADSs as a result of which these securities would be converted into, or exchanged for, stock, other securities, other property or assets; (4) the adoption of any plan relating to the dissolution or liquidation of our company; or (5) our ADSs ceasing to be listed on a major U.S. national securities exchange in certain circumstances, subject to certain exceptions where the applicable consideration comprises U.S.-listed common equity or ADSs. Upon the occurrence of a fundamental change, holders of these notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes in integral multiples of US\$1,000. In the event of a fundamental change, we may also be required to issue additional ADSs upon conversion of our convertible notes.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

As a Cayman Islands company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. As we have chosen, or may from time to time choose, to follow home country practice exemptions with respect to certain corporate matters such as the requirement of majority independent directors on our board of directors, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See "Item 16G. Corporate Governance."

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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 (2016 Revision) of the Cayman Islands, or the Companies Law, and the common law of the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States. 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.

Your ability to bring an action against us or against our directors and officers, or to enforce a judgment against us or them, may be limited because we are incorporated in the Cayman Islands, and because we conduct the majority 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 the majority of our operations in China through our wholly-owned subsidiaries and several consolidated affiliated Chinese entities in China. Most of our directors and officers reside outside of the United States and most of the assets of those persons are located outside of the United States. As a result, it may be difficult for you to bring an action in the United States upon these persons. It may also be difficult for you to enforce in United States courts judgments obtained in United States courts based on the civil liability provisions of the United States federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands or China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct how the ordinary shares represented by your ADSs are voted.

As a holder of ADSs, you will not have any right to attend general meetings of our shareholders or to cast any votes directly at such meetings. You will only be able to exercise the voting rights that attach to the underlying ordinary shares represented by your ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depository, as the registered holder of the underlying ordinary shares which are represented by your ADSs. Upon receipt of your voting instructions, the depository will endeavor to vote the underlying ordinary shares in accordance with your instructions. You will not be able to directly exercise any right to vote with respect to the underlying shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven days. When a general meeting is convened, you may not receive sufficient advance notice to enable you to withdraw the underlying shares represented by your ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution that is to be considered and voted upon at the general meeting. In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying shares which are represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depository will endeavor to 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 depository to vote the underlying shares that are represented by your ADSs. In addition, the depository 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 direct the voting of the underlying shares that are represented by your ADSs and there may be nothing you can do if the shares underlying your ADSs are not voted as you requested.

Under our deposit agreement, the depository will give us a discretionary proxy to vote the ordinary shares underlying your ADSs at shareholders' meetings if you do not vote, unless we have instructed the depository that we do not wish a discretionary proxy to be given or any of the other situations specified under the deposit agreement takes place. The effect of this discretionary proxy is that you cannot prevent ordinary shares underlying your ADSs from being voted, absent the situations described above, and it may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

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, as amended, or the Securities Act, or an exemption from the registration requirements is available. Also, under the deposit agreement, the depository bank will not make these rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under 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.

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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 depositary 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 depositary 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 be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary 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 depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary 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.

Provisions of our shareholder rights plan could delay or prevent an acquisition of our company, even if the acquisition would be beneficial to our shareholders.

In November 2007, we adopted a shareholder rights plan, which was subsequently amended. Although the rights plan will not prevent a takeover, it is intended to encourage anyone seeking to acquire our company to negotiate with our board of directors prior to attempting a takeover by potentially significantly diluting an acquirer's ownership interest in our outstanding shares. The existence of the rights plan may also discourage transactions that otherwise could involve payment of a premium over prevailing market prices for the ADSs.

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences for United States investors in the ADSs or ordinary shares.

Based on the market price of the ADSs and our ordinary shares, the value of our assets, and the composition of our assets and income, we do not believe that we were a passive foreign investment company, or "PFIC," for United States federal income tax purposes for our taxable year ended December 31, 2016. The application of the PFIC rules is subject to ambiguity in several respects and, in addition, we must make a separate determination as to whether we are a PFIC after the close of each taxable year. Accordingly, we cannot assure you of our PFIC status for our current taxable year ending December 31, 2017 or for any future taxable year.

A non-U.S. corporation will be considered a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) 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. The value of our assets generally will be determined by reference to the market price of the ADSs and ordinary shares, which may fluctuate considerably. If we were treated as a PFIC for any taxable year during which a U.S. Holder (as defined in Item 10.E. Additional Information — Taxation — United States Federal Income Tax Considerations) held an ADS or an ordinary share, certain adverse United States federal income tax consequences could apply to the U.S. Holder. For a more detailed discussion of United States federal income tax consequences to U.S. Holders that would result from our classification as a PFIC, see "Item 10.E. Additional Information — Taxation — United States Federal Income Tax Considerations."

ITEM 4. INFORMATION ON THE COMPANY

A. *History and Development of the Company*

We commenced our business in June 1999. In March 2000, we established an exempted company with limited liability under the Companies Law in the Cayman Islands, Ctrip.com International, Ltd., as our new holding company. Since our inception, we have conducted the majority of our operations in China and expanded our operations overseas in 2009. As of December 31, 2016, we mainly operated our business through the following significant subsidiaries:

- C-Travel International Limited;
- Ctrip.com (Hong Kong) Limited;
- Ctrip Computer Technology (Shanghai) Co., Ltd., or Ctrip Computer Technology;
- Ctrip Travel Information Technology (Shanghai) Co., Ltd., or Ctrip Travel Information;
- Ctrip Travel Network Technology (Shanghai) Co., Ltd., or Ctrip Travel Network;
- Wancheng (Shanghai) Travel Agency Co., Ltd., or Wancheng;
- Shanghai Hecheng International Travel Agency Co., Ltd., or Hecheng;
- Ctrip Information Technology (Nantong) Co., Ltd., or Ctrip Information Technology;
- Beijing JointWisdom Information Technology Co., Ltd., or JointWisdom (formerly known as China Software Hotel Information System Co., Ltd.);

After our share exchange transaction with Baidu in October 2015, we obtained approximately 45% of the aggregate voting interest of Qunar. In December 2015, we issued ordinary shares represented by ADSs to certain special purpose vehicles holding shares solely for the benefit of certain Qunar employees and, as consideration, we received class B ordinary shares of Qunar and directly injected these shares to a third-party investment entity dedicated to investing in business in China. From accounting perspective, we started to consolidate Qunar's financial statements from December 31, 2015. Therefore, Qunar Cayman Islands Limited, the Cayman Islands holding company of Qunar, and its wholly owned subsidiary, Beijing Qunar Software Technology Co., Ltd., or Qunar Software, may also be deemed as our significant subsidiaries from accounting perspective, although Qunar continues to operate its businesses independently.

We also conduct part of our business in China primarily through the following significant consolidated affiliated Chinese entities and certain of their subsidiaries:

- Shanghai Ctrip Commerce Co., Ltd., or Ctrip Commerce, which holds a value-added telecommunications business license;
- Beijing Ctrip International Travel Agency Co., Ltd., or Beijing Ctrip, which holds an air transport sales agency license and a domestic and cross-border travel agency license;
- Guangzhou Ctrip Travel Agency Co., Ltd., or Guangzhou Ctrip, which holds an air transport sales agency license and a domestic and cross-border travel agency license;
- Shanghai Ctrip International Travel Agency Co., Ltd. (formerly known as Shanghai Ctrip Charming International Travel Agency Co., Ltd.), or Shanghai Ctrip, which holds domestic and cross-border travel agency and air transport sales agency licenses;
- Shenzhen Ctrip Travel Agency Co., Ltd., or Shenzhen Ctrip, which holds an air transport sales agency license and a domestic travel agency license;
- Chengdu Ctrip Travel Agency Co., Ltd, or Chengdu Ctrip, which holds an air transport sales agency license and a domestic travel agency license;
- Ctrip Insurance Agency Co., Ltd., or Ctrip Insurance, which holds an insurance agency business license;

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- Shanghai Huacheng Southwest International Travel Agency Co., Ltd. (formerly known as Shanghai Huacheng Southwest Travel Agency Co., Ltd.), or Shanghai Huacheng, which holds domestic travel agency and air transport sales agency licenses; and
- Chengdu Ctrip International Travel Agency Co., Ltd, or Chengdu Ctrip International, a wholly-owned subsidiary of Shanghai Ctrip, which holds domestic and cross-border travel agency licenses and an air transport sales agency license.

In addition, after we started to consolidate the financial statements of Qunar from December 31, 2015, Beijing Qu Na Information Technology Co., Ltd., or Qunar Beijing, which holds the licenses, approvals and key assets such as mobile application and website that are essential to the business operations of Qunar, may be deemed as our significant consolidated affiliated Chinese entity from accounting perspective, although Qunar continues to operate its businesses independently.

From time to time, we have selectively acquired or invested in businesses that complement our existing business, and will continue to do so in the future to expand and develop our business. See “Item 4.B. Information on the Company — Business Overview — Strategic Investments and Acquisitions” for material strategic investments and acquisitions over the past two years. Other than the material acquisitions or investments disclosed under “Item 4.B. Information on the Company — Business Overview — Strategic Investments and Acquisitions” or elsewhere in this annual report on Form 20-F, no acquisitions or investments was material to our businesses or financial results at the time we made the acquisition or investment.

In August 2014, we have expanded an existing commercial agreement with Priceline to strengthen our global partnership. In addition, we issued US\$500 million in aggregate principal amount of the Priceline 2019 Notes to Priceline Group Treasury Company B.V., an indirect wholly-owned subsidiary of Priceline, and granted Priceline a permission to acquire our shares in the open market over before August 2015, so that combined with shares issuable upon conversion of the Priceline 2019 Notes, Priceline may hold up to 10% of our outstanding shares. Upon subscription of the Priceline 2019 Notes, Priceline acquired the right to appoint an observer to our board of directors. In May 2015, December 2015 and September 2016, we issued US\$250 million in aggregate principal amount of the Priceline 2020 Notes, US\$500 million in aggregate principal amount of the Priceline 2025 Notes, and US\$25 million in aggregate principal amount of the Priceline 2022 Notes, respectively, to the same subsidiary of Priceline for its additional investment in us. Immediately following issuance of the Priceline 2022 Notes in September 2016 and assuming full conversion of the convertible notes issued to Priceline according to their terms, Priceline will have beneficially owned securities representing approximately 8.89% of our outstanding shares based on the amendment to Schedule 13D filed by the subsidiary of Priceline on September 19, 2016. We have also extended permission to Priceline Group to increase its ownership in our company through the acquisition of ADSs in the open market so that, when combined with the shares issuable upon conversion of all of the Priceline notes, Priceline continues to be entitled to hold up to 15% of our outstanding shares (excluding shares that are beneficially owned by Priceline or its subsidiary due to any such entities’ ownership or conversion of the Priceline 2025 Notes). We and Priceline have continued the existing commercial partnership, whereby accommodations inventory is cross-promoted between the brands. Concurrently with our issuance of the Priceline 2025 Notes in December 2015, Hillhouse also subscribed for and was issued US\$500 million in aggregate principal amount of the Hillhouse 2025 Notes, in substantially the same terms as those issued to Priceline.

In September 2016, we concurrently completed an offering of 32,775,000 ADSs at US\$45.96 per ADS (taking into account of the fully exercised over-allotment option) and an offering of US\$975 million in aggregate principal amount of the 2022 Notes (taking into account of the fully exercised over-allotment option). The 2022 Notes were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act, and certain non-U.S. persons in compliance with Regulation S under the Securities Act. The 2022 Notes will be convertible into ADSs based on an initial conversion rate of 15.2688 ADSs per US\$1,000 principal amount of notes (which is equivalent to an initial conversion price of approximately US\$65.49 per ADS and represents an approximately 42.5% conversion premium over the closing trading price of the Company’s ADSs on September 6, 2016 of US\$45.96 per ADS). The conversion rate for the 2022 Notes is subject to adjustment upon the occurrence of certain events. The 2022 Notes will bear interest at a rate of 1.25% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2017. The 2022 Notes will mature on September 15, 2022, unless previously repurchased or converted in accordance with their terms prior to such date. Concurrently with our ADS offering, we closed private placements of our ordinary shares with the respective subsidiaries of Baidu and Priceline at an aggregate investment amount of US\$100 million and US\$25 million, respectively, pursuant to exemptions from registration with SEC under Regulation S and Section 4(a)(2) of the Securities Act, respectively. In addition, concurrently with the closing of the 2022 Notes offering, we also closed a private placement of US\$25 million aggregate principal amount of convertible notes due 2022 with a subsidiary of Priceline pursuant to an exemption from registration with SEC under Section 4(a)(2) of the Securities Act, in substantially the same terms as those of the 2022 Notes.

Effective December 1, 2015, we changed our ADS to ordinary share ratio from four ADS representing one ordinary share to eight ADSs representing one ordinary share. Unless otherwise indicated, ADSs and per ADS amount in this annual report have been retroactively adjusted to reflect the changes in ratio for all periods presented.

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Our principal executive offices are located at 968 Jin Zhong Road, Shanghai 200335, People's Republic of China, and our telephone number is +86 (21) 3406-4880. Our agent for service of process in the United States is CT Corporation System. Our principal website address is www.ctrip.com. The information on our websites should not be deemed to be part of this annual report.

B. Business Overview

We are a leading travel service provider for accommodation reservation, transportation ticketing, packaged tours and corporate travel management in China. We aggregate hotel and transportation information to enable business and leisure travelers to make informed and cost-effective bookings. We help leisure travelers book tour packages and guided tours, and help corporate clients effectively manage their travel requirements. In addition, we offer a variety of other travel-related services, including but not limited to travelers' reviews, attraction tickets, travel-related financing and car services, and travel insurance and visa services to meet the various booking and travelling needs of both leisure and business travelers. Since commencing operations in 1999, we have become one of the best-known travel brands in China capable of providing truly one-stop travel services. Our leading market position has been further strengthened since our investment in Qunar, one of the leading mobile and online commerce platforms for travel in China. Qunar has been operating independently as a travel service provider after our investment.

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 abroad;
- book and purchase transportation tickets for domestic and international flights and/or trains;
- choose and reserve packaged tours that include transportation and accommodations, as well as guided tours and other value-added services in some instances; and
- book and purchase other travel-related services for their leisure and business travels.

Meanwhile, Qunar continued its independent innovation of technology capabilities, leveraging its proprietary mobile applications, the complementary SaaS system and its search services, to provide more efficient and comprehensive services and accelerate its network effect.

We target our services primarily at business and leisure travelers in China who do not travel in groups, catering for their increasing needs for both domestic and international travel with an emphasis on the latter to enable us to quickly adjust to the changing market environment. These types of travelers, who are referred to in the travel industry as FITs (frequent independent travelers) and whom we refer to as independent travelers in this annual report, form a traditionally under-served yet fast-growing segment of the China travel market, and we saw opportunities of growth from this segment's need for international travel. We act as an agent in substantially all of our transactions and generally do not take inventory risks with respect to the hotel rooms and transportation tickets booked through us. We derive our accommodation reservation, transportation ticketing and packaged-tour revenues mainly through commissions from our travel suppliers, primarily based on the transaction value of the rooms, transportation 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. As of December 31, 2016, we had secured room supply relationships with approximately 520,000 hotels in China and approximately 670,000 hotels abroad, which cover a broad range of hotels in terms of prices and geographical locations. Through strategic cooperation arrangements with other leading online accommodation reservation service providers in recent years, we expanded our overseas hotel network by gaining access to more international hotels on these platforms through our accommodation reservation services. The quality and depth of our hotel supplier network enable us to offer our customers a wide selection of hotel accommodations. We believe our ability to offer reservations at highly rated hotels is particularly appealing to our customers. The hotel direct business of Qunar, which covers a wide range of hotels from upscale hotels to mass-market hotels to family-run and small boutique hotels, recently began to benefit from our hotel accommodation capabilities by accessing our high-end hotel supplies.

We believe that we are the largest consolidator of airline tickets and the top air tickets distribution agency in China in terms of the total number of airline tickets booked and sold through us. Our airline ticket suppliers include all major PRC airlines and over 300 international airlines that operate flights originating in cities at home and abroad, and offer over 3 million flight routes, connecting over 5,000 cities in approximately 200 countries. Partnering with over 1,000 third-party travel service providers, 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 through mobile platform, Internet websites and customer service centers and arrange electronic payment. In addition, we provide the same levels of centralization and convenience to customers seeking to make reservations on their chosen train and bus routes. We believe that we have realized a notable innovation in our transportation ticketing services, namely, our integrated product offering of air, train and bus tickets. International airline tickets sales volume through our platform grew significantly in 2016.

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Our continuing development of an advanced and centralized system further strengthens our cross-selling strategy. When users search for any of the three transportation products on our database, our system can automatically provide the recommendations to the other two transportation modes with the same dates, origins and destinations. This capability significantly helps our customers to streamline their decision-making process in searching for the most convenient, cost-efficient transportation. Moreover, Qunar's proprietary technology systems and its own cross-selling capabilities provide alternatives to customers with diverse needs and preferences.

We also offer independent leisure travelers bundled packaged-tour products, including group tours, semi-group tours, customized tours and packaged tours with different transportation arrangements, such as flights, cruises, buses or car rental. We are the top packaged-tour operator in China in terms of online market share and most recognized brand in China's outbound travel services. We provide integrated transportation and accommodation services through cooperation with over 10,000 platform partners, and offer a variety of value-added services including transportation at destinations, as well as attraction tickets, local activities, insurance, visa services and tour guides. We offer customers one-stop services to meet their needs before, during and after their trips. We also provide high quality customer services, supplier management and customer relationship management services. Our packaged-tour products cover a variety of domestic and international destinations.

We have been building up a multifaceted ecosystem within the travel section, and offer our services to customers through an advanced transaction and service platform consisting of our mobile platform, multi-lingual websites and our centralized, 24-hour customer service centers. We have built up an industry-leading mobile platform which enhances user experience and user engagement. Cumulative downloads for our mobile app grew from approximately 1.7 billion as of December 31, 2015 to approximately 2.9 billion as of December 31, 2016. In addition, our 24-hour service centers, which provide responsive and high quality customer services, further differentiate us from other online travel service providers. In 2016, transactions effected through our mobile channel accounted for approximately 71% of our transaction orders.

We operate an open platform to further bridge the gap between travelers and travel suppliers with a diverse range of products and services. Travel suppliers ranging from airlines and third-party travel agencies to e-commerce websites offering travel products and services can list their inventories on our open platform to expand their business opportunities. We also offer high quality supplier management services and technology and financial support to enhance supplier experience and encourage supplier participation on the open platform. In addition, we offer high quality customer service to travelers for all the products and services they purchase through our open platform. We believe that our open platform helps us expand the number and types of products and services available to travelers and enhance our price competitiveness, and further build and strengthen the vibrant travel ecosystem on our open platform.

Our revenues are primarily generated from the accommodation reservation, transportation ticketing, packaged-tour services and corporate travel. For information on revenues attributable to our different products and services, see "Item 5.A. Operating and Financial Review and Prospects — Operating Results."

Products and Services

We began offering accommodation reservation and transportation ticketing in October 1999. In 2016, we derived approximately 37% of our revenues from the accommodation reservation business and 45% of our revenues from the transportation ticketing business. In addition, we offer other products and services including packaged tours, mostly bundled by us, that cover hotel, ticketing and transportation as well as corporate travel management services.

Accommodation Reservations. We act as an agent in substantially all of our hotel-related transactions. Our customers receive confirmed bookings and generally pay the hotels directly upon completion of their stays. In general, we pay no penalty to the hotels if our customers do not check in. For some of our hotel suppliers, we earn pre-negotiated fixed commissions on hotel rooms we sell. For other hotels, we have commission arrangements that we refer to as the "ratchet system," whereby our commission rate per room night is adjusted upward with the increase in the volume of room nights we sell for such hotel during such month.

We contract with hotels for rooms under two agency models, the "guaranteed allotment" model and the "on-request" model. Under our agreements with our hotel suppliers, hotels are generally required to offer us prices that are equal to or lower than their published prices, and notify us in advance if they have promotional sales, so that we can lower our prices accordingly.

In addition to the agreements that we enter into with all of our hotel suppliers, we enter into a supplemental agreement with each of the hotel suppliers with which we have a guaranteed allotment arrangement. Pursuant to this agreement, a hotel guarantees us a specified number of available rooms every day, allowing us to provide instant confirmations on such rooms to our customers before notifying the hotel. The hotel is required to notify us in advance if it will not be able to make the guaranteed rooms available to our customers due to reasons beyond its control.

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As of December 31, 2016, we had contracted with approximately 520,000 hotels in China, of which a majority have guaranteed room allotments, allowing us to reserve rooms for our customers even during peak seasons and provide instant confirmation. Rooms booked in hotels with which we have a guaranteed allotment arrangement currently account for a significant part of our total hotel room transaction volume. With the remaining hotel suppliers, we book rooms on an “on-request” basis, meaning our ability to secure hotel rooms for our customers is subject to room availability at the time of booking.

Transportation Ticketing. Transportation Ticketing revenues mainly represent revenues from reservation of air tickets, railway-tickets and other related services. We sell air tickets as an agent for all major domestic PRC airlines, such as Air China, China Eastern Airlines, China Southern Airlines and Hainan Airlines and many international airlines operating flights that originate from cities at home and abroad, such as Cathay Pacific, Singapore Airlines, American Airlines, Lufthansa, Emirates Airlines, Qantas Airways, Air France-KLM and Delta Air Lines. We also provide other related service to our customers, such as sales of aviation and train insurance, air-ticket delivery services, online check-in, and other value-added services, such as online seat selection and flight dynamics.

Our customers can book tickets through our mobile platform, Internet websites and customer service centers and make payment electronically. The airline industry, including airline ticket pricing, is regulated by CAAC. Therefore, we have no discretion in offering discounts on the air tickets we sell.

Packaged Tours. We also offer independent leisure travelers bundled packaged-tour products, including group tours, semi-group tours, customized tours and packaged tours with different transportation arrangements, such as flights, cruises, buses and car rental. We provide integrated transportation and accommodations services and offer a variety of value-added services including transportation at destinations, as well as attraction tickets, local activities, insurance, visa services and tour guides. We offer customers one-stop services to meet their needs before, during and after their trips. We also provide high quality customer services, supplier management and customer relationship management services. Our packaged-tour products cover a variety of domestic and international destinations.

Corporate Travel. We provide transportation ticket booking, accommodation reservation and packaged-tour services to our corporate clients to help them plan business travels in a cost-efficient way. In addition, we also provide our corporate clients with travel data collection and analysis, industry benchmark, cost saving analysis and travel management solutions. We have independently developed the Corporate Travel Management Systems, which is a comprehensive online platform integrating information maintenance, online booking, online authorization, online enquiry and travel report system.

Other Products and Services. Our other products and services include online advertising services, the sale of Property Management System, or PMS, and related maintenance service. Other products and services accounted for a small portion of our total revenues in 2016.

Seasonality

Our business experiences fluctuations, reflecting seasonal variations in demand for travel services. See “Item 5.A. Operating and Financial Review and Prospects — Operating Results” for a discussion of seasonality in the travel industry.

Transaction and Service Platform

Our customers can reach us for their travel-related needs through either our mobile platform, our multi-lingual websites or our customer service centers. In 2016, transactions executed through our websites and mobile platform combined further increased, accounting for more than 92% of our total transactions, compared with 86% in 2015. To improve the efficiency of our service platform and expand our business opportunities, we have made some technology improvements, such as enhanced international flight search capability, expanded payment methods and virtual desktop technology, which is deployed and in operation for our customer service centers.

Mobile Platform. Our mobile booking software provides one-stop travel platform to our customers who search for hotels, flights, trains, car rental, tickets and other travel products, and completes bookings within minutes. Mobile applications enable our customers to make bookings more efficiently and have fueled our business growth in new direction. Our customers can also search for travel-related editorial content about destinations and travel tips through the mobile platform. Moreover, travelers can share their travel experience and micro-blogs with others through Ctrip community. We first introduced mobile applications in 2010. Since then we have upgraded mobile applications, added new functions into it on a regular basis and engaged celebrities to promote our brands and mobile platform. Cumulative downloads for Ctrip mobile app exceeded 2.9 billion as of December 31, 2016 with a significant portion of our hotel and air ticket transactions executed on it on a daily basis.

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In 2013, we developed a corporate travel mobile app, which was the first of its kind in China and provides efficiency to corporate travelers. The app has extensive booking capabilities that match the personal preference of the traveler with their companies' travel policies. It also features "smart itinerary" and "travel update" functions to ensure users are informed immediately of any changes to their journey. Users of this app may also enjoy our call center support 24 hours a day, seven days a week.

Internet Websites. Through our Internet websites, we continue improving shopping experience in hotel accommodations, flight tickets, vacation packages, train tickets, and other travel products to our customers.

We have been constantly upgrading our open platform, so that our suppliers and partners are connected to Ctrip more efficiently. We have opened up our system to international partners, search engines, e-commerce websites and affiliated websites to expand business opportunities. We have made great efforts to enhance our price competitiveness by improving the efficiency of our IT system and by working closely with major airlines, numerous air ticketing agencies and accommodation suppliers, and thousands of destination business partners through the open platform.

We maintain our main website in Chinese at www.ctrip.com and our global website in English at english.ctrip.com. Over time, we also established localized websites specifically targeting Hong Kong, Singapore, Japan, Korea, France, Germany, Spain, Russia, Indonesia, Thailand and Malaysia markets.

We consolidate and organize travel-related information for our consumers, including user behavior data, hotel reviews, travel blogs and community forums. Destination guides and community users actively search for travel information on our websites. Our customers refer to editorial content for destination research and travel tips.

Customer Service Centers. We have two customer service centers located in Shanghai and Nantong, respectively, and they operate 24 hours a day, seven days a week. Unlike some companies in the United States that outsource their customer service to third-party call centers, our customer service representatives are in-house travel specialists. All of our customer service representatives participated in a formal training program before commencing work.

Marketing and Brand Awareness

Through mobile and online marketing, brand promotion, cross-marketing, and customer rewards program, we have created a strong Ctrip brand that is commonly associated in China with value travel products and services and superior customer service. We will continue to use our focused marketing strategy to further enhance awareness of our brand and acquire new customers.

Mobile Marketing. We have worked with major Internet portals and leading mobile apps in their respective sectors to advertise locally and also have worked with top smart phone manufacturers to increase the number of our app downloads and promote more activations and transactions.

Online Marketing. We have contracted many of the leading Internet search engines in China to prominently feature our websites and have cooperated with online companies to promote our services, as well as conducting public relations activities. We have purchased related keywords or directory links to direct potential customers to our websites.

Brand Promotion. We conduct our brand campaigns through advertising on video streaming websites, targeted LCD displays in public space, and television in major cities in China. We also work with celebrities and embed our brand and travel products into TV live shows, movies and other entertainment marketing channels. Based on our experience, we believe these are effective ways to enhance brand awareness and attract new generation of customers.

Cross-Marketing. We have entered into cross-marketing arrangements with major PRC domestic airlines, financial institutions, telecommunications service providers and other corporations. Our airline partners and financial institution partners recommend our products and services to members of their mileage programs or bank card holders. Customers can accumulate miles by booking air tickets through us, or earn Ctrip's points by paying through co-branded credit cards.

Customer Rewards Program. To secure our customers' loyalty and further promote our Ctrip brand, we provide our customers with a customer rewards program. This program allows our customers to accumulate membership points calculated according to the services purchased by the customers. Our membership points have a fixed validity term and, before expiry, our customers may redeem these points for travel awards and other gifts.

Supplier Relationship Management

We have cultivated and maintained good relationships with our travel suppliers since our inception. We have a team of employees dedicated to enhance our relationship with existing travel suppliers and develop relationships with prospective travel suppliers.

Furthermore, we have developed an electronic confirmation system that enables participating hotel suppliers to receive our customer's reservation information and confirm such reservation through our online interface with the hotel suppliers. We believe that the electronic confirmation system is a cost-effective and convenient way for hotels to interface with us. We have not had any material disputes with our travel suppliers with respect to the amount of commissions to which we were entitled.

Technology and Infrastructure

Since our inception, we have been able to support substantial growth in our offline and online traffic and transactions with our technology and infrastructure.

We provide our customers sales and support service by mobile apps, by websites, by telephone or via e-mail, 24 hours a day, seven days a week. We maintain in-house call centers to ensure high quality of our services. Our call centers are located in various locations, including in Shanghai and in Nantong. We have invested significantly in our call center technologies over years and provide top-notch services in China and Asia.

Our systems servers are housed in various locations, mainly in Shanghai and Nantong, and these system services are inter-linked among themselves. The performance of our systems servers are monitored and supported 24 hours a day, seven days a week. The web hosting facilities are equipped with back-up capabilities and perform real-time mirror back-up and additional back-up for off-site storage on a daily basis.

We maintain dedicated servers and high speed Internet access to provide fast responses to customer requests, load balance and data back-up. We regularly upgrade our hardware and software and procure security services to protect our servers against unauthorized access to data, or unauthorized alteration or destruction of data.

We believe our cutting-edge technology used throughout our quality services distinguishes us from our competitors in China. Our goal has been to build a reliable, scalable, and secure infrastructure to fully support our customer service centers, mobile and website operations and one-stop travel platform.

Competition

In the hotel consolidation market, we compete primarily with domestic and foreign invested consolidators of hotel accommodations. We also compete with new online travel search and service provider platforms; as well as traditional travel agencies. We believe that the volume of hotel room booking by FITs from our main competitors is significantly lower than ours. However, as the travel business in China continues to grow, we may face competition from new players in the hotel consolidation market in China and foreign travel consolidators that may enter the China market.

In the transportation ticketing market, we compete primarily with other consolidators of air tickets with a multi-province airline ticket sales and fulfillment infrastructure in China. We also compete with new online travel search and service provider platforms. In the markets where we face local competition, our competitors generally conduct ticketing transactions in person, and not over the Internet or through customer service centers. Many local air-ticketing agencies are primarily involved in the wholesale business and do not directly serve individual travelers, who are our targeted customers. However, as the airline ticket distribution business continues to grow in China, we believe that more companies involved in the travel services industry may develop their services that compete with our transportation ticketing business.

Intellectual Property

Our intellectual property rights include trademarks and domain names associated with the name "Ctrip" and copyright and other rights associated with our websites, technology platform, booking software and other aspects of our business. We regard our intellectual property as a factor contributing to our success, although we are not dependent on any patents, intellectual property related contracts or licenses other than some commercial software licenses available to the general public. We rely on trademark and copyright law, trade secret protection, non-competition and confidentiality agreements with our employees to protect our intellectual property rights. We require our employees to enter into agreements to keep confidential all information relating to our customers, methods, business and trade secrets during and after their employment with us. Our employees are required to acknowledge and recognize that all inventions, trade secrets, works of authorship, developments and other processes made by them during their employment are our property.

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Our major domain names are *ctrip.com* and *ctrip.com.cn*, both of which have been registered with www.markmonitor.com, and we have full legal rights over these domain names. We conduct our business under the Ctrip brand name and logo. We have registered our major trademarks “Ctrip” and “携程” (Chinese characters for Ctrip) with the Trademark Office of the PRC State Administration for Industry and Commerce, or SAIC, with the Registrar of Trademarks in Hong Kong and also with the United States Patent and Trademark Office. In 2009, we registered the trademark “携程” (Chinese characters for Ctrip) with the Taiwan Intellectual Property Office and with Direcção dos Serviços de Economia of Macau. In 2014 and 2015, we also registered the trademark “Ctrip” and “携程” (Chinese characters for Ctrip) in Korea, European Union, Singapore, Swiss, Australia, New Zealand, Japan, Turkey, Vietnam and The United Arab Emirates.

In 2015, we were recognized as “the Best Online Travel Agency in China” by Travel Weekly China. In 2016, we were awarded the “Most Valuable App” at the China App Development Forum and 2016 Most Popular App Awards Ceremony held in Beijing, China. Our customer service was recognized as the “2016 Best Call Center” at the 2016 Internet + China E-Commerce Summit Forum & China Call Center Development.” We were ranked in the “China’s top 10 most innovative companies” and the “10 most innovative companies in travel” lists of 2017 by Fast Company, a major financial business magazine in the United States.

Strategic Investments and Acquisitions

To maintain and strengthen our leading market position in China and to become a major travel service provider in the Greater China market, we constantly evaluate opportunities for strategic investments in, and acquisitions of, complementary businesses, assets and technologies and have made such investments and acquisitions from time to time. We have made the following material strategic investments and acquisitions over the past two years.

We formed Homeinns Hotel (Hong Kong) Limited, or Homeinns Hong Kong, in 2001 to expand our business to include the hotel management service. We spun off all of our interest in Homeinns Hong Kong in August 2003. Homeinns Hong Kong became a wholly-owned subsidiary of Homeinns in June 2006. Homeinns undertook an initial public offering and its ADSs were listed on the Nasdaq Global Market in October 2006. During the period from September 12, 2008 to March 31, 2009, we purchased ADSs of Homeinns on the open market representing approximately 10% of the then total outstanding ordinary shares of Homeinns. In May 2009, we entered into a purchase agreement with Homeinns to acquire additional equity interest in Homeinns through a private placement of its ordinary shares for \$50 million in cash. In connection with this private placement, we have also obtained certain demand, piggyback and Form F-3 registration rights from Homeinns. In June 2015, we, together with our co-founder and executive chairman Mr. James Jianzhang Liang (then chief executive officer), our co-founder and independent director Mr. Neil Nanpeng Shen and certain other buyers, delivered a non-binding letter to Homeinns which proposes to acquire all of its outstanding ordinary shares not already owned by these buyers for a cash consideration of US\$35.8 per ADS. In December 2015, Homeinns entered into an agreement and plan of merger with the special purpose vehicles formed by our consortium, pursuant to which one of our special purpose vehicles will merge with and into Homeinns with Homeinns continuing as the surviving company after the merger. In December 2016, we completed a share exchange transaction with BTG, a PRC joint stock company that is listed on the Shanghai Stock Exchange and principally engaged in the management of hotels and tourism destinations, whereby Ctrip exchanged its 15% equity interest in Homeinns in the consideration for 104,901,899 ordinary shares of BTG. Following the share exchange with BTG, we held approximately 22% equity interest in BTG as of December 31, 2016.

Following our aggregate US\$30 million investment in Tuniu in May 2014 and December 2014, in May 2015, we purchased 3,750,000 newly issued Class A ordinary shares of Tuniu at an aggregate consideration of approximately US\$20 million. We held an aggregate equity interest of approximately 4% of Tuniu’s total outstanding shares as of December 31, 2016.

In January 2015, we completed an investment transaction acquiring a majority stake in Travelfusion Limited, a UK-based leading online Low Cost Carrier travel content aggregator and innovator of Direct Connect global distribution solutions.

In May 2015, we made an investment in eLong through acquiring the shares of eLong from certain selling shareholders, including Expedia together with several other investors. We acquired approximately 38% equity stake in eLong for a total purchase price of approximately US\$422 million. In addition, we and Expedia agreed to cooperate with each other to allow our respective customers to benefit from certain travel product offerings for specified geographic markets. In August 2015, we, together with Tencent Holdings Limited, or Tencent, and certain other buyers, delivered a non-binding letter to eLong which proposes to acquire all of its outstanding ordinary shares not already owned by these buyers for a cash consideration of US\$18.00 per ADS. In February 2016, eLong entered into an agreement and plan of merger with China E-dragon Holdings Limited, the special purpose vehicle formed by the consortium led by Tencent, and China E-dragon Mergersub Limited, a wholly owned subsidiary of China E-dragon Holdings Limited, pursuant to which China E-dragon Holdings Limited will acquire eLong. Following the completion of eLong’s going private transaction in May 2016, China E-dragon Holdings Limited was owned by certain of eLong’s existing shareholders, including us, along with Seagull Limited and certain management members of eLong.

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As part of our ongoing strategy to invest in complementary business and further expand our product offerings, in October 2015, we completed a share exchange transaction with Baidu, pursuant to which Baidu exchanged 178,702,519 Class A ordinary shares and 11,450,000 Class B ordinary shares of Qunar, beneficially owned by Baidu prior to the consummation of the transaction for our 11,488,381 newly-issued ordinary shares. Immediately after the closing of the transaction, Baidu owned our ordinary shares representing approximately 25% of our aggregate voting interest, and we owned Class B ordinary shares of Qunar representing approximately 45% of Qunar's aggregate voting interest. Robin Yanhong Li, Baidu's chairman and chief executive officer, and Tony Yip, vice president, head of investments, mergers and acquisitions of Baidu, have been appointed to our board of directors. As a result of the share exchange transaction with Baidu, we became a significant shareholder of Qunar. Following our investment in Qunar, Qunar continues to operate its business independently. We have certain business cooperation arrangements with Qunar.

We believe that it would be in the interest of our shareholders and us to provide equity incentives to Qunar employees to align their interests with those of Qunar and its shareholders, including us. In connection with our transaction with Baidu, we agreed to issue approximately 5 million ordinary shares to certain special purpose vehicles holding shares solely for the benefit of Qunar employees. The issuance of such Ctrip shares to Qunar employees is conditional upon the surrender by such employees of any Qunar securities held by or granted to them. As of the date of this annual report, we offered a total of approximately 4.7 million ordinary shares represented by ADSs to three special purpose vehicles holding these shares solely for the benefit of Qunar employees. As consideration, we received Class B ordinary shares of Qunar and directly injected these shares to a third-party investment entity dedicated to investing in business in China. Under U.S. GAAP, as a result of our share exchange with Baidu in October 2015 and share issuance for the benefit of Qunar employees in December 2015, we began to consolidate Qunar's financial statements from December 31, 2015 from an accounting perspective. In June 2016, the board of directors of Qunar received a non-binding "going private" proposal, dated June 23, 2016, from Ocean Management Limited to acquire all outstanding ordinary shares of Qunar not beneficially owned by Qunar's shareholders accounting for a majority in voting power of Qunar for US\$30.39 per ADS, or US\$10.13 per ordinary share, of Qunar in cash. The board of directors of Qunar formed a special committee to consider the "going private" proposal and the transaction contemplated by such proposal. In October 2016, Qunar announced that it had entered into definitive merger agreement for the going private transaction. Qunar announced that its going private transaction was approved by its shareholders and later completed in February 2017.

In late 2015 and early 2016, we agreed to make certain investments, in the form of limited partnership contribution or other financing arrangements in several non-U.S. investment entities which are managed or owned by parties unaffiliated with each other and unaffiliated with us and are dedicated to investing in businesses in China. As of December 31, 2016, we issued an aggregate of approximately 6.2 million ordinary shares, including approximately 3.1 million ordinary shares represented by ADSs, and provided capital contribution or financial support in a total amount of approximately US\$1.3 billion in cash to some of these non-U.S. investment entities. These investment entities have, in the aggregate, acquired a significant portion of the shares of Qunar not otherwise owned by Ctrip through privately negotiated transactions. Under U.S. GAAP, we consolidate the financial statements of these investment entities from an accounting perspective.

In January 2016, we invested US\$180 million in MakeMyTrip (Nasdaq: MMYT), India's largest online travel company, via convertible notes. In addition, MakeMyTrip has granted us permission to acquire MakeMyTrip shares in the open market, so that combined with shares convertible under the convertible notes, we may beneficially own up to 26.6% of MakeMyTrip's outstanding shares. Following completion of the investment, we appointed a director to the MakeMyTrip board of directors. In October 2016, MakeMyTrip entered into a transaction agreement with MIH Internet Sea Private Limited and MIH B2C Holdings B.V. regarding the acquisition by MakeMyTrip of Ibibo Group Holdings (Singapore) Private Limited, one of India's leading online travel groups. In connection with this MakeMyTrip's transaction, we agreed to convert our convertible notes into 9,857,028 ordinary shares of MakeMyTrip, which represented approximately 10% equity interest of combined companies.

In April 2016, we announced strategic collaboration with China Eastern Airlines (SSE: 600115, SEHK: 00670, NYSE: CEA), one of China's three major air transportation groups, on a broad range of products and services. In June 2016, we invested approximately RMB3 billion in approximately 466 million A shares of China Eastern Airlines in a private placement. Further, we may in the future invest in up to 10% of the shares of China Eastern Airlines, and may also nominate a representative to its board.

In December 2016, we consummated an acquisition transaction whereby shares held by nearly all the shareholders of Skyscanner, a leading global travel search site headquartered in Edinburgh, the United Kingdom, were acquired by Ctrip. The total purchase consideration for the acquisition of Skyscanner was approximately £1.4 billion, which consists of £1.2 billion in cash and the remainder in our ordinary shares. After the acquisition, the then incumbent management team of Skyscanner continues to manage its operations independently as part of the Ctrip group.

PRC Government Regulations

Current PRC laws and regulations impose substantial restrictions on foreign ownership of the air-ticketing, travel agency and value-added telecommunications businesses in China. As a result, we conduct these businesses in China through contractual arrangements with our consolidated affiliated Chinese entities as well as certain independent air-ticketing agencies and travel agencies. Some of our directors and officers, all of whom are PRC citizens, directly or indirectly own all or most of the equity interests in our consolidated affiliated Chinese entities as of the date of this annual report.

According to our PRC counsel, Commerce & Finance Law Offices, the ownership structures, as described in this annual report, comply with all existing PRC laws, rules and regulations.

Restrictions on Foreign Ownership

Air-ticketing. According to the Air Transportation Sales Agent Qualification Accreditation Measures (2006) and relevant foreign investment regulations regarding air transportation business, a foreign investor currently cannot own 100% of an air-ticketing agency in China, except for Hong Kong and Macau air transportation sales agents. In addition, foreign-invested air-ticketing agencies are not permitted to sell passenger air tickets for domestic flights in China, except for Hong Kong and Macau air transportation sales agents.

Travel Agency. Currently, foreign investors are permitted to establish or own a travel agency upon PRC government approval, subject to considerable restrictions on its scope of business. For examples, under the Travel Agency Regulations, which became effective on May 1, 2009, foreign-invested travel agencies cannot arrange for PRC residents to travel overseas or to Hong Kong, Macau or Taiwan, unless otherwise decided by the State Council or allowed under any applicable free trade agreement executed by the PRC government or according to the Closer Economic Partnership Arrangement between Mainland China and Hong Kong or Macau, or CEPA. According to the CEPAs, starting from January 1, 2013, travel agencies in which qualified Hong Kong or Macau investors hold an interest are permitted to arrange group tours for PRC residents from mainland China to Hong Kong and Macau. Moreover, on a trial basis, one qualified Sino-foreign joint venture, in which qualified Hong Kong investors hold an interest, and one qualified Sino-foreign joint venture, in which qualified Macau investors hold an interest, were permitted to arrange group tours for PRC residents to travel overseas (excluding Hong Kong, Macau and Taiwan). On August 29, 2010, the PRC National Tourism Administration, or NTA, and MOFCOM further promulgated the Interim Measures for Supervising Pilot Operation of Overseas Travel Business by Sino-Foreign Joint Venture Travel Agencies, according to which NTA may choose and approve certain qualified Sino-foreign joint venture travel agencies to operate business of arranging PRC residents travelling to overseas destinations, Hong Kong and Macau (excluding Taiwan), on a trial basis.

Online Advertising. The principal regulation governing foreign-invested advertising agencies in China are the Foreign Investment Industrial Guidance Catalogue (2015 Revision), or the Catalogue, which came into effect on April 10, 2015. Under the Catalogue, foreign investors are allowed to own 100% of an advertising agency in China subject to certain qualification requirements. However, foreign investment in advertising agencies that provide online advertising services is still subject to restrictions of foreign investment in the value-added telecommunications business.

Value-added Telecommunications Business License. The principal regulations governing foreign investment in the value-added telecommunications service provision business in China include:

- Administrative Provisions on Foreign Invested Telecommunications Enterprises (2016 Revision); and
- The Catalogue.

Under these regulations, a foreign entity is prohibited from owning more than 50% of a PRC entity that provides value-added telecommunications services.

In July 2006, MIIT issued the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunication Business, which stipulates that a domestic company that holds a value-added telecommunications business license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and prohibited from providing any assistance in forms of resources, sites or facilities to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names used in the value-added telecommunications business must be owned by the domestic value-added telecommunications license holders. Due to lack of further interpretation by MIIT, it remains unclear what impact the above circular will have on us or other PRC Internet companies that have adopted the same or similar corporate and contractual structures as ours.

General Regulation of Businesses

Tourism Law. On April 25, 2013, the Standing Committee of NPC issued the PRC Tourism Law, or the Tourism Law, which took effect on October 1, 2013. The Tourism Law aims to protect tourists' legal rights, regulate travel market and promote the development of travel industry, and sets forth specific requirements for the operation of travel agencies. Travel agencies are prohibited from (i) leasing, lending or illegally transferring travel agency operation licenses or otherwise disseminating untrue or inaccurate information when soliciting customers and organizing tours, (ii) conducting any false publicity to mislead customers, (iii) arranging visits to or participation in any project or activity in violation of PRC laws and regulations or social morality, (iv) organizing tours at unreasonably low price to induce or cheat tourists, or obtaining unlawful profits such as kickbacks, and (v) planning itineraries against the will of tourists. In addition, travel agencies must enter into contracts with customers for travel services; and before a tour starts, a customer may assign his personal rights and obligations in a packaged-tour contract to any third person, whom the travel agency cannot refuse without cause, as long as any fee increase will be borne by the customer and the relevant third person. Accordingly, travel agencies may be subject to civil liabilities for failing to fulfill the obligations discussed above, which include rectification, issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operation, or revocation of its travel agency permit. Furthermore, if a travel agency arranges shopping in violation of the Tourism Law, customers have the right, within 30 days after the end of the tour, to demand that the travel agencies be responsible for the return of any purchased goods and make advance payment for the returned goods, or return the price for any tour items paid separately.

Air-ticketing. The air-ticketing business is subject to the supervision of CNATA and its regional branches. Currently the principal regulation governing air-ticketing in China is the Air Transportation Sales Agent Qualification Accreditation Measures, which became effective on March 31, 2006.

Under this regulation, any entity that intends to conduct air-ticketing business in China must apply for an air-ticketing license from CNATA.

Travel Agency. The travel industry is subject to the supervision of NTA and local tourism administrations. The principal regulations governing travel agencies in China include:

- Travel Agency Regulations, effective as of May 1, 2009; and
- Implementing Rules of Travel Agency Regulations, effective as of May 3, 2009.

Under these regulations, a travel agency must obtain a license from NTA to conduct cross-border travel business, and a license from the provincial-level tourism administration to conduct domestic travel agency business.

Advertising. SAIC is responsible for regulating advertising activities in China. The principal regulations governing advertising (including online advertising) in China include:

- Advertising Law, as amended in 2015;
- Advertising Administrative Regulations, as promulgated in 1987; and
- Implementing rules of the Advertising Administrative Regulations, as amended in 2011.

Under these regulations, any entity conducting advertising activities must obtain an advertising permit from the local branch of SAIC.

Value-added Telecommunications Business and Online Commerce. Our provision of travel-related content on our websites is subject to PRC laws and regulations relating to the telecommunications industry and Internet, and regulated by various government authorities, including MIIT and SAIC. The principal regulations governing the telecommunications industry and Internet include:

- Telecommunications Regulations, as amended in 2014;
- The Administrative Measures for Telecommunications Business Operating Licenses, effective as of April 10, 2009; and

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- The Internet Information Services Administrative Measures, as promulgated in 2000.

Under these regulations, Internet content provision services are classified as value-added telecommunications businesses, and a commercial operator of such services must obtain a value-added telecommunications business license from the appropriate telecommunications authorities to conduct any commercial value-added telecommunications operations in China.

With respect to online commerce, there are no specific PRC laws at the national level governing online commerce or defining online commerce activities, and no government authority has been designated to regulate online commerce. There are existing regulations governing retail business that require companies to obtain licenses to engage in the business. However, it is unclear whether these existing regulations will be applied to online commerce.

Internet Privacy

In recent years, PRC government authorities have legislated on the use of the Internet to protect personal information from unauthorized disclosure. For example, the Internet Measures prohibits an Internet information services provider from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. Internet information services providers are subject to legal liability if unauthorized disclosure results in damages or losses to users. In addition, the PRC regulations authorize the relevant telecommunications authorities to demand rectification of unauthorized disclosure by Internet information services providers.

The PRC laws do not prohibit Internet information services providers from collecting and analyzing person information of their users. The PRC government, however, has the power and authority to order Internet information services providers to submit personal information of an Internet user if such user posts any prohibited content or engages in illegal activities on the Internet. Moreover, PRC criminal law prohibits companies and their employees from illegally trading or disclosing customer data obtained through the course of their business operations.

In addition, MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Services, which became effective as of March 15, 2012. This regulation stipulates that Internet information services providers must not, without a user's consent, collect information on the user that can be used, alone or in combination with other information, to identify the user, or User Personal Information, and may not provide any User Personal Information to third parties without the user's prior consent. Internet information services providers may only collect User Personal Information necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and processing of such User Personal Information. In addition, an Internet information services provider may use User Personal Information only for the stated purposes under its scope of services. The Internet information services providers are also required to ensure the proper security of User Personal Information, and take immediate remedial measures if User Personal Information is suspected to have been disclosed. If the consequences of any such disclosure are expected to be serious, they must immediately report the incident to the telecommunications regulatory authorities and cooperate with the authorities in their investigations. Furthermore, on December 28, 2012, the Standing Committee of NPC enacted the Decision to Enhance the Protection of Network Information, or the Information Protection Decision, to further enhance the protection of users' personal information in electronic form. The Information Protection Decision provides that Internet information services providers must expressly inform their users of the purpose, manner and scope of their collection and use of users' personal information, publish their standards for their collection and use of users' personal information, and collect and use users' personal information only with the consent of the users and only within the scope of such consent. The Information Protection Decision also mandates that the Internet information services providers and their employees must keep strictly confidential users' personal information that they collect, and that they must take such technical and other measures as are necessary to safeguard the information against disclosure, damages and loss. Pursuant to the Order for the Protection of Telecommunication and Internet User Personal Information issued by MIIT in July 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes.

Regulation of Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange. The principal regulation governing foreign currency exchange in China is the Forex Regulations. Under the Forex Regulations, Renminbi is freely convertible for trade- and service-related foreign exchange transactions, but not for direct investment, loan or securities investment outside China unless prior approval of SAFE is obtained.

Pursuant to the Forex Regulations, FIEs in China may purchase foreign currency without SAFE's approval for trade- and service-related foreign exchange transactions by providing commercial documents evidencing these transactions. They may also retain foreign exchange (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. In addition, if a foreign company acquires a company in China, the acquired company will also become an FIE. However, the relevant PRC government authorities may limit or eliminate the ability of FIEs to purchase and retain foreign exchange in the future. In addition, foreign exchange transactions for direct investment, loan and securities investment outside China are still subject to limitations and require approvals from SAFE.

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Under the current PRC regulations, loans, either from us or from third-party sources outside of China, incurred by our subsidiaries in China to finance their activities cannot exceed statutory limits, which equal the difference between the respective approved total investment amount and the registered capital of such PRC subsidiaries, and must be registered with SAFE or its local branches. In the past, our subsidiaries have mainly funded their operations and cash needs from our initial capital injections and cash generated from such subsidiaries' operations. Other than these discussed above, none of the Company's PRC subsidiaries had any outstanding loans as of December 31, 2016. Based on the capital needs and cash generated from operations of our PRC subsidiaries, we do not believe that our PRC subsidiaries would need to incur substantial debts to fund their respective operations in China in the near future, and even if they need to incur debts, they could manage to obtain short-term loans from PRC banks and financial institutions, which are not subject to the statutory limits referenced above. We currently do not believe, based on the above, that the statutory debt limits on our subsidiaries in China are material to our operations in China, and we do not believe it to be reasonably likely that our PRC subsidiaries would need to incur debts exceeding their respective statutory debt limit.

SAFE promulgated the Circular on the Relevant Operating Issues concerning Administration Improvement of Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, on August 29, 2008. Under SAFE Circular 142, registered capital of an FIE settled in Renminbi converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and may not be used for equity investments in China. In addition, FIEs may not change how they use such capital without SAFE's approval, and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans. In addition, to strengthen SAFE Circular 142, on November 9, 2011, SAFE promulgated the Circular on Further Clarifying and Regulating Relevant Issues Concerning the Administration of Foreign Exchange under Capital Account, or SAFE Circular 45, which prohibits an FIE from converting its registered capital in foreign currency into Renminbi for the purpose of making domestic equity investments, granting entrusted loans, repaying inter-company loans, and repaying bank loans that have been transferred to a third party. On March 3, 2015, SAFE promulgated a Circular on the Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies, or SAFE Circular 19, which became effective on June 1, 2015 and replaced SAFE Circular 142. Although SAFE Circular 19 retains certain restrictions on the use of investment capital denominated in foreign currency by FIEs, it specifies that the registered capital of an FIE denominated in foreign currency can be converted into Renminbi at the discretion of such FIE and can be used for equity investment in China subject to the invested company's filing of a reinvestment registration with the relevant local SAFE. However, the interpretation and enforcement of SAFE Circular 19 remains to be subject to significant uncertainty, which may limit our ability to transfer the net proceeds from offerings of our securities to our PRC subsidiaries and convert the net proceeds into Renminbi and adversely affect our liquidity and our ability to fund and expand our business in China.

Dividend Distribution. The principal regulations governing distribution of dividends of WFOEs include:

- The Foreign-Invested Enterprise Law, as amended in 2000;
- Implementing Rules for the Foreign-Invested Enterprise Law, as amended in 2014;
- Company Law, as amended in 2014; and
- EIT Law and its Implementation Rules, as promulgated in 2007.

Under these regulations, FIEs in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, WFOEs in China are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, unless such reserve funds have reached 50% of their respective registered capital. These reserves are not distributable as cash dividends.

Under the EIT Law, dividends, interests, rent, royalties and gains on transfers of property payable by an FIE in China to its foreign investor that is a non-PRC resident enterprise will be subject to a 10% withholding tax, unless such non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax. According to Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income agreed between China and Hong Kong in August 2006, dividends payable by an FIE in China to a company in Hong Kong which directly holds at least 25% of the equity interests in the FIE will be subject to a reduced withholding tax rate of 5%.

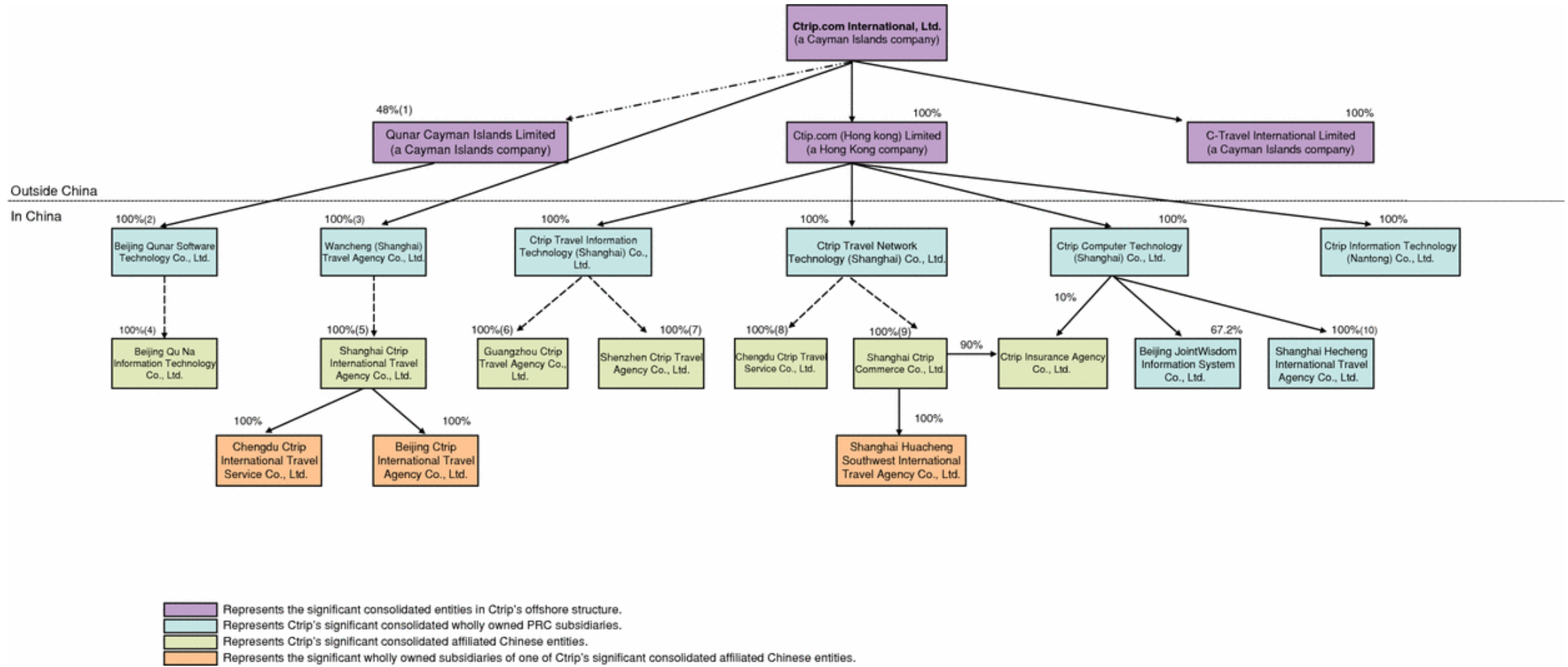
Under the EIT Law, an enterprise established outside China with its "de facto management body" within China is considered a PRC resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its worldwide income. The "de facto management body" is defined as the organizational body that effectively exercises overall management and control over production and business operations, personnel, finance and accounting, and properties of the enterprise. It remains unclear how the PRC tax authorities will interpret such a board definition. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company, like us, having indirect ownership interests in PRC enterprises through intermediary holding companies.

Moreover, under the EIT Law, foreign ADS holders may be subject to a 10% withholding tax upon dividends payable by a PRC entity and gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is considered as income deriving from within China and if we are classified as a PRC resident enterprise.

Regulation of Income Taxes and Financial Subsidies. See "Item 5.A. Operating and Financial Review and Prospects — Operating Results — Major Factors Affecting Our Results of Operations — Income Taxes and Financial Subsidies."

C. *Organizational Structure*

The following diagram illustrates our corporate structure, including our significant subsidiaries and consolidated affiliated Chinese entities as of December 31, 2016.



(1) Represents approximately 45% of the aggregate voting interest. See "Item 4.A. Information on the Company — History and Development of the Company."
(2) Indirectly owned through Queen's Road Travel Information Limited, a Hong Kong company.
(3) Indirectly owned through Ctrip Travel Holding, a Cayman Islands company, and its Hong Kong subsidiary, Ctrip Travel Holding (Hong Kong) Limited.
(4) Hui Cao and Hui Wang hold 60% and 40% of the equity interest in Beijing Qu Na Information Technology Co., Ltd., respectively.
(5) Min Fan and Qi Shi hold 99.5% and 0.5% of the equity interest in Shanghai International Agency Co., Ltd., respectively.
(6) Min Fan and Tao Yang hold 90% and 10% of the equity interest in Guangzhou Ctrip Travel Agency Co., Ltd., respectively.
(7) Min Fan and Tao Yang hold 90% and 10% of the equity interest in Shenzhen Ctrip Travel Agency Co., Ltd., respectively.
(8) Min Fan and Qi Shi hold 99.5% and 0.5% of the equity interest in Chengdu Ctrip Travel Service Co., Ltd., respectively.
(9) Min Fan and Maohua Sun hold 89.8% and 10.2% of the equity interest in Shanghai Ctrip Commerce Co., Ltd., respectively.
(10) Indirectly owned through Chengdu Ctrip Information Technology Co., Ltd., a PRC company.

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We are a holding company incorporated in the Cayman Islands and rely on dividends from our subsidiaries in China and consulting and other fees paid to our subsidiaries by our consolidated affiliated Chinese entities. We conduct a majority of our business through our wholly-owned subsidiaries in China. Due to the current restrictions on foreign ownership of air-ticketing, travel agency and value-added telecommunications businesses in China, we have conducted part of our operations in these businesses through a series of contractual arrangements between our PRC subsidiaries and our consolidated affiliated Chinese entities. Our significant consolidated affiliated Chinese entities included Ctrip Commerce, Shanghai Huacheng, Shanghai Ctrip, Beijing Ctrip, Guangzhou Ctrip, Shenzhen Ctrip, Ctrip Insurance, Chengdu Ctrip, Chengdu Ctrip International and Qunar Beijing as of December 31, 2016. In early 2013, we amended and restated the contractual arrangements that we previously entered into with our consolidated affiliated Chinese entities in order to further strengthen our ability to control these entities and receive substantially all of the economic benefits from them. We have entered into additional contractual arrangements based on substantially the same series of amended and restated forms with our other consolidated affiliated Chinese entities subsequent to our adoption of these forms, and plan to enter into substantially the same series of agreements with all of our future consolidated affiliated Chinese entities. In 2015, we further optimized the functions of our various consolidated affiliated Chinese entities to avoid duplicative operations among these consolidated affiliated Chinese entities.

As of the date of this report, some of our directors and officers are principal record owners of our consolidated affiliated Chinese entities. Each of them has signed an irrevocable power of attorney to appoint Ctrip Travel Information, Ctrip Travel Network, Wancheng, and Ctrip Corporate Travel or its designated person, as attorney-in-fact to vote, by itself or any other person to be designated at its discretion, on all matters of our consolidated affiliated Chinese entities. Each power of attorney will remain effective during the existence of the applicable consolidated affiliated Chinese entity.

D. Property, Plants and Equipment

Our first customer service center and principal sales, marketing and development facilities and administrative offices are located on owned premises comprising approximately 39,000 square meters in an economic development park in Shanghai, China. In 2015, our Shanghai headquarters relocated to Sky SOHO, our owned premises in Shanghai, China, comprising 100,167 square meters. Our second customer service center, which began operations in May 2010, is located in our owned premises in Nantong, China, comprising approximately 80,000 square meters. In addition to our China offices in more than 19 cities, we also have overseas offices in Hong Kong, Taiwan, Japan, Korea, America, Singapore, Thailand and the United Kingdom. We believe that we will be able to obtain adequate facilities, principally through the leasing of appropriate properties, to accommodate our expansion plans in the near future.

In 2016, we signed an agreement to purchase an office building of 9,943 square meters in Guangzhou for approximately RMB211 million, which was fully paid from our operating cash flow.

As of March 31, 2017, we owned an aggregate of approximately 327,000 square meters of premises for office space and call centers and leased an aggregate of approximately 121,000 square meters of premises for office space.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this annual report on Form 20-F. This annual report contains forward-looking statements. See “Item 5.G. Operating and Financial Review and Prospects — Safe Harbor.” In evaluating our business, you should carefully consider the information provided under the caption “Item 3.D. Key Information — Risk Factors” in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

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. We also offer packaged-tour products and other products and services.

In 2016, we derived approximately 37%, 45%, 12%, 3% and 3% of our total revenues from our accommodation reservation, transportation ticketing, packaged tours, corporate travel and other products and services, respectively.

In 2016, while we continued to strengthen our PRC domestic travel businesses, we further enhanced our outbound travel businesses as part of the execution of our international strategy. As of the date of this annual report, our outbound travel businesses focus primarily on outbound accommodation reservation, outbound air ticketing and outbound packaged tours. For the year ended December 31, 2016, the aggregate volume of our outbound travel businesses accounted for approximately 16% of the total volume of combined outbound and PRC domestic accommodation reservation, air ticketing and packaged-tour businesses, and the aggregate revenue of our outbound travel businesses accounted for approximately 27% of the total revenue of combined outbound and PRC domestic accommodation reservation, air ticketing and packaged-tour businesses. Also as part of our international strategy, we consummated the acquisition transaction of the United Kingdom-based Skyscanner in December 2016 and maintained its independent management of operations as part of the Ctrip group to complement our positioning at a global scale.

Major Factors Affecting the Travel Industry

A variety of factors affect the travel industry in China, and hence our results of operations and financial condition, including:

Growth in the Overall Economy and Demand for Travel Services in China. We expect that our financial results will continue to be affected by the overall growth of the economy and demand for travel services in China and the rest of the world. According to the statistical report published on the website of PRC National Bureau of Statistics, or NBS, on February 28, 2017, China's domestic gross product, or GDP, grew from RMB67.7 trillion in 2015 to RMB74.4 trillion in 2016, representing an annual growth rate of 6.7%.

Despite that the growth rate of the Chinese economy is slowing, we anticipate that demand for travel services in China will continue to increase in the foreseeable future. According to the statistical report published on the website of NBS on February 28, 2017, China's domestic travel spending grew from RMB3,419.5 billion in 2015 to RMB3,939.0 billion in 2016, representing an annual growth rate of 15.2%. However, any adverse changes in economic conditions of China and the rest of the world, such as the current global financial crisis and economic downturn, could have a material adverse effect on the travel industry in China, which in turn would harm our business. See "Item 3.D. Key Information — Risk Factors — Our business is sensitive to global economic conditions. A severe or prolonged downturn in the global or Chinese economy may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability."

Seasonality in the Travel Service Industry. The travel service industry is characterized by seasonal fluctuations and accordingly our revenues may vary from quarter to quarter. To date, the revenues generated during the summer season of each year generally are higher than those generated during the winter season, mainly because the summer season coincides with the peak business and leisure travel season, while the winter season of each year includes the Chinese New Year holiday, during which our customers reduce their business activities. These seasonality trends are difficult to discern in our historical results because our revenues have grown substantially since inception. However, our future results may be affected by seasonal fluctuations in the use of our services by our customers.

Disruptions in the Travel Industry. Individual travelers tend to modify their travel plans based on the occurrence of events such as:

- the outbreak of Ebola virus, H1N1 influenza, avian flu, SARS or any other serious contagious diseases;
- increased prices in the hotel, airline or other travel-related industries;
- increased occurrence of travel-related accidents;
- political unrest;
- natural disasters or poor weather conditions;
- terrorist attacks or threats of terrorist attacks or war;
- any travel restrictions or security procedures implemented in connection with major events in China; and
- general economic downturns.

See also "Item 3.D. Key Information — Risk Factors — The recurrence of SARS or other similar outbreaks of contagious diseases as well as natural disasters may materially and adversely affect our business and operating results."

Any future outbreak of contagious diseases or similar adverse public health developments, extreme unexpected bad weather or severe natural disasters would affect our business and operating results. Ongoing concerns regarding contagious disease or natural disasters, particularly its effect on travel, could negatively impact our China-based customers' desire to travel. If there is a recurrence of an outbreak of certain contagious diseases or natural disasters, travel to and from affected regions could be curtailed. Public policy regarding, or governmental restrictions, on travel to and from these and other regions on account of an outbreak of any contagious disease or occurrence of natural disasters could have a material adverse effect on our business and operating results.

Major Factors Affecting Our Results of Operations

Revenues

Revenues Composition and Sources of Revenue Growth. We have experienced significant revenue growth since we commenced operations in 1999. Our total revenues grew from RMB4.4 billion in 2012 to RMB19.8 billion (US\$2.9 billion) in 2016, representing a compound annual growth rate of 45.5%.

We generate our revenues primarily from the accommodation reservation and transportation ticketing businesses. The table below sets forth the revenues from our principal lines of business as a percentage of our revenues for the periods indicated.

	Year-Ended December 31,		
	2014	2015	2016
Revenues:			
Accommodation reservation	41%	40%	37%
Transportation Ticketing	38%	39%	45%
Packaged tours	14%	15%	12%
Corporate travel	5%	4%	3%
Others	2%	2%	3%
Total revenues	100%	100%	100%

As we generally do not take ownership of the products and services being sold and act as an agent in substantially all of our transactions, our risk of loss due to obligations for cancelled hotel and airline ticket reservations is minimal. Accordingly, we recognize revenues primarily based on commissions earned rather than transaction value.

Since current PRC laws and regulations impose substantial restrictions on foreign ownership of air-ticketing, travel agency and value-added telecommunications businesses in China, we conduct part of our transportation ticketing and packaged-tour businesses through our consolidated affiliated Chinese entities. Historically, we generated a portion of our revenues from fees charged to these entities. See “Item 7.B. Major Shareholders and Related Party Transactions — Related Party Transactions — Arrangements with Consolidated Affiliated Chinese Entities” for a description of our relationship with these entities.

Accommodation Reservation. Revenues from our accommodation reservation business have been a significant source of revenues since our inception. In 2014, 2015 and 2016, revenues from our accommodation reservation business accounted for RMB3.2 billion, RMB4.6 billion and RMB7.3 billion (US\$1.1 billion), respectively, or 41%, 40% or 37%, respectively, of our total revenues.

We generate our accommodation reservation revenues through commissions from hotels. We recognize revenues when we receive confirmation from a hotel that a customer who booked the hotel through us has completed the stay at the applicable hotel and upon confirmation of the commissions amount by the hotel. While we generally agree in advance on fixed commissions with a particular hotel, we also enter into a commission arrangement with many of our hotel suppliers that we refer to as the “ratchet system.” Under the ratchet system, our commission per room night for a given hotel increases for the month if we sell in excess of a pre-agreed number of room nights with such hotel within the month.

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Transportation Ticketing. Since early 2002, our transportation ticketing business has been growing rapidly. In 2014, 2015 and 2016, revenues from our transportation ticketing business accounted for RMB3.0 billion, RMB4.5 billion and RMB8.8 billion (US\$1.3 billion), respectively, or 38%, 39% and 45%, respectively, of our total revenues.

We conduct our transportation ticketing business through our consolidated affiliated Chinese entities, as well as a network of independent transportation ticketing service companies. Commissions from transportation ticketing rendered are recognized after tickets are issued.

Packaged Tours. Our packaged-tour business has grown rapidly in the past three years. In 2014, 2015 and 2016, revenues from our packaged-tour business accounted for RMB1.1 billion, RMB1.7 billion and RMB2.3 billion (US\$333 million), respectively. We conduct our packaged-tour business mainly through our consolidated affiliated Chinese entities, which bundle the packaged-tour products and receive referral fees from different travel suppliers for different components and services of the packaged tours sold through our transaction and service platform. Referral fees are recognized as revenues after the packaged-tour services are rendered. Our consolidated affiliated entities also, from time to time, act as principal in connection with the packaged-tour services provided by them.

Corporate Travel. Corporate travel revenues primarily include commissions from transportation ticket booking, accommodation reservation and packaged-tour services rendered to corporate clients. In 2014, 2015 and 2016, revenues from our corporate travel services accounted for RMB373 million, RMB473 million and RMB608 million (US\$88 million), respectively. Commissions from transportation ticketing services rendered are recognized after transportation tickets are issued. Commissions from accommodation reservation services rendered are recognized after hotel customers have completed their stay at the applicable hotel and upon confirmation of commissions amount by the hotel. Commissions from tour package services rendered are recognized after the packaged-tour services are rendered and collections are reasonably assured.

Other Products and Services. Our other products and services primarily consist of online advertising services, the sale of PMS and related maintenance service. We place our customers' advertisements on our websites and in our introductory brochures. We conduct the advertising business through Ctrip Commerce, and we recognize revenues when Ctrip Commerce renders advertising services. We conduct PMS sale and maintenance business through JointWisdom. The sale of PMS is recognized upon customer's acceptance. Maintenance service revenue is recognized ratably over the term of the maintenance contract on a straight-line basis.

Cost of Revenues

Cost of revenues are costs directly attributable to rendering our revenues, which consist primarily of payroll compensation of customer service center personnel, credit card service fee, telecommunication expenses and other direct expenses incurred in connection with our transaction and service platform. Payroll compensation accounted for 58%, 51% and 39% of our cost of revenues in 2014, 2015 and 2016, respectively. Credit card charges accounted for 19%, 19% and 18% of our cost of revenues in 2014, 2015 and 2016, respectively. Telecommunication expenses accounted for 7%, 4% and 3% of our cost of revenues in 2014, 2015 and 2016, respectively.

Cost of revenues accounted for 29%, 28% and 25% of our net revenues in 2014, 2015 and 2016, respectively. We believe our relatively low ratio of cost of revenues to revenues is primarily due to competitive labor costs in China and high efficiency of our customer service system. Our cost efficiency was further enhanced by our website operations, which require significantly fewer service staff to operate and maintain. The decrease of percentage of cost of revenues over net revenues in 2016 was largely due to enhanced efficiency of our customer service.

Operating Expenses

Operating expenses consist primarily of product development expenses, sales and marketing expenses, general and administrative expenses, all of which include share-based compensation expense. In 2016, we recorded RMB3.6 billion (US\$513 million) of share-based compensation expense compared to RMB497 million and RMB643 million for 2014 and 2015, respectively. Share-based compensation expense is included in the same income statement category as the cash compensation paid to the recipient of the share-based award.

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Product development expenses primarily include expenses we incur to develop our travel suppliers network and expenses we incur to maintain, monitor and manage our transaction and service platform. Product development expenses accounted for 32%, 30% and 40% of our net revenues in 2014, 2015 and 2016, respectively. The product development expenses as a percentage of net revenues in 2016 increased compared to that in 2015 primarily due to an increase in share-based compensation charges as a result of the share incentives granted in 2016 and our consolidation of Qunar's financial results since December 31, 2015. In 2016, we continued to increase our spending on product development to increase operational efficiency in order to capture business opportunities in new products and services as well as in new markets.

Sales and marketing expenses primarily comprise payroll compensation and benefits for our sales and marketing personnel, advertising expenses, and other related marketing and promotion expenses. Our sales and marketing expenses accounted for 30%, 28% and 30% of our net revenues in 2014, 2015 and 2016, respectively. The sales and market expenses as a percentage of net revenues in 2016 increased primarily due to an increase in share-based compensation charges as a result of the share incentive awards granted in 2016.

General and administrative expenses consist primarily of payroll compensation, benefits and travel expenses for our administrative staff, professional service fees, as well as administrative office expenses. Our general and administrative expenses accounted for 12%, 10% and 13% of our net revenues in 2014, 2015 and 2016, respectively. The general and administrative expenses as a percentage of net revenues in 2016 increased primarily due to an increase in share-based compensation charges as a result of the share incentive awards granted in 2016.

Foreign Exchange Risk

We are exposed to foreign exchange risk arising from various currency exposures. See "Item 11. Quantitative and Qualitative Disclosure About Market Risk."

Income Taxes and Financial Subsidies

Income Taxes. Our effective income tax rate was 371%, 16% and -27% for 2014, 2015 and 2016, respectively. The significant change in our effective income tax rate from 2015 to 2016 was primarily due to the change of non-deductible share-based compensation expenses as well as the change of profit or loss before tax during the periods, and the significant decrease from 2014 to 2015 was primarily due to significantly lower pre-tax income in 2014 in an amount of RMB35 million.

Pursuant to the EIT Law, companies established in China were generally subject to EIT at a statutory rate of 25%. The 25% EIT rate applies to most of our subsidiaries and consolidated affiliated Chinese entities established in China. Some of our PRC subsidiaries, Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network, JointWisdom, and Qunar Software, and one of our consolidated affiliated Chinese entities, Qunar Beijing, are benefit from a preferential tax rate of 15% by either qualifying as HNTEs or qualifying under the Western Regions Catalogue under the EIT Law as follows.

- In 2014, Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network and JointWisdom reapplied for their qualification as HNTE, which were approved by the relevant government authority. Thus, these subsidiaries are entitled to a preferential EIT rate of 15% from 2014 to 2016, except that JointWisdom is entitled to the preferential EIT rate of 15% from 2015 to 2017. Qunar Software and Qunar Beijing are also entitled a preferential EIT rate of 15% from 2014 to 2016. We are in the process of renewing the HNTE qualifications for these entities for another three years.
- In 2002, SAT started to implement preferential tax policy in China's western regions, and companies located in applicable jurisdictions covered by the Western Regions Catalogue are eligible to apply for a preferential income tax rate of 15% if their businesses fall within the "encouraged" category of the policy. Over the years since 2012, Chengdu Ctrip and Chengdu Ctrip International obtained approval from local tax authorities to apply the 15% tax rate for their annual tax filing subject to periodic renewals. After the initial effective period expired in 2014, the two entities were approved by the relevant government authority to renew this qualification, which will expire in 2020. In 2013, Chengdu Information obtained approval from local tax authorities to apply the 15% tax rate for its 2012 tax filing and for the years from 2013 to 2020.

In November 2011, MOF released Circular Caishui (2011) No. 111 mandating Shanghai to be the first city to carry out a pilot program of tax reform. Effective January 1, 2012, any entity in Shanghai that falls in the category of "selected modern service industries" was required to switch from being a business tax payer to become a VAT payer, who is permitted to offset expenses incurred in providing the relevant services it provides from the taxable income. In May 2013, MOF released Circular Caishui (2013) No. 37 to extend the tax reform nationwide. Effective August 1, 2013, entities within transportation service and selected modern service industries switched from a business tax payer to a VAT payer. Ctrip Travel Network and Shanghai Commerce have been subject to VAT at a rate of 6% and stopped paying the 5% business tax from January 1, 2012 onwards. In May 2016, we completed the transformation of business taxes to VAT in China.

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Financial Subsidies. In 2014, 2015 and 2016, our subsidiaries in China received financial subsidies from the government authorities in Shanghai in the amount of approximately RMB132 million, RMB199 million and RMB221 million (US\$32 million), respectively, which we recorded as other income upon cash receipt. Such financial subsidies were granted to us at the sole discretion of the government authorities. We cannot assure you that our subsidiaries will continue to receive financial subsidies in the future.

Critical Accounting Policies and Estimates

We prepare financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities on the date of the balance sheet and the reported amounts of revenues and expenses during the financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that are believed to be reasonable under the circumstances, which together form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on management's judgment.

Revenue Recognition. We describe our revenue recognition policies in our consolidated financial statements. We apply ASC 605 "Revenue Recognition" to our policies for revenue recognition and presentation of consolidated statement of income and comprehensive income. The factors we have considered include whether we are able to achieve the pre-determined specific performance targets by travel suppliers for recognition of the incentive commissions in addition to the fixed-rate and our risk of loss due to obligations for cancelled hotel and airline ticket reservations. As we operate primarily as an agent to the travel suppliers and our risk of loss due to obligations for cancelled hotel and airline ticket reservations is minimal, we recognize commissions on a net basis. We present revenues on a net basis generally. Revenues are recognized at gross amounts received from customers in cases where we undertake the majority of the business risks and act as principal related to the services provided. The amount of revenues recognized at gross basis was immaterial during the years ended December 31, 2016, 2015 and 2014, respectively.

Business Combination. We apply ASC 805 "Business Combination," which requires that all business combinations be accounted for under the purchase method. The cost of an acquisition is measured as the aggregate of fair values at the date of exchange of assets given, liabilities incurred and equity instruments issued. The costs directly attributable to an acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of non-controlling interests and acquisition date fair value of any previously held equity interest in an acquiree over (ii) the fair value of identifiable net assets of an acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of a subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive income.

Investment. Our investments include cost method investments, equity method investments, held-to-maturity investments and available-for-sale investments in certain publicly traded companies and privately-held companies. We apply equity method in accounting for the investments in entities in which we have the ability to exercise significant influence but do not own a majority of equity interest or which we otherwise control and the investments are in either common stock or in-substance common stock. Unrealized gains on transactions between us and an affiliated entity are eliminated to the extent of our interest in the affiliated entity; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. We classify our investments in debt and equity securities, that are not accounted for as equity method investments, into one of three categories and accounts for these as follows: (i) debt securities that we have the positive intent and the ability to hold to maturity are classified as "held-to-maturity" and reported at amortized cost; (ii) debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as "trading securities" with unrealized holding gains and losses reported in earnings; (iii) debt and equity securities not classified as held to maturity or as trading securities are classified as "available-for-sale." The available-for-sale debt securities are measured at fair value. The available-for-sale equity securities with readily determinable fair value are also measured at fair value. The changes in the fair values for available-for-sale securities measured at fair values are reported through other comprehensive income. Realized gains or losses are charged to earnings during the period in which the gains or losses are realized. The available-for-sale equity securities without readily determinable fair value are measured at cost. Gain or losses are realized when such investments are sold or when dividends are declared or payments are received or when impaired. We monitor our investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information.

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Goodwill, Intangible Assets and Long-Lived Assets. In addition to the original cost of goodwill, intangible assets and long-lived assets, the recorded value of these assets is impacted by a number of policy elections, including estimated useful lives, residual values and impairment charges. ASC 350 “Intangibles—Goodwill and Other,” provides that intangible assets that have indefinite useful lives and goodwill will not be amortized but rather will be tested at least annually for impairment. ASC 350 also requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from its undiscounted future cash flow. Recoverability of goodwill is evaluated using a two-step process. In the first step, the fair value of a reporting unit is compared to its carrying value. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to a reporting unit, goodwill is considered not impaired and no further testing is required. If the carrying value of the net assets assigned to a reporting unit exceeds the fair value of a reporting unit, the second step of the impairment test is performed in order to determine the implied fair value of a reporting unit’s goodwill. Determining the implied fair value of goodwill requires valuation of a reporting unit’s tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, goodwill is deemed impaired and is written down to the extent of the difference. We estimate total fair value of the reporting unit using discounted cash flow analysis, and makes assumptions regarding future revenue, gross margins, working capital levels, investments in new products, capital spending, tax, cash flows, and the terminal value of the reporting unit. For 2014, 2015 and 2016, we did not recognize any impairment charges for goodwill or intangible assets based on the expanding and prospective business of our subsidiaries and consolidated affiliated Chinese entities. If different judgments or estimates had been utilized, material differences could have resulted in the amount and timing of the impairment charge.

Customer Rewards Program. We offer a customer rewards program that allows our customers to receive travel awards and other gifts based on accumulated membership points that vary depending on the products and services purchased by the customers. Because we have an obligation to provide such travel awards and other gifts, we recognize liabilities and corresponding expenses for the related future obligations. As of December 31, 2014, 2015 and 2016, our accrued balance for the customer rewards program were approximately RMB431 million, RMB593 million and RMB658 million (US\$95 million), respectively. Our expenses for the customer rewards program were approximately RMB355 million, RMB399 million and RMB202 million (US\$29 million) for the years ended December 31, 2014, 2015 and 2016. We estimate our liabilities under our customer rewards program based on accumulated membership points and our estimate of probability of redemption in accordance with the historical redemption pattern. If actual redemption differs significantly from our estimate, it will result in an adjustment to our liability and the corresponding expense.

Share-Based Compensation. We follow ASC 718 “Stock Compensation,” using the modified prospective method. Under the fair value recognition provisions of ASC 718, we recognize share-based compensation net of an estimated forfeiture rate and therefore only recognize compensation cost for those shares expected to vest over the service period of the award.

Under ASC 718, we applied the Black-Scholes valuation model in determining the fair value of options granted, which requires the input of highly subjective assumptions, including the expected life of the stock option, stock price volatility, and the pre-vesting option forfeiture rate. Expected life is based on historical exercise patterns, which we believe are representative of future behavior, or calculated by using the simplified method. We estimate expected volatility at the date of grant based on historical volatility. The assumptions used in calculating the fair value of stock options represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our share-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. We estimate the forfeiture rate based on historical patterns of our stock options granted, exercised and forfeited. If our actual forfeiture rate is materially different from our estimate, the share-based compensation expense could be significantly different from what we have recorded in the current period. See Note 2 — “Share-based compensation” in the consolidated financial statements for additional information. According to ASC 718, a change in any of the terms or conditions of stock options shall be accounted for as a modification of the plan. Therefore, the Company calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified, measured based on the share price and other pertinent factors at the modification date. For vested options, the Company would recognize incremental compensation cost in the period the modification occurs and for unvested options, the Company would recognize, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

Deferred Tax Valuation Allowances. We provide a valuation allowance on our deferred tax assets to the extent we consider it to be more likely than not that we will be unable to realize all or part of such assets. Our future realization of our deferred tax assets depends on many factors, including our ability to generate taxable income within the period during which temporary differences reverse or before our tax loss carry-forwards expire, the outlook for the Chinese economy and overall outlook for our industry. We consider these factors at each balance sheet date and determine whether valuation allowances are necessary. As of December 31, 2014, 2015 and 2016, we recorded deferred tax assets of RMB194 million, RMB405 million and RMB375 million (US\$54 million), respectively. If, however, unexpected events occur in the future that would prevent us from realizing all or a portion of our net deferred tax assets, an adjustment would result in a charge to income in the period in which such determination was made. As of December 31, 2014, 2015 and 2016, it is more likely than not that the deferred tax assets resulting from the net operating losses of certain subsidiaries will not be realized. Hence, we recorded valuation allowance against our gross deferred tax assets in order to reduce the deferred tax assets to the amount that is more likely than not to be realized. Also, we have elected to early adopt a new accounting guidance issued by the FASB to simplify the presentation of deferred income taxes on the Balance Sheet Classification. Starting December 31, 2015 and prospectively, deferred tax assets and liabilities, along with related valuation allowances are classified as noncurrent on the balance sheet.

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Allowance for doubtful accounts. Accounts receivable are recorded at the invoiced amount and do not bear interest. We review on a periodic basis for doubtful accounts for the outstanding trade receivable balances based on historical experience and information available. Additionally, we make specific bad debt provisions based on (i) our specific assessment of the collectability of all significant accounts; and (ii) any specific knowledge we have acquired that might indicate that an account is uncollectible. The facts and circumstances of each account may require us to use substantial judgment in assessing its collectability. As of the end of December 31, 2014, 2015 and 2016, the allowance for doubtful accounts was RMB14.7 million, RMB38.2 million and RMB58.8 million (US\$8.5 million), respectively. The increase of allowance for doubtful accounts in 2016 was primarily attributable to the prolonged ageing of accounts receivables.

Results of Operations

The following table sets forth a summary of our consolidated statements of operations for the periods indicated both in amount and as a percentage of net revenues.

	For the Year Ended December 31,							
	2014		2015		2016*			
	RMB (in thousands)	%	RMB (in thousands)	%	RMB (in thousands)	US\$ (in thousands)	%	
Revenues:								
Accommodation reservation	3,201,427	44	4,616,649	42	7,308,959	1,052,709	38	
Transportation ticketing	2,950,072	40	4,453,886	41	8,826,517	1,271,283	46	
Packaged tours	1,055,369	14	1,667,945	15	2,310,199	332,738	12	
Corporate travel	373,407	5	473,245	4	608,122	87,588	3	
Others	192,282	3	285,221	3	734,290	105,760	4	
Total revenues	7,772,557	106	11,496,946	106	19,788,087	2,850,078	103	
Less: Business tax and related surcharges	(425,639)	(6)	(599,378)	(6)	(559,647)	(80,606)	(3)	
Net revenues	7,346,918	100	10,897,568	100	19,228,440	2,769,472	100	
Cost of revenues	(2,100,606)	(29)	(3,043,440)	(28)	(4,729,750)	(681,226)	(25)	
Gross profit	5,246,312	71	7,854,128	72	14,498,690	2,088,246	75	
Operating expenses:								
Product development ⁽¹⁾	(2,321,349)	(32)	(3,296,693)	(30)	(7,687,422)	(1,107,219)	(40)	
Sales and marketing ⁽¹⁾	(2,214,210)	(30)	(3,087,990)	(28)	(5,860,927)	(844,149)	(30)	
General and administrative ⁽¹⁾	(861,551)	(11)	(1,088,402)	(10)	(2,518,819)	(362,785)	(13)	
Total operating expenses	(5,397,110)	(73)	(7,473,085)	(69)	(16,067,168)	(2,314,153)	(83)	
Income / (loss) from operations	(150,798)	(2)	381,043	3	(1,568,478)	(225,907)	(8)	
Interest income	304,584	4	445,767	4	567,145	81,686	3	
Interest expense	(162,355)	(2)	(302,426)	(3)	(731,923)	(105,419)	(4)	
Other income / (expense)	43,821	1	2,480,980	23	(26,849)	(3,867)	(0)	
Income before income tax expense								
equity in income of affiliates and non-controlling interest	35,252	0	3,005,364	28	(1,760,105)	(253,507)	(9)	
Income tax expense	(130,821)	(2)	(470,188)	(4)	(478,009)	(68,848)	(2)	
Equity in income/(loss) of affiliates	187,191	3	(135,781)	(1)	601,883	86,689	3	
Net Income	91,622	1	2,399,395	22	(1,636,231)	(235,666)	(8)	
Less: Net loss attributable to non-controlling interests	151,117	2	108,261	1	205,528	29,602	1	
Net income attributable to Ctrip's shareholders	242,739	3	2,507,656	23	(1,430,703)	(206,064)	(7)	

(1) Share-based compensation was included in the associated operating expense categories as follows:

	For the Year Ended December 31,						
	2014		2015		2016		
	RMB (in thousands)	%	RMB (in thousands)	%	RMB (in thousands)	US\$ (in thousands)	%
Product development	(184,665)	(3)	(291,643)	(3)	(2,079,515)	(299,512)	(11)
Sales and marketing	(54,392)	(1)	(65,574)	(1)	(392,642)	(56,552)	(2)
General and administrative	(257,587)	(4)	(285,379)	(4)	(1,087,563)	(156,642)	(6)

* After our voluntary release of our unaudited financial results for the fourth quarter and full year of 2016, we revised the total comprehensive loss to include a reclassification adjustment resulted from the disposal of an available-for-sale investment in 2016 in an amount of RMB140 million, which resulted in an increase in the same amount of the total comprehensive loss and the total comprehensive loss attributable to Ctrip's ordinary shareholders in 2016. Net loss, net loss attributable to Ctrip's ordinary shareholders and loss per share for the full year ended December 31, 2016 remain unchanged. This revision had no impact on our consolidated statement of balance sheet and consolidated statement of cash flows and of shareholders' equity for the year ended December 31, 2016.

Any discrepancies in the above table between the amounts/percentages identified as total amounts/percentages and the sum of the amounts/percentages listed therein are due to rounding.

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2016 compared to 2015

Revenues

Total revenues were RMB19.8 billion (US\$2.9 billion) in 2016, an increase of 72% over RMB11.5 billion in 2015. This revenues growth was principally driven by the substantial volume growth in hotel room nights sold and air tickets and railway tickets sold in 2016.

Accommodation Reservation. Revenues from our accommodation reservation business increased by 58% to RMB7.3 billion (US\$1.1 billion) in 2016 from RMB4.6 billion in 2015, primarily driven by an increase in accommodation reservation volume and the consolidation of Qunar's financial results since December 31, 2015.

Transportation Ticketing. Revenues from our transportation ticketing business increased by 98% to RMB8.8 billion (US\$1.3 billion) in 2016 from RMB4.5 billion in 2015, primarily due to an increase in ticketing volume and the consolidation of Qunar's financial results since December 31, 2015.

Packaged Tours. Packaged-tour revenues increased by 39% to RMB2.3 billion (US\$333 million) in 2016 from RMB1.7 billion in 2015, primarily due to an increase in volume growth of organized tours and self-guided tours and the consolidation of Qunar's financial results since December 31, 2015.

Corporate Travel. Corporate travel revenues increased by 29% to RMB608 million (US\$88 million) in 2016 from RMB473 million in 2015, primarily due to an increase in corporate travel demand resulting from various business activities.

Other Businesses. Revenues from other businesses increased by 157% to RMB734 million (US\$106 million) in 2016 from RMB285 million in 2015, primarily due to an increase in revenues from advertising services and the consolidation of Qunar's financial results since December 31, 2015.

Business Tax and Related Surcharges

Our business tax and related surcharges decreased by 7% to RMB560 million (US\$81 million) in 2016 from RMB599 million in 2015 as a result of the transformation of business taxes to VAT in China.

Cost of Revenues

Cost of revenues in 2016 increased by 55% to RMB4.7 billion (US\$681 million) from RMB3 billion in 2015, primarily due to an increase in cost associated with the expansion of our accommodation reservation business and the rapid growth of our packaged-tour and ticketing business, as well as the consolidation of Qunar's financial results since December 31, 2015.

Operating Expenses

Operating expenses include product development expenses, sales and marketing expenses and general and administrative expenses.

Product Development. Product development expenses increased by 133% to RMB7.7 billion (US\$1.1 billion) in 2016 from RMB3.3 billion in 2015, primarily due to an increase in share-based compensation charges as a result of the share incentives granted in 2016 as well as the consolidation of Qunar's financial results since December 31, 2015.

Sales and Marketing. Sales and marketing expenses increased by 90% to RMB5.9 billion (US\$844 million) in 2016 from RMB3.1 billion in 2015, primarily attributable to an increase in share-based compensation charges as a result of the share incentives granted in 2016 as well as the consolidation of Qunar's financial results since December 31, 2015.

General and Administrative. General and administrative expenses increased by 131% to RMB2.5 billion (US\$363 million) in 2016 from RMB1.1 billion in 2015, primarily due to an increase in share-based compensation charges as a result of the share incentives granted in 2016 as well as the consolidation of Qunar's financial results since December 31, 2015.

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Equity in Income/Loss of Affiliates

Equity in income of affiliates is RMB602 million (US\$87 million) in 2016 while equity in loss of affiliates is RMB136 million in 2015. This is mainly due to the share exchange transaction with BTG, under which we changed 15% equity interest in Homeinns with approximately 22% of BTG's total outstanding shares. We recorded a gain of RMB1.4 billion of equity in income of affiliates as a result of the transaction, and this was offset by the equity pick-up of loss of eLong in the amount of RMB723 million.

Interest Income

Interest income increased by 27% to RMB567 million (US\$82 million) in 2016 from RMB446 million in 2015 due to an increase in cash generated from operations and financing activities in 2016.

Interest Expense

Interest expense increased by 142% to RMB732 million (US\$105 million) in 2016 from RMB302 million in 2015 due to the issuance of the Priceline 2020 Notes, the Priceline 2025 Notes, the Priceline 2022 Notes, the Hillhouse 2025 Notes, the 2020 Notes, the 2025 Notes and the 2022 Notes, and the increase of the loan facilities in 2016.

Other Income/Expense

Other expense was RMB26.8 million (US\$3.9 million) in 2016 while other income was RMB2.5 billion in 2015, primarily due to foreign exchange loss of RMB558 million driven by Renminbi continually depreciating relative to U.S. dollars in 2016, which was offset by gains on disposal of investments and subsidy income.

Income Tax Expense

Income tax expense was RMB478 million (US\$69 million) in 2016, an increase of 2% over RMB470 million in 2015, primarily due to the increase in our taxable income. Our effective income tax rate in 2016 was -27%, as compared to 16% in 2015. The effective income tax rate for 2016 was primarily due to the change of non-deductible share-based compensation expenses.

2015 compared to 2014

Revenues

Total revenues were RMB11.5 billion (US\$1.8 billion) in 2015, an increase of 48% over RMB7.8 billion in 2014. This revenues growth was principally driven by the substantial volume growth in hotel room nights sold and air tickets and railway tickets sold in 2015.

Accommodation Reservation. Revenues from our accommodation reservation business increased by 44% to RMB4.6 billion (US\$713 million) in 2015 from RMB3.2 billion in 2014, primarily driven by an increase of 50% in hotel room nights sold.

Transportation Ticketing. Revenues from our transportation ticketing business increased by 51% to RMB4.5 billion (US\$688 million) in 2015 from RMB3.0 billion in 2014, primarily due to the strong growth of our air tickets and railway tickets sales volume as we continued to significantly expand our transportation ticketing capabilities in 2015 despite being offset in part by the change in the customer commission rate. The total number of tickets we sold in 2015 increased by 131% from 2014.

Packaged Tours. Packaged-tour revenues increased by 58% to RMB1.7 billion (US\$257 million) in 2015 from RM1.1 billion in 2014, primarily due to the continued growth of our packaged-tour business product and service offerings. Total package-tour volume increased by 50% from 2014.

Corporate Travel. Corporate travel revenues increased by 27% to RMB473 million (US\$73 million) in 2015 from RMB373 million in 2014, primarily due to the increased corporate travel demand from our corporate clients.

Other Businesses. Revenues from other businesses increased by 48% to RMB285 million (US\$44 million) in 2015 from RMB192 million in 2014, primarily due to the increased revenues from advertising services.

Business Tax and Related Surcharges

Our business tax and related surcharges increased by 41% to RMB599 million (US\$93 million) in 2015 from RMB426 million in 2014 as a result of the increases in revenues in all of our business lines.

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Cost of Revenues

Cost of revenues in 2015 increased by 45% to RMB3 billion (US\$470 million) from RMB2.1 billion in 2014, primarily due to an increase in our business volume and an increase in credit card service fee payable to third-party payment settlement channels such as UnionPay. This increase was primarily attributable to increased costs associated with the expansion of our accommodation reservation business and the rapid growth of packaged-tour businesses and ticketing.

Operating Expenses

Operating expenses include product development expenses, sales and marketing expenses and general and administrative expenses.

Product Development. Product development expenses increased by 42% to RMB3.3 billion (US\$509 million) in 2015 from RMB2.3 billion in 2014, primarily due to the increase in share-based compensation attributable to product development personnel and the increase of the headcount and average payroll.

Sales and Marketing. Sales and marketing expenses increased by 39% to RMB3.1 billion (US\$477 million) in 2015 from RMB2.2 billion in 2014, primarily attributable to the increase in advertising expenses, marketing and promotion expenses.

General and Administrative. General and administrative expenses increased by 26% to RMB1.1 billion (US\$168 million) in 2015 from RMB862 million in 2014, primarily due to the increase in amortization expenses for property, equipment and intangible assets of newly acquired entities.

Equity in Income/Loss of Affiliates

Equity in loss of affiliates is RMB136 million (US\$21 million) in 2015 while equity in income of affiliates is RMB187 million in 2014. This is mainly due to the impact of investment loss as a result of equity dilution in the investee and a RMB 100 million re-measurement gain for previously held equity investment for step acquisition in 2014. In 2015, the Company recognized investment loss of eLong, which became our affiliate in 2015, in the amount of RMB87 million and equity dilution loss in eLong in the amount of RMB13 million.

Interest Income

Interest income increased by 46% to RMB446 million (US\$69 million) in 2015 from RMB305 million in 2014 due to the increased cash generated from operations and financing activities in 2015.

Interest Expense

Interest expense increased by 86% to RMB302 million (US\$47 million) in 2015 from RMB162 million in 2014 due to the issuance of the Priceline 2020 Notes, the Priceline 2025 Notes, the Hillhouse 2025 Notes, the 2020 Notes and the 2025 Notes, and the increase of the loan facilities in 2015.

Other Income

Other income increased substantially to RMB2.5 billion (US\$383 million) in 2015 from RMB44 million in 2014, primarily due to the gain recognized from the deconsolidation of Tujia as a result of the loss of control of Tujia after its recent financing in 2015. The gain is primarily recognized for the difference between the fair value and original carrying value of the now “available for sale” investment in Tujia as of the deconsolidation date.

Income Tax Expense

Income tax expense was RMB470 million (US\$73 million) in 2015, an increase of 259% over RMB131 million in 2014, primarily due to the increase in our taxable income. Our effective income tax rate in 2015 was 16%, as compared to 371% in 2014. The decrease in our effective income tax rate from 2014 to 2015 was primarily due to an increase in valuation allowance against certain deferred tax assets due to the more tax losses generated from some subsidiaries in 2014 that are not expected to be recovered.

Inflation

Inflation in China has not materially impacted our results of operations. According to NBS, the year-over-year percent changes in the consumer price index for December 2014, 2015 and 2016 were increases of 1.5%, 1.6% and 2.1%, respectively. Inflation in recent years has been associated with food and other consumption items and minimum wages in China. Consumption items do not represent major direct cost items for our business. While personnel costs represent a material part of our total operating costs and expenses, inflation in minimum wages in China primarily affects certain categories of our non-managerial staff costs while increases in total personnel costs of our business remain manageable. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

B. Liquidity and Capital Resources

Liquidity. The following table sets forth the summary of our cash flows for the periods indicated:

	For the Year Ended December 31,			
	2014 RMB	2015 RMB	2016	
			RMB	US\$
	(in thousands)			
Net cash provided by operating activities	1,958,604	3,048,810	5,272,732	759,432
Net cash used in investing activities	(9,366,411)	(4,426,581)	(19,825,479)	(2,855,463)
Net cash provided by financing activities	5,422,195	15,233,586	12,289,757	1,770,092
Effect of foreign exchange rate changes on cash and cash equivalents	148,155	58,972	1,481,996	213,452
Net (decrease)/increase in cash and cash equivalents	(1,837,457)	13,914,787	(780,994)	(112,487)
Cash and cash equivalents at beginning of year	7,138,345	5,300,888	19,215,675	2,767,633
Cash and cash equivalents at end of year	5,300,888	19,215,675	18,434,681	2,655,146

Net cash provided by operating activities amounted to RMB5.3 billion (US\$759 million) in 2016, which was primarily attributable to (i) an add-back of RMB4.4 billion (US\$629 million) in non-cash expense/loss items, primarily relating to share-based compensation expenses and depreciation expenses; (ii) an increase in advances from customers of RMB2.3 billion (US\$327 million), primarily due to an increase in demand for packaged-tour, ticketing and accommodation services; (iii) an increase in accounts payable of RMB1.3 billion (US\$180 million), primarily due to an increase in volume of transportation ticketing, hotels and packaged-tour services, as we are generally entitled to certain credit terms from our suppliers; and (iv) an increase in salary and welfare payable of RMB1.3 billion (US\$181 million), primarily due to the increase in the number of personnel and the average payroll and the increase in accrued annual bonus. These increases were partially offset by (i) our net loss of RMB1.6 billion (US\$236 million) in 2016; (ii) an increase in accounts receivable of RMB1.3 billion (US\$192 million), primarily due to the increase of volume of corporate travel management services, as we normally provide our corporate customers with certain credit terms for the full payments of issued transportation tickets and issued and reserved hotel rooms, as well as an increase in volume of credit card payments from our individual customers for transportation ticket booking, and an increase in insurance receivable from insurance companies; and (iii) a decrease in tax payable of RMB778 million (US\$112 million) due to tax payment.

Net cash provided by operating activities amounted to RMB3.0 billion (US\$471 million) in 2015, which was primarily attributable to (i) our net income of RMB2.4 billion (US\$370 million) in 2015; (ii) an add-back of RMB1.4 billion (US\$213 million) in non-cash expense/loss items, primarily relating to share-based compensation expenses and depreciation expenses; (iii) an increase in accounts payable of RMB2.1 billion (US\$324 million), primarily due to the increased volume of transportation ticketing and packaged-tour services, as we are generally entitled to certain credit terms from our suppliers; and (iv) an increase in advances from customers of RMB2.1 billion (US\$317 million), primarily due to the increased demand for packaged-tour services, as customers are usually required to make full payments for packaged-tour services when ordering such services. These increases were partially offset by (i) an increase in accounts receivable of RMB1 billion (US\$155 million), primarily due to the increase of volume of corporate travel management services, as we normally provide our corporate customers with certain credit terms for the full payments of issued transportation tickets and issued and reserved hotel rooms, as well as the increase of volume of credit card payments from our individual customers for transportation ticket booking; (ii) non-cash gain from deconsolidation of Tujia of RMB2.3 billion (US\$354 million); and (iii) a decrease in prepayments and other current assets of RMB2.2 billion (US\$343 million).

Net cash provided by operating activities amounted to RMB2 billion in 2014, which was primarily attributable to (i) our net income of RMB91.6 million in 2014; (ii) an add-back of RMB443.2 million in non-cash items, primarily relating to share-based compensation expenses and depreciation expenses; (iii) an increase in advances from customers of RMB1.5 billion, primarily due to the increased demand for packaged-tour services, as customers are usually required to make full payments for packaged-tour services when ordering such services, (iv) an increase in accounts payable of RMB586 million, primarily due to the increased volume of transportation ticketing and packaged-tour services, as we are generally entitled to certain credit terms from our suppliers; (v) an increase in other payables and accruals of RMB438.2 million, primarily due to the increase in advertising expenses and deposits from agents and tour customers; (vi) an increase in salary and welfare payable of RMB259.4 million, primarily due to the increase in the number of personnel and the average payroll and the increase in accrued annual bonus; and (vii) an increase in accrued liability for customer reward program of RMB 146.2 million, primarily due to the increased volume of transportation ticketing and packaged-tour services purchased by our customers, which in return increased the accumulate membership points. These increases were partially offset by (i) an increase in prepayments and other current assets of RMB1.2 billion, primarily due to the increased demand for packaged-tour services and increased volume of transportation ticket booking, as we generally pay advance to our packaged-tour services suppliers and to third-party payment platforms for their transportation ticket services, respectively; and (ii) an increase in accounts receivable of RMB262 million, primarily due to the increased volume of corporate travel management services, as we normally provide our corporate customers with certain credit terms for the full payments of issued transportation tickets and issued and reserved hotel rooms, as well as the increased volume of credit card payments from our individual customers for transportation ticket booking.

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Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. See “Item 3.D. Key Information — Risk Factors — Risks Related to Our Corporate Structure — Our subsidiaries and consolidated affiliated Chinese entities in China are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.”

Net cash used in investing activities amounted to RMB20 billion (US\$2.9 billion) in 2016, compared to net cash used in investing activities of RMB4.4 billion in 2015. This increase in 2016 was primarily due to an increase in investments and acquisitions and increased of our short-term investment. Net cash used in investing activities amounted to RMB4.4 billion in 2015, compared to net cash used in investing activities of RMB9.4 billion in 2014. This decrease in 2015 was primarily due to less aggregate amount of cash spent on the various investments and acquisitions we made in 2015, including a decrease of our short-term investment as well as the decrease in the purchase of properties and equipment.

Net cash provided by financing activities amounted to RMB12.3 billion (US\$1.8 billion) in 2016, compared to net cash provided by financing activities of RMB15.2 billion in 2015 and net cash used by financing activities of RMB5.4 billion in 2014. We did not make any dividend payment in 2014, 2015 and 2016. The change of net cash flow in financing activities in 2016 was mainly due to offering of convertible notes in an aggregate principal amount of US\$1 billion, the proceeds from equity offering of US\$1.5 billion and the proceeds from bank borrowings in an aggregate amount of RMB4.5 billion. The change of net cash flow in financing activities in 2015 was mainly due to offering of convertible notes in an aggregate principal amount of US\$2.35 billion and the proceeds from short-term bank loan in an aggregate amount of RMB644 million.

Capital Resources

As of December 31, 2016, our principal sources of liquidity have been cash generated from operating activities, borrowings from third-party lenders, as well as the proceeds we received from our public offerings of ordinary shares and our offerings of convertible senior notes. Our cash and cash equivalents consist of cash on hand and liquid investments which are unrestricted as to withdrawal or use. Our financing activities consist of issuance and sale of our shares and convertible senior notes to investors and related parties and borrowings from third-party lenders. As of the date of this annual report, we had convertible senior notes outstanding in an aggregate principal amount of US\$4.7 billion (RMB32.5 billion) and a term loan facility outstanding with an aggregate principal of US\$1.3 billion. Except as disclosed in this annual report, we have no outstanding bank loans or financial guarantees or similar commitments to guarantee the payment obligations of third parties. We believe that our current cash and cash equivalents, our cash flow from operations and proceeds from our financing activities will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for the foreseeable future and for at least 12 months subsequent to the filing of this annual report. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue.

As of December 31, 2016, our primary capital commitment was RMB1.5 million (US\$0.2 million) in connection with capital expenditures of property, equipment and software.

C. Research and Development, Patents and Licenses, etc.

Our research and development efforts consist of continuing to develop our proprietary technology as well as incorporating new technologies from third parties. We intend to continue to upgrade our proprietary booking, customer relationship management and yield management software to keep up with the continued growth in our transaction volume and the rapidly evolving technological conditions. We will also seek to continue to enhance our electronic confirmation system and promote such system with more hotel suppliers, as we believe that the electronic confirmation system is a cost-effective and convenient way for hotels to interface with us.

In addition, we have utilized and will continue to utilize the products and services of third parties to support our technology platform.

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Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2016 to December 31, 2016 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Off-Balance Sheet Arrangements

In connection with our air ticketing business, we are required by the CAAC, International Air Transport Association, and local airline companies to pay deposits or to provide other guarantees in order to obtain blank air tickets. As of December 31, 2016, the amount under these guarantee arrangements was approximately RMB906 million (US\$130 million).

Based on historical experience and information currently available, we do not believe that it is probable that we will be required to pay any amount under these guarantee arrangements. Therefore, we have not recorded any liability beyond what is required in connection with these guarantee arrangements.

F. Tabular Disclosure of Contractual Obligations

The following sets forth our contractual obligations as of December 31, 2016:

	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More Than 5 Years</u>
	(in RMB thousands)				
Convertible senior notes with principal and interest	34,829,484	622,488	9,829,972	9,882,180	14,494,844
Term loans and other debt, with principal and interest	13,295,217	10,233,368	1,651,406	683,373	727,070
Operating lease obligations	271,217	169,719	71,940	10,085	19,473
Purchase obligations	24,359	24,359	—	—	—
Total	48,420,277	11,049,934	11,553,318	10,575,638	15,241,387

Our 2017 Notes are in aggregate principal amount of US\$180 million and will mature in September 2017, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 51.7116 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The 2017 Notes bear interest at a rate of 0.5% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2013. As of December 31, 2016, RMB171 million (US\$25 million) principal amount of the 2017 Notes that remained to be outstanding was reclassified as short-term debt to reflect the fact that the 2017 Notes may be redeemed within one year.

Our 2018 Notes are in the aggregate principal amount of US\$800 million and will mature in October 2018, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 12.7568 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The 2018 Notes bear interest at a rate of 1.25% per year, payable semiannually in arrears on April 15 and October 15 of each year, beginning on April 15, 2014.

Our 2020 Notes will mature in July 2020, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 9.1942 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The 2020 Notes bear interest at a rate of 1.0% per year, payable semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2016.

Our 2025 Notes will mature in July 2025, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 9.3555 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The 2025 Notes bear interest at a rate of 1.99% per year, payable semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2016.

Our 2022 Notes will mature in September 2022, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 15.2688 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The 2022 Notes bear interest at a rate of 1.25% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2017.

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The Priceline 2019 Notes will mature in August 2019, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 12.2907 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The Priceline 2019 Notes bear interest at a rate of 1.00% per year which will be paid semiannually beginning on February 7, 2015.

The Priceline 2020 Notes will mature in May 2020, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 9.5904 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The Priceline 2020 Notes bear interest at a rate of 1.00% per year which will be paid semiannually beginning on November 29, 2015.

The Priceline 2025 Notes will mature in December 2025, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 14.6067 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The Priceline 2025 Notes bear interest at a rate of 2.00% per year which will be paid semiannually beginning on June 11, 2016.

The Priceline 2022 Notes will mature in September 2022, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 15.2688 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The Priceline 2022 Notes bear interest at a rate of 1.25% per year, which will be paid semiannually beginning on March 15, 2017.

The Hillhouse 2025 Notes will mature in December 2025, unless earlier repurchased or converted into our ADSs based on an initial conversion rate of 14.6067 of our ADSs per US\$1,000 principal amount of notes. The conversion rate is subject to adjustment upon occurrence of certain events. The Hillhouse 2025 Notes bear interest at a rate of 2.00% per year which will be paid semiannually beginning on June 11, 2016.

As of December 31, 2016, we obtained thirteen short-term borrowings of approximately RMB2.9 billion (US\$424 million) in aggregate collateralized by bank deposits of approximately RMB1.5 billion in aggregate classified as restricted cash and/or short-term investment at one or more of our wholly-owned subsidiaries. We also obtained twenty short-term borrowings of US\$531.5 million and €5.0 million in aggregate. The annual interest rates of the borrowings range from approximately 1.4% to 5.1%. We are in compliance with the loan covenant at December 31, 2016.

As of December 31, 2016, we obtained twelve long-term borrowings of RMB1.7 billion (US\$244.9 million) in aggregate collateralized by stock at one of the our wholly-owned subsidiaries. The annual interest rate of such borrowings is approximately 4.4%. We also obtained six long-term borrowings of RMB850 million (US\$122.4 million) in aggregate guaranteed by one of our wholly-owned subsidiaries. The annual interest rate of such borrowings is approximately 4.3%.

Operating lease obligations for the years 2017, 2018, 2019, 2020, 2021 and 2022 are RMB169.7 million, RMB51.8 million, RMB20.2 million, RMB6.2 million, RMB3.9 million and RMB19.5 million, respectively. Rental expenses amounted to approximately RMB144 million, RMB134 million and RMB378 million (US\$54 million) for the years ended December 31, 2014, 2015 and 2016, respectively. Rental expense is charged to the statements of income when incurred.

While the table above indicates our contractual obligations as of December 31, 2016, the actual amounts we are eventually required to pay may be different in the event that any agreements are renegotiated, cancelled or terminated.

G. Safe Harbor

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” or other 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 profitability; and

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- the expected growth in the overall economy and demand for travel services in China.

The forward-looking statements included in this annual report on Form 20-F 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 the risk factors described under “Item 3.D. Key Information — Risk Factors,” included elsewhere in this annual report on Form 20-F, including the following risks:

- slow-down of economic growth in China and the global economic downturn may have a material and adverse effect on our business, and may materially and adversely affect our growth and profitability;
- general declines or disruptions in the travel industry may materially and adversely affect our business and results of operations;
- the trading price of our ADSs has been volatile historically and may continue to be volatile regardless of our operating performance;
- if we are unable to maintain existing relationships with travel suppliers and strategic alliances, or establish new arrangements with travel suppliers and strategic alliances similar to those we currently have, our business may suffer;
- if we fail to further increase our brand recognition, we may face difficulty in retaining existing and acquiring new business partners and customers, 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 business and results of operations may be materially and adversely affected;
- our business could suffer if we do not successfully manage current growth and potential future growth;
- our strategy to acquire or invest in complementary businesses and assets involves significant risks and uncertainty that may prevent us from achieving our objectives and harm our financial condition and results of operations;
- our quarterly results are likely to fluctuate because of seasonality in the travel industry in Greater China;
- our business may be harmed if our infrastructure and technology are damaged or otherwise fail or become obsolete;
- our business depends substantially on the continuing efforts of our key executives, and our business may be severely disrupted if we lose their services;
- inflation in China may disrupt our business and have an adverse effect on our financial condition and results of operations; and
- if the ownership structure of our consolidated affiliated Chinese entities and the contractual arrangements among us, our consolidated affiliated Chinese entities and their shareholders are found to be in violation of any PRC laws or regulations, we and/or our consolidated affiliated Chinese entities may be subject to fines and other penalties, which may adversely affect our business and results of operations.

These risks are not exhaustive. Other sections of this annual report include additional factors that could adversely impact our business and financial performance. You should read these statements in conjunction with the risk factors disclosed in Item 3.D. of this annual report, “Item 3.D. Key Information — Risk Factors,” and other risks outlined in our other filings with the Securities and Exchange Commission, or SEC. Moreover, we operate in an emerging and evolving environment. New risk factors may 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.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The names of our current directors and senior management, their ages as of the date of this annual report and the principal positions with Ctrip.com International, Ltd. held by them are as follows:

Directors and Executive Officers	Age	Position/Title
James Jianzhang Liang	47	Co-founder; Executive Chairman of the Board
Min Fan	51	Co-founder; Vice Chairman of the Board and President
Jane Jie Sun	48	Chief Executive Officer and Director
Maohua Sun	45	Chief Operating Officer
Cindy Xiaofan Wang	41	Chief Financial Officer and Executive Vice President
Xing Xiong	43	Executive Vice President
Neil Nanpeng Shen ⁽¹⁾	49	Co-founder; Independent Director
Qi Ji ⁽²⁾	50	Co-founder; Independent Director
Gabriel Li ⁽¹⁾	49	Vice Chairman of the Board, Independent Director
JP Gan ^{(1) (2)}	45	Independent Director
Robin Yanhong Li	48	Director
Tony Yip	36	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

Pursuant to the currently effective articles of association of our company, our board of directors consists of nine directors, including without limitation (i) three directors appointed by our co-founders consisting of Messrs. James Jianzhang Liang, Neil Nanpeng Shen, Qi Ji and Min Fan, subject to the approval of a majority of our independent directors; and (ii) one director who is the current chief executive officer of our company. Each of our directors will hold office until such director's successor is elected and duly qualified, or until such director's earlier death, bankruptcy, insanity, resignation or removal. There are no family relationships among any of the directors or executive officers of our company.

Biographical Information

James Jianzhang Liang is one of the co-founders and the executive chairman of our company. He has served as a member of our board of directors since our inception and has been the chairman of the board since August 2003. Mr. Liang served as our chief executive officer from 2000 to January 2006, and from March 2013 to November 2016. Under his visionary leadership, Ctrip has successfully transitioned from offline to online and from online to mobile, made strategic investments in key industry players, and cultivated and invested in new business ideas. Ctrip is now one of the world's largest online travel agencies. Mr. Liang has won many accolades for his contributions to the Chinese travel industry, including Best CEO in the Internet category in the 2016 All-Asia Executive Team Rankings by Institutional Investor and 2015 China's Business Leader of the Year by Forbes. Prior to founding our company, Mr. Liang held a number of technical and managerial positions with Oracle Corporation from 1991 to 1999 in the United States and China, including the head of the ERP consulting division of Oracle China from 1997 to 1999. Mr. Liang currently serves on the boards of Tuniu (Nasdaq: TOUR), eHi (Nasdaq: EHIC) and MakeMyTrip (Nasdaq: MMYT). Mr. Liang received his Ph.D. degree from Stanford University and his Master's and Bachelor's degrees from Georgia Institute of Technology. He also attended an undergraduate program at Fudan University.

Min Fan is one of the co-founders of our company. Mr. Fan has been a member of our board of director since October 2006 and has served as the vice chairman of our board of directors since March 2013. Mr. Fan has served as our president since February 2009. He also served as our chief executive officer from January 2006 to February 2013, as our chief operating officer from November 2004 to January 2006, and as our executive vice president from 2000 to November 2004. During his tenure as our chief executive officer, Mr. Fan was named one of the Top 10 Great Leaders Award of the Year on the 2010 APEC China SME Value List, 2008 EY Entrepreneur of the Year and 2007 Best New Economic Figure of the Year. In 2009, Fan Min was elected Vice Chairman of the Board of the China Tourism Association. Prior to co-founding Ctrip, Mr. Fan was the chief executive officer of Shanghai Travel Service Company, a leading domestic travel agency in China, from 1997 to 2000. From 1990 to 1997, he served as the deputy general manager and in a number of other senior positions at Shanghai New Asia Hotel Management Company, which was one of the leading hotel management companies in China. Mr. Fan is the chairman of SkySea Cruise Lines. He also serves on the board of directors of China Lodging Group, Limited (Nasdaq: HTHT) and Leju Holdings Limited (NYSE: LEJU). Mr. Fan obtained his Master's and Bachelor's degrees from Shanghai Jiao Tong University. He also studied at the Lausanne Hotel Management School of Switzerland in 1995.

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Jane Jie Sun has served as the chief executive officer of our company, as well as a member of the board of directors, since November 2016. Prior to that, she was a co-president since March 2015, chief operating officer since May 2012, and chief financial officer from 2005 to 2012. Ms. Sun is well respected for her extensive experience in operating and managing online travel businesses, mergers and acquisitions, and financial reporting and operations. She was named as one of the most influential and outstanding businesswomen by Forbes China. During her tenure as our chief financial officer, she won the Best CFO Award by Institutional Investor and Best CFO Award by CFO World. Prior to joining Ctrip, Ms. Sun worked as the head of the SEC and External Reporting Division of Applied Materials, Inc. since 1997. Prior to that, she worked with KPMG LLP as an audit manager in Silicon Valley, California for five years. She is a member of the American Institute of Certified Public Accountants and a State of California Certified Public Accountant. Ms. Sun received her bachelor's degree from the business school of the University of Florida with high honors. She also obtained her LLM degree from Peking University Law School.

Maohua Sun has served as our chief operating officer since November 2016. Ms. Sun joined us in 2000 and has held a number of managerial positions at our company. In 2000, she started at Ctrip where she was director of the Customer Service Center and implemented a comprehensive quality management system. In 2006 Ms. Sun was promoted to vice president, then senior vice president in 2011. In 2012 she transferred to the Accommodation Business Unit, where she now serves as executive vice president and CEO. Prior to joining us, Ms. Sun worked at the Jinjiang Group, a hotel management company in China, from 1994 to 2000. Ms. Sun received her Bachelor's degree from Shanghai Jiao Tong University and Master of Business Administration from China Europe International Business School.

Cindy Xiaofan Wang has served as our chief financial officer since November 2013 and executive vice president since May 2016. Ms. Wang joined us in 2001 and has held a number of managerial positions at our company. Prior to joining us, she served as finance manager in China eLabs, a venture capital firm, from 2000 to 2001. Previously, Ms. Wang worked with PricewaterhouseCoopers Zhong Tian CPAs Limited Company. Ms. Wang received a Master of Business Administration from Massachusetts Institute of Technology and obtained her Bachelor's degree from Shanghai Jiao Tong University. Ms. Wang is a Certified Public Accountant (CPA).

Xing Xiong has served as executive vice president of our company since May 2016, and the chief executive officer of our air ticketing business unit since April 2014. In November 2016, Mr. Xiong took an additional role as the chief executive officer of our international business unit, leading Ctrip's global expansion. Mr. Xiong began as a senior R&D director of Ctrip when he joined the company in April 2013. Prior to working at Ctrip, Mr. Xiong held several management positions in the R&D teams of Microsoft and Expedia, including principal architect of Expedia. He brings nearly 20 years of management experience in the flight and travel industries. He graduated from Peking University, before receiving his Master's degree in computer science from Northeastern University in the United States.

Neil Nanpeng Shen is one of the co-founders of our company and has been our company's director since our inception. Mr. Shen is the founding managing partner of Sequoia Capital China. Mr. Shen served as our chief financial officer from 2000 to October 2005 and as president from August 2003 to October 2005. Prior to founding our company, Mr. Shen had worked for more than eight years in the investment banking industry in New York and Hong Kong. Currently, Mr. Shen is the co-chairman of Homeinns, a director of Noah Holdings Limited, and a director of Momo Inc. Mr. Shen received his Master's degree from Yale University and his Bachelor's degree from Shanghai Jiao Tong University.

Qi Ji is one of the co-founders of our company. He has served as our director since our inception. Mr. Ji is the executive chairman of China Lodging Group, Limited, a leading and fast-growing multi-brand hotel group in China. He has served on the board as a director for UBOX International Holdings Co Limited ("UBOX") since June 2012. He was the chief executive officer of Homeinns from 2002 to January 2005. He was the chief executive officer and the president of our company from 1999 to early 2002 consecutively. Prior to founding our company, he served as the chief executive officer of Shanghai Sunflower High-Tech Group which he founded in 1997. He headed the East China Division of Beijing Zhonghua Yinghua Intelligence System Co., Ltd. from 1995 to 1997. He received both his Master's and Bachelor's degrees from Shanghai Jiao Tong University.

Gabriel Li has served at different times on our board of directors since 2000. Mr. Li has been vice chairman of our board since August 2003. Mr. Li is the managing director and investment committee member of Orchid Asia Group Management, a private equity firm focused on investment in China and Asia. Prior to Orchid Asia, Mr. Li was a managing director at the Carlyle Group in Hong Kong, overseeing Asian technology investments. From 1997 to 2000, he was at Orchid Asia's predecessor, where he made numerous investments in China and North Asia. Previously, he was a management consultant at McKinsey & Co in Hong Kong and Los Angeles. Mr. Li is also a director of a number of privately held companies. Mr. Li graduated summa cum laude from the University of California at Berkeley, earned his Master's degree in Science from the Massachusetts Institute of Technology and his Master's degree in Business Administration from Stanford Business School.

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JP Gan has served as our director since 2002. Mr. Gan has been a managing partner of Qiming Venture Partners since 2006. From 2005 to 2006, Mr. Gan was the chief financial officer of KongZhong corporation, a Nasdaq-listed wireless Internet company. Prior to joining KongZhong, Mr. Gan was a director of The Carlyle Group responsible for venture capital investments in the Greater China region from 2000 to 2005. Mr. Gan worked at the investment banking division of Merrill Lynch, in Hong Kong from 1999 to 2000, and worked at Price Waterhouse in the United States from 1994 to 1997. Mr. Gan obtained his Masters of Business Administration from the University of Chicago Booth School of Business and his Bachelor of Business Administration from the University of Iowa.

Robin Yanhong Li has served as our director since 2015. He is co-founder, chairman and chief executive officer of Baidu, and oversees Baidu's overall strategy and business operations. Mr. Li has been serving as the chairman of Baidu's board of directors since Baidu's inception in January 2000 and as Baidu's chief executive officer since January 2004. Mr. Li served as Baidu's president from February 2000 to December 2003. Prior to founding Baidu, Mr. Li worked as a staff engineer for Infoseek, a pioneer in the internet search engine industry, from July 1997 to December 1999. Mr. Li was a senior consultant for IDD Information Services from May 1994 to June 1997. Mr. Li currently serves as an independent director and chairman of the compensation committee of New Oriental Education & Technology Group Inc., a NYSE-listed company that provides private educational services in China. Mr. Li also acts as the vice chairman of the Internet Society of China (ISC). Mr. Li has also been a vice chairman of All-China Federation of Industry & Commerce since December 2012. Mr. Li received a bachelor's degree in information science from Peking University in China and a master's degree in computer science from the State University of New York at Buffalo.

Tony Yip has served as our director since 2015. Mr. Yip has been the chief financial officer of Baidu Search Group and a vice president of Baidu since September 2016. Prior to that, he served as head of investments, M&A and vice president of Baidu between September 2015 and September 2016. Prior to joining Baidu, Mr. Yip served as managing director in TMT investment banking at Goldman Sachs in Hong Kong. Prior to that, Mr. Yip was an investment banker at Deutsche Bank in New York and Hong Kong focusing on the TMT industry. Mr. Yip holds a Bachelor of Commerce degree from University of Queensland in Australia.

B. Compensation

We have entered into a standard form of director agreement with each of our directors. Under these agreements, we paid cash compensation (inclusive of directors' fees) to our directors in an aggregate amount of US\$1.9 million in 2016. Directors are reimbursed for all expenses incurred in connection with each Board of Directors meeting and when carrying out their duties as directors of our company. See "Item 6.B. Directors, Senior Management and Employees — Compensation — Employees' Share Incentive Plans" for options granted to our directors in 2016.

We have entered into standard forms of employment agreements with our executive officers. Under these agreements, we paid cash compensation to our executive officers in an aggregate amount of US\$3.2 million in 2016, excluding compensation paid to Min Fan, James Jianzhang Liang and Jane Jie Sun, who also serve and receive compensation as our executive directors. These agreements provide for terms of service, salary and additional cash compensation arrangements, all of which have been reflected in the 2016 aggregate compensation amount. See "Item 6.B. Directors, Senior Management and Employees — Compensation — Employees' Share Incentive Plans" for options granted to our executive officers in 2016.

Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, housing fund, unemployment and other statutory benefits. Except for the above statutory contributions, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors.

Employees' Share Incentive Plans

Our board of directors has made share-based awards under four share incentive plans, namely, the 2007 Share Incentive Plan, or the 2007 Plan, the 2005 Employee's Stock Option Plan, or the 2005 Plan, the 2003 Employee's Option Plan, or the 2003 Plan, and the 2000 Employee's Stock Option Plan, or the 2000 Plan. The terms of the 2005 Plan, the 2003 Plan and the 2000 Plan are substantially similar. The purpose of the plans is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, officers and directors and to promote the success of our business. Our board of directors believes that our company's long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to our business.

As of February 28, 2017, the 2005 Plan, the 2003 Plan and the 2000 Plan have all expired and there were options to purchase 1,243 shares issued and outstanding under the 2005 Plan. Under the 2007 Plan, the maximum aggregate number of ordinary shares that may be issued pursuant to awards was 5,000,000 as of the first business day of 2011, with annual increases of 1,000,000 ordinary shares on the first business day of each subsequent calendar year until the termination of the plan. Under the 2007 Plan, options to purchase 4,800,894 shares and 1,309,248 restricted share units were issued and outstanding as of February 28, 2017.

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In November 17, 2008, our board of directors amended our 2007 Plan. The main substantive amendments relate to the addition of provisions that explicitly allow us to adjust the exercise price per share of an option under the plan.

In February 2009, our board of directors approved to reduce the exercise price of all outstanding unvested options that were granted by us in 2007 and 2008 under our 2007 Plan to the then fair market value of our ordinary shares underlying such options. The then fair market value was based on the closing price of our ADSs traded on the Nasdaq Global Select Market as of February 10, 2009, which was the last trading day prior to the board approval. In addition, our board of directors approved to change the vesting commencement date of these unvested options to February 10, 2009 with a new vesting period. Other terms of the option grants remain unchanged. All option grantees affected by such changes have entered into amendments to their original share option agreements with us.

In December 2009, our board of directors approved to extend the expiration dates of all stock options granted in 2005 and 2006 to eight years after the respective original grant dates of these options.

In February 2010, our compensation committee approved an option modification to extend the expiration dates of all stock options granted in and after 2007 to eight years after the respective original grant dates of these options.

In January 2012, the compensation committee approved an option conversion, which allows all options granted under 2007 incentive plan with exercise price exceeding US\$120.00 per ordinary share, to be converted to restrict share unit (RSU) on a 4:1 ratio.

The following table summarizes, as of February 28, 2017, the outstanding options granted under our 2005 and 2007 Plans to the individual executive officers and directors named below, and to the other optionees in the aggregate. The table gives effect to the modifications described above.

	Ordinary Shares Underlying Options Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
James Jianzhang Liang	1,395,200	70.32; 78.56; 83.04; 87.96; 102.84; 161.96; 179.64; 237.00; 247.44; 324.96	From November 18, 2011 to November 14, 2016	From November 18, 2019 to November 14, 2024
Jane Jie Sun	790,200	70.32; 78.56; 87.96; 96.7; 102.84; 161.96; 179.64; 237.00; 247.44; 324.96	From September 1, 2009 to November 14, 2016	From September 1, 2017 to November 14, 2024
Min Fan	520,200	70.32; 78.56; 87.96; 96.7; 102.84; 161.96; 179.64; 237.00; 247.44; 324.96	From September 1, 2009 to November 14, 2016	From September 1, 2017 to November 14, 2024
Maohua Sun	*	87.96; 102.84; 161.96; 179.64; 237.00; 247.44; 324.96	From November 18, 2011 to November 14, 2016	From November 18, 2019 to November 14, 2024
Cindy Xiaofan Wang	*	87.96; 102.84; 161.96; 179.64; 237.00; 247.44; 324.96	From November 18, 2011 to November 14, 2016	From November 18, 2019 to November 14, 2024
Xing Xiong	*	161.96; 179.64; 237.00; 247.44; 324.96	From January 9, 2014 to November 14, 2016	From January 9, 2022 to November 14, 2024
Neil Nanpeng Shen	*	78.56; 125.16; 179.64; 237.00; 247.44; 324.96	From January 29, 2010 to November 14, 2016	From January 29, 2018 to November 14, 2024
Qi Ji	*	179.64; 237.00; 247.44; 324.96	From December 6, 2014 to November 14, 2016	From December 6, 2022 to November 14, 2024
Gabriel Li	*	78.56; 179.64; 237.00; 247.44; 324.96	From January 27, 2013 to November 14, 2016	From January 27, 2021 to November 14, 2024
JP Gan	*	78.56; 179.64; 237.00; 247.44; 324.96	From January 27, 2013 to November 14, 2016	From January 27, 2021 to November 14, 2024
Robin Yanhong Li	—			
Tony Yip	—			
Total Directors and Executive Officers	3,076,270			

* Aggregate number of shares represented by all grants of options and/or restricted share units to the person account for less than 1% of our total outstanding ordinary shares.

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The following table summarizes, as of February 28, 2017, the outstanding restricted share units granted under our 2005 and 2007 Plans to the individual executive officers and directors named below, and to the other employees in the aggregate.

	Ordinary Shares Underlying Restricted Share Unit Granted	Date of Grant
James Jianzhang Liang	167,400	From January 9, 2014 to February 8, 2016
Jane Jie Sun	49,950	From January 9, 2014 to February 8, 2016
Min Fan	7,050	From January 9, 2014 to February 8, 2016
Maohua Sun	*	February 8, 2016
Cindy Xiaofan Wang	*	February 8, 2016
Xing Xiong	*	From April 15, 2013 to February 8, 2016
Neil Nanpeng Shen	—	
Qi Ji	—	
Gabriel Li	—	
JP Gan	—	
Robin Yanhong Li	—	
Tony Yip	—	
Total Directors and Executive Officers	277,650	

* Aggregate number of shares represented by all grants of options and/or restricted share units to the person account for less than 1% of our total outstanding ordinary shares.

As of February 28, 2017, other employees or consultants of our company (excluding the directors and executive officers) as a group hold options to purchase 1,726,339 ordinary shares of our company, with exercise prices ranging from US\$37.56 to US\$255.00 per ordinary share and dates of grant from February 13, 2007 to September 28, 2015, as well as 1,032,137 restricted share units of the company.

The following paragraphs summarize the principal terms of our 2005 Plan.

Termination of Options. Where the option agreement permits the exercise or purchase of the options granted for a certain period of time following the recipient's termination of service with us, or the recipient's disability or death, the options will terminate to the extent not exercised or purchased on the last day of the specified period or the last day of the original term of the options, whichever occurs first.

Administration. Our stock option plans are administered by our board of directors or a committee designated by our board of directors constituted to comply with applicable laws. In each case, our board of directors or the committee it designates will determine the provisions, terms and conditions of each option grant, including, but not limited to, the option vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment upon settlement of the award, payment contingencies and satisfaction of any performance criteria.

Vesting Schedule. One-third of the options granted under our stock option plans vest 12 months after a specified vesting commencement date; an additional one-third vest 24 months after the specified vesting commencement date and the remaining one-third vest 36 months after the specified vesting commencement date, subject to the optionee continuing to be a service provider on each of such dates.

Option Agreement. Options granted under our stock option plans are evidenced by an option agreement that contains, among other things, provisions concerning exercisability and forfeiture upon termination of employment or consulting arrangement (by reason of death, disability or otherwise), as determined by our board.

Transfer Restrictions. Options granted under any of our 2005 Plan may not be transferred in any manner by the optionee other than by will or the laws of succession and are exercisable during the lifetime of the optionee only by the optionee.

Option Exercise. The term of options granted under the 2005 Plan may not exceed ten years from the date of grant. As of the date hereof, under the relevant option agreements, all the options granted to our employees have the expiration term of five years from the date of grant thereof except for stock options granted in 2005 and 2006, the term of which has been extended to eight years from the date of grant. These share options are vested over a period of three years. The consideration to be paid for our ordinary shares upon exercise of an option or purchase of shares underlying the option will be determined by the stock option plan administrator and may include cash, check, ordinary shares, a promissory note, consideration received by us under a cashless exercise program implemented by us in connection with our stock option plans, or any combination of the foregoing methods of payment.

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Third-Party Acquisition. If a third party acquires us through the purchase of all or substantially all of our assets, a merger or other business combination, all outstanding options or share purchase rights will be assumed or equivalent options or rights substituted by the successor corporation or parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the options or share purchase rights, all options or share purchase rights will become fully vested and exercisable immediately prior to such transaction and all unexercised awards will terminate.

Termination or Amendment of Plans. The 2005 Plan terminated automatically in 2009 although the termination does not affect the rights of the optionees who received option grants under the 2005 Plan. Options to purchase an aggregate of 1,243 ordinary shares were granted and outstanding under the 2005 Plan as of February 28, 2017.

The following paragraphs summarize the terms of our 2007 Plan, which was amended and restated effective November 17, 2008.

Plan Administration. Our board of directors, or a committee designated by our board or directors, will administer the plan. The committee or the full board of directors, as appropriate, will determine the type or types of incentive share awards to be granted and provisions and terms and conditions of each grant and may at their absolute discretion adjust the exercise price of an option grant. The exercise price per share subject to an option may be reduced by the committee or the full board of directors, without shareholder or option holder approval. The types of incentive share awards pursuant to the 2007 Plan include, among other things, an option, a restricted share award, a share appreciation right award and a restricted share unit award.

Award Agreements. Options and stock purchase rights granted under our plan are evidenced by a stock option agreement or a stock purchase right agreement, as applicable, that sets forth the terms, conditions and limitations for each grant.

Eligibility. We may grant awards to our employees, directors and consultants or any of our related entities, which include our subsidiaries or any entities which are not subsidiaries but are consolidated in our consolidated financial statements prepared under U.S. GAAP.

Acceleration of Options upon Corporate Transactions. The outstanding options will terminate and accelerate upon occurrence of a change of control corporate transaction where the successor entity does not assume our outstanding options under the plan. In such event, each outstanding option will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and the repurchase or forfeiture rights will terminate immediately before the date of the change of control transaction provided that the grantee's continuous service with us shall not be terminated before that date.

Term of the Options. The term of each option grant shall be stated in the stock option agreement, provided that the term shall not exceed ten years from the date of the grant, and in the case of incentive share options, five years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the incentive award agreement specifies, the vesting schedules. Currently, three types of vesting schedules were adopted for the incentive awards granted under the 2007 Plan. One of the vesting schedules is that one-third of the incentive awards vest 24 months after a specified vesting commencement date, an additional one-third vest 36 months after the specified vesting commencement date and the remaining one-third vest 48 months after the specified vesting commencement date, subject to other terms under the 2007 Plan and the incentive award agreement. Another type of vesting schedule is that one-fourth of the incentive awards vest every 12 months over a four-year vesting period starting from a specified vesting commencement date, subject to other terms under the 2007 Plan and the incentive award agreement. The last type of vesting schedule is that one-tenth of the incentive awards vest 12 months after a specified vesting commencement date, an additional three-tenth vest 24 months after the specified vesting commencement date, another three-tenth vest 36 months after the specified vesting commencement date and the remaining three-tenth vest 48 months after the specified vesting commencement date, subject to other terms under the 2007 Plan and the incentive award agreement.

Other Equity Awards. In addition to stock options, we may also grant to our employees, directors and consultants or any of our related entities share appreciation rights, restricted share awards, restricted share unit awards, deferred share awards, dividend equivalents and share payment awards, with such terms and conditions as our board of directors (or, if applicable, the compensation committee) may, subject to the terms of the plan, establish.

Transfer Restrictions. Options to purchase our ordinary shares may not be transferred in any manner by the optionee other than by will or the laws of succession and may be exercised during the lifetime of the optionee only by the optionee.

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Termination or Amendment of the Plan. Unless terminated earlier, the plan will terminate automatically in 2017. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary to comply with applicable law, regulation or stock exchange rule. We must also generally obtain approval of our shareholders to (i) increase the number of shares available under the plan (other than any adjustment as described above), (ii) permit the grant of options with an exercise price that is below fair market value on the date of grant, (iii) extend the exercise period for an option beyond ten years from the date of grant, or (iv) results in a material increase in benefits or a change in eligibility requirements.

C. Board Practices

Our board of directors currently consists of nine directors. A director is not required to hold any shares in the company by way of qualification. Our board of directors may exercise all the powers of the company to borrow money, mortgage or charge its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party. No director is entitled to any severance benefits upon termination of his directorship with us. As of the date of this annual report, four out of nine of our directors meet the “independence” definition under The Nasdaq Stock Market, Inc. Marketplace Rules, or the Nasdaq Rules. As Nasdaq Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country, we chose to rely on home country practice in lieu of the requirement to have a majority of independent directors on our board under Nasdaq Rules. See “Item 16G. Corporate Governance.”

Committees of the Board of Directors

Audit Committee. Our audit committee reports to the board regarding the appointment of our independent auditors, the scope and results of our annual audits, compliance with our accounting and financial policies and management’s procedures and policies relatively to the adequacy of our internal accounting controls.

As of the date of this annual report, our audit committee consists of Messrs. Gan, Li and Shen. All of these directors meet the audit committee independence standard under Rule 10A-3 under the Exchange Act. The independence definition under Rules 5605 of the Nasdaq Rules is met by Messrs. Gan, Li and Shen. In addition, all the members of our audit committee qualify as “audit committee financial experts” as defined in the relevant Nasdaq Rules.

Compensation Committee. Our compensation committee reviews and evaluates and, if necessary, revises the compensation policies adopted by the management. Our compensation committee also determines all forms of compensation to be provided to our senior executive officers. In addition, the compensation committee reviews all annual bonuses, long-term incentive compensation, share options, employee pension and welfare benefit plans. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

As of the date of this annual report, our compensation committee consists of Messrs. Gan and Ji, both of whom meet the “independence” definition under the Nasdaq Rules.

Duties of Directors

Under Cayman Islands law, our directors have a duty of loyalty to act honestly and in good faith in the best interests of our company. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. Our articles of association govern the way our company is operated and the powers granted to the directors to manage the daily affairs of our company.

Terms of Directors and Officers

All directors hold office until their successors have been duly elected and qualified unless such office is vacated earlier in accordance with the articles of association. A director may only be removed by the shareholders who appointed such director, except in the case of ordinary directors, who may be removed by ordinary resolutions of the shareholders. Officers are elected by and serve at the discretion of the board of directors.

D. Employees

As of December 31, 2016, we and our consolidated subsidiaries and consolidated affiliated Chinese entities had approximately 37,000 employees, including approximately 2,300 in management and administration, approximately 14,500 in our customer service centers, approximately 5,300 in sales and marketing, and approximately 14,900 in product development including supplier management personnel and technical support personnel. Most of our employees are based in Shanghai, Beijing, Guangzhou and Shenzhen. We consider our relations with our employees to be good.

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E. Share Ownership

As of February 28, 2017, 65,456,305 of our ordinary shares were issued and outstanding (excluding the 1,912,541 ordinary shares that were issued to Bank of New York Mellon, the depository of our ADS program, for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our stock incentive plans). 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. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2017 by each of our directors and executive officers and each person known to us to own beneficially more than 5% of our ordinary shares. Except as otherwise noted, the address of each person listed in the table is c/o Ctrip.com International, Ltd., 968 Jin Zhong Road, Shanghai 200335, People’s Republic of China.

	Ordinary Shares Beneficially Owned ⁽¹⁾	
	Number	% ⁽²⁾
Directors and Senior Management:		
James Jianzhang Liang ⁽³⁾	1,235,350	1.6%
Jane Jie Sun ⁽⁴⁾	893,463	1.2%
Min Fan ⁽⁵⁾	785,813	1.0%
Neil Nanpeng Shen ⁽⁶⁾	*	*
Other directors and executive officers as a group, each of whom individually owns less than 0.1%	*	*
All directors and officers as a group ⁽⁷⁾	3,260,819	4.1%
Principal Shareholders:		
Baidu Entities ⁽⁸⁾	13,144,917.5	20.1%
Baillie Gifford & Co (Scottish Partnership) ⁽⁹⁾	6,253,139	9.6%
Priceline Entities ⁽¹⁰⁾	5,800,440.25	8.9%

* Less than 1% of our total outstanding ordinary shares.

Notes:

- (1) Beneficial ownership is determined in accordance with the SEC rules, and includes voting or investment power with respect to the securities.
- (2) For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the number of ordinary shares outstanding as of February 28, 2017, the number of ordinary shares underlying share options held by such person or group that were exercisable within 60 days after February 28, 2017, and the number of ordinary shares in the form of ADSs assuming full conversion of notes held by such person or group to ADSs at the initial conversion rate.
- (3) Includes 237,371 ordinary shares held by Mr. Liang and 804,080 ordinary shares that were issuable upon exercise of options exercisable within 60 days after February 28, 2017 held by Mr. Liang and 193,899 ordinary shares in the form of ADSs assuming full conversion of US\$15,000,000 notes that Mr. Liang holds to ADSs at the initial conversion price.
- (4) Includes 152,484 ordinary shares held by Ms. Sun and 547,080 ordinary shares that were issuable upon exercise of options exercisable within 60 days after February 28, 2017 and 193,899 ordinary shares in the form of ADSs assuming full conversion of US\$15,000,000 notes that Ms. Sun holds to ADSs at the initial conversion price.
- (5) Includes 228,600 ordinary shares held by Perfectpoint International Limited, a British Virgin Islands company owned by Mr. Fan and 492,580 ordinary shares that were issuable upon exercise of options exercisable within 60 days after February 28, 2017 held by Mr. Fan and 64,633 ordinary shares in the form of ADSs assuming full conversion of US\$5,000,000 notes that Mr. Fan holds to ADSs at the initial conversion price.
- (6) Mr. Shen’s business address is Suite 2215, Two Pacific Place, 88 Queensway Road, Hong Kong.
- (7) Includes 808,955 ordinary shares and 1,934,800 ordinary shares that were issuable upon exercise of options exercisable within 60 days after February 28, 2017 held by all of our current directors and executive officers, as a group, and 517,064 ordinary shares in the form of ADSs assuming full conversion of US\$40,000,000 notes that certain directors and executive officers hold to ADSs at the initial conversion price.
- (8) Includes 13,144,917.5 ordinary shares (including 991,852.5 ordinary shares represented by ADSs) beneficially owned as of September 12, 2016 by Baidu Holdings Limited, a wholly owned subsidiary of Baidu, Inc. (collectively, “Baidu Entities”). Information regarding beneficial ownership is reported as of September 12, 2016, based on the information contained in the Schedule 13D/A filed by Baidu Entities with SEC on September 14, 2016. Please see the Schedule 13D/A filed by Baidu Entities with SEC on September 14, 2016 for information relating to Baidu Entities. The address for Baidu Holdings Limited is c/o Baidu, Inc., No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People’s Republic of China, and the address for Baidu, Inc. is No. 10 Shangdi 10th Street, Haidian District, Beijing 100085, the People’s Republic of China.

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- (9) Includes 6,253,139 ordinary shares represented by ADSs held by Baillie Gifford & Co (Scottish Partnership). Information regarding beneficial ownership is reported as of January 31, 2017, based on the information contained in the Schedule 13G/A filed by Baillie Gifford & Co (Scottish Partnership) with SEC on February 10, 2017. Please see the Schedule 13G/A filed by Baillie Gifford & Co (Scottish Partnership) with SEC on February 10, 2017 for information relating to Baillie Gifford & Co (Scottish Partnership). The address for Baillie Gifford & Co (Scottish Partnership) is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK.
- (10) Includes 2,636,075 ordinary shares represented by ADSs held by Priceline Group Treasury Company B.V., an indirectly wholly owned subsidiary of The Priceline Group (collectively, "Priceline Entities"), 67,994 ordinary shares held by Priceline Entities and 3,096,371.25 ordinary shares represented by ADSs issuable to Priceline Entities upon conversion of the convertible notes subscribed for and purchased by Priceline Entities from the Company on August 7, 2014, May 29, 2015, December 11, 2015 and September 12, 2016, respectively. Information regarding beneficial ownership is reported as of September 12, 2016, based on the information contained in the Schedule 13D/A filed by the Priceline Entities with SEC on September 19, 2016. Please see the Schedule 13D/A filed by the Priceline Entities with SEC on September 19, 2016 for information relating to Priceline. The address for Priceline Group Treasury Company B.V. is c/o Priceline Group Treasury Company B.V., Herengracht 597, Amsterdam 1017CE, Netherlands, and the address for The Priceline Group is c/o The Priceline Group Inc., 800 Connecticut Avenue, Norwalk, CT 06854, U.S.A.

As of February 28, 2017, 65,456,305 of our ordinary shares were issued and outstanding (excluding the 1,912,541 ordinary shares that we reserved for issuance upon the exercise of our outstanding options). Based on a review of the register of members maintained by our Cayman Islands registrar, we believe that as of February 28, 2017, 55,619,308 ordinary shares were held by four record shareholders in the United States, including 55,451,001 ordinary shares (including treasury shares that were repurchased but not retired by the Company) held of record by The Bank of New York Mellon, the depository of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6.E. Directors, Senior Management and Employees — Share Ownership."

B. Related Party Transactions

Arrangements with Consolidated Affiliated Chinese Entities

Current PRC laws and regulations impose substantial restrictions on foreign ownership of the air-ticketing, travel agency and value-added telecommunications businesses in China. Therefore, we conduct part of our operations in our non-accommodation reservation businesses through a series of agreements between our PRC subsidiaries, our consolidated affiliated Chinese entities and/or their respective shareholders. Our consolidated affiliated Chinese entities hold the licenses and approvals for conducting the air-ticketing, travel agency, and value-added telecommunications businesses in China. We do not hold any ownership interest in our consolidated affiliated Chinese entities. In 2015, we restructured our business lines and most of the contractual arrangements that we previously entered into with our consolidated affiliated Chinese entities in order to further strengthen our ability to control these entities and receive substantially all of the economic benefits from them. Moreover, we plan to enter into the same series of agreements with all of our future consolidated affiliated Chinese entities. As of the date of this annual report, Min Fan, our vice chairman of the board and president, Tao Yang, Qi Shi, Maohua Sun, Hui Cao and Hui Wang, all being our officers, are the principal record owners of our consolidated affiliated Chinese entities.

As of the date of this annual report, the equity holding structures of each of our significant consolidated affiliated Chinese entities are as follows:

- Min Fan and Qi Shi owned 99.5% and 0.5%, respectively, of Shanghai Ctrip.
- Shanghai Ctrip owned 100% of Beijing Ctrip.
- Maohua Sun and Min Fan owned 10.2% and 89.8%, respectively, of Ctrip Commerce.
- Ctrip Commerce owned 100% of Shanghai Huacheng.

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- Min Fan and Tao Yang owned 90% and 10%, respectively, of Guangzhou Ctrip as well as Shenzhen Ctrip.
- Min Fan and Qi Shi owned 99.5% and 0.5%, respectively, of Chengdu Ctrip.
- Hui Cao and Hui Wang owned 60% and 40%, respectively, of Qunar Beijing.
- Shanghai Ctrip owned 100% Chengdu Ctrip International.
- Ctrip Commerce and Ctrip Computer Technology owned 90% and 10%, respectively, of Ctrip Insurance.

We believe that the terms of these agreements are no less favorable than the terms that we could obtain from disinterested third parties. The terms of the agreements with the same title between us and our respective consolidated affiliated Chinese entities are substantially similar except for the amount of the business loans to the shareholders of each entity and the amount of service fees paid by each entity. We believe that the shareholders of our consolidated affiliated Chinese entities will not receive any personal benefits from these agreements except as shareholders of our company. According to our PRC counsel, Commerce & Finance Law Offices, these agreements are valid, binding and enforceable under the current laws and regulations of China as of the date of this annual report and thus may not be enforceable. The principal terms of these agreements are described below.

Powers of Attorney. Each of the shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, signed an irrevocable power of attorney to appoint Ctrip Travel Network, Ctrip Travel Information or Wancheng, as attorney-in-fact to vote, by itself or any other person to be designated at its discretion, on all matters of the applicable consolidated affiliated Chinese entities. Each such power of attorney will remain effective as long as the applicable consolidated affiliated Chinese entity exists, and such shareholders of the applicable consolidated affiliated Chinese entities are not entitled to terminate or amend the terms of the power of attorneys without prior written consent from us.

As of the date of this annual report, each of the shareholders of Qunar Beijing, Hui Cao and Hui Wang, also signed an irrevocable power of attorney authorizing an appointee of Qunar Software, to exercise, in a manner approved by Qunar, on such shareholder's behalf the full shareholder rights pursuant to applicable laws and Qunar Beijing's articles of association, including without limitation full voting rights and the right to sell or transfer any or all of such shareholder's equity interest in Qunar Beijing. Each such power of attorney is effective until such time as such relevant shareholder ceases to hold any equity interest in Qunar Beijing. The terms of the power of attorney with respect to Qunar Beijing are otherwise substantially similar to the terms described in the foregoing paragraph.

Technical Consulting and Services Agreements. Ctrip Travel Information, Ctrip Travel Network and Wancheng, each a wholly owned PRC subsidiary of ours, provide our consolidated affiliated Chinese entities, except for Qunar Beijing, with technical consulting and related services and staff training and information services on an exclusive basis. We also maintain their network platforms. In consideration for our services, our consolidated affiliated Chinese entities agree to pay us service fees as calculated in such manner as determined by us from time to time based on the nature of service, which may be adjusted periodically. For 2016, our consolidated affiliated Chinese entities paid Ctrip Computer Technology (before our restructuring of business lines and restatement of contractual arrangements in 2015) or Ctrip Travel Information (after our restructuring of business lines and restatement of contractual arrangements in 2015) and Ctrip Travel Network a quarterly fee based on the number of transportation tickets sold and the number of packaged-tour products sold in the quarter, at an average rate from RMB5 (US\$0.7) to RMB16 (US\$2.3) per ticket and from RMB3 (US\$0.5) to RMB295 (US\$42.5) per person per tour. Although the service fees are typically determined based on the number of transportation tickets sold and packaged-tour products sold, given the fact that the nominee shareholders of such consolidated affiliated Chinese entities have irrevocably appointed the employees of our subsidiaries to vote on their behalf on all matters they are entitled to vote on, we have the right to determine the level of service fees paid and therefore receive substantially all of the economic benefits of our consolidated affiliated Chinese entities in the form of service fees. The services fees paid by all of such consolidated affiliated Chinese entities as a percentage of their total net income were 109.4%, 107.1% and 96.3% for the years ended December 31, 2014, 2015 and 2016. Ctrip Travel Information, Ctrip Travel Network or Wancheng, as appropriate, will exclusively own any intellectual property rights arising from the performance of this agreement. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension. We retain the exclusive right to terminate the agreements at any time by delivering a 30-day advance written notice to the applicable consolidated affiliate Chinese entity.

As of the date of this annual report, pursuant to the restated exclusive technical consulting and services agreement between Qunar Beijing and Qunar Software, Qunar Software provides Qunar Beijing with technical, marketing and management consulting services on an exclusive basis in exchange for service fee paid by Qunar Beijing based on a set formula defined in the agreement subject to adjustment by Qunar Software at its sole discretion. This agreement will remain in effect until terminated unilaterally by Qunar Software or mutually. The terms of this agreement are otherwise substantially similar to the terms described in the foregoing paragraph.

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Share Pledge Agreements. The shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, have pledged their respective equity interests in the applicable consolidated affiliated Chinese entities as a guarantee for the performance of all the obligations under the other contractual arrangements, including payment by such consolidated affiliated Chinese entities of the technical and consulting services fees to us under the technical consulting and services agreements, repayment of the business loan under the loan agreements and performance of obligations under the exclusive option agreements, each agreement as described herein. In the event any of such consolidated affiliated Chinese entity breaches any of its obligations or any shareholder of such consolidated affiliated Chinese entities breaches his or her obligations, as the case may be, under these agreements, we are entitled to enforce the equity pledge right and sell or otherwise dispose of the pledged equity interests after the pledge is registered with the relevant local branch of SAIC, and retain the proceeds from such sale or require any of them to transfer his or her equity interest without consideration to the PRC citizen(s) designated by us. These share pledge agreements are effective until two years after the pledgor and the applicable consolidated affiliated Chinese entities no longer undertake any obligations under the above-referenced agreements.

As of the date of this annual report, pursuant to the equity interest pledge agreement among Qunar Software, Hui Cao and Hui Wang, Hui Cao and Hui Wang have pledged their equity interests in Qunar Beijing along with all rights, titles and interests to Qunar Software as guarantee for the performance of all obligations under the relevant contractual arrangements mentioned herein. After the pledge is registered with the relevant local branch of SAIC, Qunar Software may enforce this pledge upon the occurrence of a settlement event or as required by the PRC law. The pledge, along with this agreement, will be effective upon registration with the local branch of the SAIC, and will expire when all obligations under the relevant contractual arrangements have been satisfied or when each of Hui Cao and Hui Wang completes a transfer of equity interest and ceases to hold any equity interest in Qunar Beijing. In enforcing the pledge, Qunar Software is entitled to dispose of the pledge and have priority in receiving payment from proceeds from the auction or sale of all or part of the pledge until the obligations are settled. The terms of this agreement are otherwise substantially similar to the terms described in the foregoing paragraph.

Loan Agreements. Under the loan agreements we entered into with the shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, we extended long-term business loans to these shareholders of our consolidated affiliated Chinese entities with the sole purpose of providing funds necessary for the capitalization or acquisition of such consolidated affiliated Chinese entities. These business loan amounts were injected into the applicable consolidated affiliated Chinese entities as capital and cannot be accessed for any personal uses. The loan agreements shall remain effective until the parties have fully performed their respective obligations under the agreement, and the shareholders of such consolidated affiliated Chinese entities have no right to unilaterally terminate these agreements. In the event that the PRC government lifts its substantial restrictions on foreign ownership of the air-ticketing, travel agency, or value-added telecommunications business in China, as applicable, we will exercise our exclusive option to purchase all of the outstanding equity interests of our consolidated affiliated Chinese entities, as described in the following paragraph, and the loan agreements will be cancelled in connection with such purchase. However, it is uncertain when, if at all, the PRC government will lift any or all of these restrictions.

The following table sets forth, as of the date of this report, the amount of each business loan, the date each business loan arrangement was entered into, the principal, interest, maturity date and outstanding balance of the loan, the borrower and the relevant significant consolidated affiliated Chinese entity.

Date of Loan Agreement	Borrower	Significant Consolidated Affiliated Chinese Entity	Principal		Interest	Maturity Date	Outstanding Balance	
			(in thousands of RMB)	(in thousands of US\$)			(in thousands of RMB)	(in thousands of US\$)
December 14, 2015	Min Fan	Ctrip Commerce	26,940.0	3,880.2	None	December 13, 2025	26,940.0	3,880.2
December 14, 2015	Maohua Sun	Ctrip Commerce	3,060.0	440.7	None	December 13, 2025	3,060.0	440.7
February 26, 2016	Min Fan	Shanghai Ctrip	10,990.0	1,582.9	None	February 25, 2026	10,990.0	1,582.9
February 26, 2016	Qi Shi	Shanghai Ctrip	50.0	7.2	None	February 25, 2026	50.0	7.2
December 14, 2015	Min Fan	Shenzhen Ctrip	2,250.0	324.1	None	December 13, 2025	2,250.0	324.1
December 14, 2015	Tao Yang	Shenzhen Ctrip	250.0	36.0	None	December 13, 2025	250.0	36.0
December 14, 2015	Tao Yang	Guangzhou Ctrip	300.0	43.2	None	December 13, 2025	300.0	43.2
December 14, 2015	Min Fan	Guangzhou Ctrip	2,700.0	388.9	None	December 13, 2025	2,700.0	388.9
December 14, 2015	Min Fan	Chengdu Ctrip	19,900.0	2,866.2	None	December 13, 2025	19,900.0	2,866.2
December 14, 2015	Qi Shi	Chengdu Ctrip	100.0	14.4	None	December 13, 2025	100.0	14.4
March 23, 2016	Hui Cao	Qunar Beijing	6,600.0	950.6	None	Until repayment notice	6,600.0	950.6
March 23, 2016	Hui Wang	Qunar Beijing	4,400.0	633.7	None	Until repayment notice	4,400.0	633.7

As of the date of this annual report, pursuant to the loan agreement among Qunar Software, Hui Cao and Hui Wang, the loans extended by Qunar Software to each of Hui Cao and Hui Wang are only repayable by a transfer of such borrower's equity interest in Qunar Beijing to Qunar Software or its designated party, in proportion to the amount of the loan to be repaid. This loan agreement will continue in effect indefinitely until such time when (i) the borrowers receive a repayment notice from Qunar Software and fully repay the loans, or (ii) an event of default (as defined therein) occurs unless Qunar Software sends a notice indicating otherwise within 15 calendar days after it is aware of such event. The terms of this loan agreement is otherwise substantially similar to the terms described in the foregoing paragraphs.

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Exclusive Option Agreements. As consideration for our entering into the loan agreements described above, each of the shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, has granted us an exclusive, irrevocable option to purchase, or designate one or more person(s) at our discretion to purchase, all of their equity interests in the applicable consolidated affiliated Chinese entities at any time we desire, subject to compliance with the applicable PRC laws and regulations. We may exercise the option by issuing a written notice to the relevant consolidated affiliated Chinese entity. The purchase price shall be equal to the contribution actually made by the shareholder for the relevant equity interest. Therefore, if we exercise these options, we may choose to cancel the outstanding loans we extended to the shareholders of such consolidated affiliated Chinese entities pursuant to the loan agreements as the loans were used solely for equity contribution purposes. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension. We retain the exclusive right to terminate the agreements at any time by delivering a written notice to the applicable consolidated affiliate Chinese entity.

Hui Cao and Hui Wang also entered into an equity option agreement with Qunar, Qunar Software and Qunar Beijing. This equity option agreement contains arrangements that are similar to that as described in the foregoing paragraph. This agreement will remain effective with respect to each of Qunar Beijing's shareholders until all of the equity interest has been transferred or Qunar and Qunar Software terminates the agreement unilaterally with 30 days' prior written notice.

Our consolidated affiliated Chinese entities and their shareholders agree not to enter into any transaction that would affect the assets, obligations, rights or operations of our consolidated affiliated Chinese entities without our prior written consent. They also agree to accept our guidance with respect to day-to-day operations, financial management systems and the appointment and dismissal of key employees.

In addition, we also enter into technical consulting and services agreements with our majority or wholly owned subsidiaries of some of the consolidated affiliated Chinese entities, such as Chengdu Ctrip International, and these subsidiaries pay us service fees based on the level of services provided. The existence of such technical consulting and services agreements provides us with the enhanced ability to transfer economic benefits of these majority or wholly owned subsidiaries of the consolidated affiliated Chinese entities to us in exchange for the services provided, and this is in addition to our existing ability to consolidate and extract the economic benefits of these majority or wholly owned subsidiaries of the consolidated affiliated Chinese entities. For instance, the consolidated affiliated Chinese entities may cause the economic benefits to be channeled to them in the form of dividends, which then may be further consolidated and absorbed by us through the contractual arrangements described above.

Share Incentive Grants

Please refer to "Item 6.B. Directors, Senior Management and Employees — Compensation — Employees' Share Incentive Plans."

Employment Agreements

See "Item 6.B. Directors, Senior Management and Employees — Compensation."

Commissions from Homeinns and its affiliates

In December 2016, we completed a share exchange transaction with BTG, whereby Ctrip exchanged its 15% equity interest in Homeinns in consideration for 104,901,899 ordinary shares of BTG. After the exchange, we had approximately 22% equity interest in BTG as of December 31, 2016. Homeinns and its affiliates had entered into agreements with us to provide hotel rooms for our customers. Total commissions from Homeinns and its affiliates amounted to RMB66.9 million (US\$9.6 million) for the year ended December 31, 2016. These commissions were paid to us in our ordinary course of business on terms substantially similar to those for our unrelated hotel suppliers.

Commissions from Hanting and its affiliates

One of our hotel suppliers, China Lodging Group Limited, or Hanting, has a director in common with our company and a director who is a family member of one of our officers. Hanting has entered into agreements with us to provide hotel rooms for our customers. Total commissions Hanting paid us amounted to RMB44.1 million (US\$6.4 million) for the year ended December 31, 2016. These commissions were paid to us in our ordinary course of business on terms substantially similar to those for our unrelated hotel suppliers. We also entered into marketing service agreements with Hanting. Marketing service expense from Hanting amounted to RMB13 million (US\$1.9 million) in 2016.

Shareholders' loan and interest to Skyseas

In December 2014, we entered into various agreements with Exquisite Marine Ltd., which is wholly owned by Skysea Holding International Limited, including a secured credit loan agreement in the amount of US\$80 million. The interest rate is 3% per annum currently and shall be subject to annual review and adjustment with mutual consent. The loan is guaranteed by a vessel mortgage and shall be paid back by installments starting 2020. The balance of the loan together with the interest for the year ended December 31, 2016 is RMB600 million (US\$86 million). As of December 31, 2016, we also granted Skysea three short-term entrusted loans in an aggregate amount of RMB91 million (US\$13 million).

Commissions to LY.com

In April 2014, we purchased a minority stake of LY.com. We have entered into agreements to provide hotel rooms to LY.com. Total commissions to LY.com paid by us amounted to RMB62 million (US\$9 million) for the year ended December 31, 2016.

Commissions to/from eLong

In May 2015, we acquired approximately 38% stake of eLong. We subsequently participated as a member in the buying consortium in eLong's going private transaction that was completed in May 2016. Total commissions to eLong paid by us amounted to RMB86 million (US\$12 million) and eLong paid commissions to us amounted to RMB261 million (US\$38 million) for the year ended December 31, 2016.

Loans between Qunar and Baidu

In 2015, Qunar granted a 12-month term loan amounting to RMB650 million (US\$100 million) to Baidu at an interest rate of 1.00% per annum. In March and May 2015, Qunar drew down RMB507 million and RMB627 million, respectively, pursuant to a revolving credit facility agreement with Baidu. In October 2015, Qunar was granted a 12-month term loan amounting to RMB640 million (US\$99 million) from Baidu Times at an interest rate of 4.14% per annum. The foregoing loans were all fully repaid in March 2016.

Marketing service expense to Baidu

In October 2015, we completed a share exchange transaction with Baidu. Baidu, as our marketing service supplier, has entered into agreements to provide marketing service to us. Marketing service expense from Baidu amounted to RMB110 million (US\$16 million) for the year ended December 31, 2016. We also entered into agreements to provide hotels, ticketing services and tour products to Baidu, for which we paid commissions to Baidu amounting to RMB96 million (US\$14 million) for the year ended December 31, 2016.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

We are not currently a party to any pending material litigation or other legal proceeding and are not aware of any pending litigation or other legal proceeding that may have a material adverse impact on our business or operations. However, we are and may continue to be subject to various legal proceedings and claims that are incidental to our ordinary course of business.

Dividend Policy

During the past five years, we have not distributed dividends to our shareholders of record.

We have received dividends from our subsidiaries, which have received consulting or other fees from our consolidated affiliated Chinese entities. In accordance with current Chinese laws and regulations, our subsidiaries and affiliated entities in China are required to allocate to their general reserves at least 10% of their respective after-tax profits for the year determined in accordance with Chinese accounting standards and regulations. Each of our subsidiaries and affiliated entities in China may stop allocations to its general reserve if such reserve has reached 50% of its registered capital. In addition, our subsidiaries in China, including Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network and Ctrip Information Technology, are required to allocate portions of their respective after-tax profits to their enterprise expansion funds and staff welfare and bonus funds at the discretion of their boards of directors. Allocations to these statutory reserves and funds can only be used for specific purposes and are not transferable to us in the form of loans, advances, or cash dividends.

Our board of directors has complete discretion as to whether we will distribute dividends in the future, subject to the approval of our shareholders. Even if our board of directors determines to distribute dividends, the form, frequency and amount of our dividends will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, potential tax implications and other factors as the board of directors may deem relevant. Any dividend we declare will be paid to the holders of ADSs, subject to the terms of the deposit agreement, to the same extent as holders of our ordinary shares, less the fees and expenses payable under the deposit agreement. Any dividend we declare will be distributed by the depositary bank to the holders of our ADSs. Cash dividends on our ordinary shares, including those represented by the ADSs, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING**A. Offer and Listing Details.**

Our ADSs have been listed on the Nasdaq Global Market since December 2003 and the Nasdaq Global Select Market since July 2006. Our ADSs are traded under the symbol "CTRP."

The following table provides the high and low trading prices for our ADSs on the Nasdaq Global Select Market for the periods presented and all prices have been retroactively adjusted to reflect the current ADS to ordinary share ratio of one ADS to 0.125 of an ordinary share effective on December 1, 2015 for all periods presented. The closing price of our ADSs on April 12, 2017 was US\$48.59 per ADS.

	Trading Price (US\$)	
	High	Low
Annual Highs and Lows		
2012	14.06	6.18
2013	30.55	9.44
2014	34.87	17.98
2015	57.36	21.54
2016	49.62	35.50
Quarterly Highs and Lows		
First Quarter 2015	30.37	21.54
Second Quarter 2015	43.81	28.80
Third Quarter 2015	40.10	27.25
Fourth Quarter 2015	57.36	30.51
First Quarter 2016	48.36	35.50
Second Quarter 2016	49.33	37.36
Third Quarter 2016	49.43	39.58
Fourth Quarter 2016	49.62	39.71
First Quarter 2017	50.37	40.40
Monthly Highs and Lows		
November 2016	46.33	40.02
December 2016	45.78	39.71
January 2017	44.67	40.40
February 2017	50.37	42.54
March 2017	50.16	46.70
April 2017 (through April 12, 2017)	50.77	48.39

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B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on the Nasdaq Global Market since December 2003 and on the Nasdaq Global Select Market since July 2006 under the symbol “CTRP.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Ordinary Shares

General. All of our outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form, and are issued when entered in our register of members. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Voting Rights. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of our board of directors or any other shareholder or shareholders collectively present in person or by proxy and holding at least ten percent in par value of the shares giving a right to attend and vote at the meeting.

A quorum required for a meeting of shareholders consists of at least two shareholders (or, if our company has only one shareholder, that one shareholder) holding at least one-third of the outstanding voting shares in our company, present in person or by proxy. Shareholders’ meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate not less than ten percent in par value of our voting share capital. Advance notice of at least seven days is required for the convening of any of our shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast in a general meeting. A special resolution is required for matters such as a change of name or amending the memorandum and articles of association. Holders of the ordinary shares may by ordinary resolution, among other things, make changes in the amount of our authorized share capital and consolidate and divide all or any of our share capital into shares of larger amount than our existing share capital and cancel any authorized but unissued shares.

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Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of our ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on the terms that such shares are subject to redemption, at our option or at the option of the holders thereof on such terms and in such manner as may be determined, prior to the issue of such shares, by special resolution. Our company may also repurchase any of our shares (including redeemable shares) provided that the manner of such purchase has been authorized by an ordinary resolution of our shareholders. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or share premium account or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital if our company shall, immediately following such payment, be able to pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law, no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) our company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time the share capital of our company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our company is being wound-up and except where our articles of association or the Companies Law impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class, be varied either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Shareholder Rights Plan

On November 23, 2007, our board of directors declared a dividend of one ordinary share purchase right, or a Right, for each of our ordinary shares outstanding at the close of business on December 3, 2007. As long as the Rights are attached to the ordinary shares, we will issue one Right (subject to adjustment) with each new ordinary share so that all such ordinary shares will have attached Rights. When exercisable, each Right will entitle the registered holder to purchase from us one ordinary share at a price of US\$700 per ordinary share, subject to adjustment. On August 7, 2014, we entered into a First Amendment and, subsequently on the same day, a Second Amendment to the Rights Agreement dated as of November 23, 2007 between the Bank of New York Mello and us. Through these two amendments, we (a) extended the term of our rights plan for another ten years and the Rights will expire on August 6, 2024, subject to the right of our board of directors to extend the rights plan for another ten years prior to its expiration; and (b) modified the trigger threshold of the Rights to allow more flexibility. Specifically, shareholders who file or are entitled to file beneficial ownership statement on Schedule 13G pursuant to Rule 13d-1(b)(1) of the Exchange Act, typically institutional investors with no intention to acquire control of the issuer, will be able to beneficially own up to 20% of our total outstanding shares before the Rights are triggered, while all other shareholders must maintain their beneficial ownership at a level below 10% of our total outstanding shares before the Rights are triggered, among other things. Certain named shareholders are defined as "Exempted Person" under the currently effective rights plan as long as their beneficial ownership do not exceed 10% of our total outstanding shares. On May 29, 2015, October 26, 2015 and December 23, 2015, we entered into a Third Amendment, a Fourth Amendment and a Fifth Amendment to the Rights Agreement with the Bank of New York Mellon, respectively, for the purposes of amending the definition of "Exempted Person". Accordingly, in so far as Priceline Group and any of its subsidiaries are concerned in connection with the determination of Exempt Person, the term "Exempt Person" will be applied only to the extent that the number of ordinary shares beneficially owned by such Exempt Person (excluding the number of our ADSs or the ordinary shares that are beneficially owned by Priceline and any of its subsidiaries due to any such entity's ownership or conversion of that certain note issued by us pursuant to a convertible note purchase agreement dated December 9, 2015 between a subsidiary of Priceline Group and us) at all times does not exceed fifteen percent (15%) of the ordinary shares then outstanding in the aggregate and in so far as Baidu and any of its subsidiaries are concerned in connection with the determination of Exempt Person, the term "Exempt Person" will be applied only to the extent that the number of ordinary shares beneficially owned by such Exempt Person at all times does not exceed twenty-seven percent (27%) of the ordinary shares then outstanding in the aggregate.

The Rights were not distributed in response to any specific effort to acquire control of our company.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as our directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

Board of Directors

Our board of directors currently consists of nine directors. Our board of directors may exercise all the powers of the company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whether outright or as security for any debt, liability or obligation of our company or of any third party. A director may vote with respect to any contract or transaction in which he or she is interested as long as he or she has made a declaration of the nature of such interest. A director is not required to hold any shares in our company by way of qualification, and there is no requirement for a director to retire at any age limit.

We have a compensation committee that assists the board in reviewing and approving the compensation structure and form of compensation of our directors and executive officers. Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

For details of our board committees, see “Item 6.C. Directors, Senior Management and Employees — Board Practices — Board of Directors.”

C. *Material Contracts*

Other than in the ordinary course of business and other than those described under this item, in “Item 4. Information on the Company” and “Item 7.B. — Major Shareholders and Related Party Transactions — Related Party Transactions” or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report: (i) a share purchase agreement for the acquisition of certain shares of eLong dated May 22, 2015 among Ctrip.com International, Ltd., C-Travel International Limited, Luxuriant Holdings Limited, Keystone Lodging Holdings Limited, Plateno Group Limited, Expedia Asia Pacific — Alpha Limited and Expedia, Inc., (ii) a convertible note purchase agreement for the issuance of a convertible note with a principal value of US\$250 million due 2020 dated May 26, 2015 between Ctrip.com International, Ltd. and Priceline Group Treasury Company B.V.; (iii) an indenture dated June 24, 2015 constituting US\$700.0 million 1.00% convertible senior notes due 2020; (iv) an indenture dated June 24, 2015 constituting US\$400.0 million 1.99% convertible senior notes due 2025; (v) a purchase agreement for the issuance of US\$700 million 1.00% convertible senior notes due 2020 and US\$400 million 1.99% convertible senior notes due 2025, dated June 18, 2015, between Ctrip.com International, Ltd. and J.P. Morgan Securities LLC; (vi) a share exchange agreement for the acquisition of certain shares of Qunar dated October 24, 2015 among Baidu, Inc., Baidu Holdings and Ctrip.com International, Ltd., (vii) a convertible note purchase agreement for the issuance of a convertible note with a principal value of US\$500 million due 2025 dated December 9, 2015 between Ctrip.com International, Ltd. and Priceline Group Treasury Company B.V., (viii) a Convertible Note Purchase Agreement for the purchase of US\$500 million 2.00% convertible notes due 2025 dated December 9, 2015 among Ctrip.com International, Ltd., Gaoling Fund, L.P. and YHG Investment, L.P., (ix) a framework agreement for treatment of Qunar employee shares and equity awards dated December 9, 2015 between Ctrip.com International, Ltd. and Qunar Cayman Islands Limited, (x) an underwriting agreement dated September 7, 2016 among Ctrip.com International, Ltd., J.P. Morgan Securities LLC and Morgan Stanley & Co International plc for the issuance of 28,500,000 ADSs, (xi) a purchase agreement dated September 7, 2016 among Ctrip.com International, Ltd., J.P. Morgan Securities LLC and Morgan Stanley & Co International plc for the issuance of US\$975 million 1.25% convertible senior notes due 2022, (xii) an indenture dated September 12, 2016 constituting US\$975 million 1.25% convertible senior notes due 2022, (xiii) a subscription agreement dated September 6, 2016 between Ctrip.com International, Ltd. and Baidu Holdings Limited for the subscription of ordinary shares in the amount of US\$100 million, (xiv) an agreement dated November 23, 2006 among Ctrip.com International, Ltd. and the sellers stated therein for the purchase and sale of shares of Skyscanner, and (xv) a subscription agreement for private placement shares of China Eastern Airlines Corporation Limited dated June 27, 2016 between China Eastern Airlines Corporation Limited and Shanghai Licheng Information Technology Co., Ltd., an indirect subsidiary of Ctrip, for the private placement of A shares of China Eastern Airlines Corporation Limited in the amount of approximately RMB3 billion.

D. *Exchange Controls*

See “Item 4.B. Information on the Company — Business Overview — PRC Government Regulations — Regulations of Foreign Currency Exchange and Dividend Distribution.”

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E. Taxation

The following summary of the material Cayman Islands, PRC and U.S. 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 annual report, 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 not addressed herein.

Cayman Islands Taxation

According to Maples and Calder (Hong Kong) LLP, 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 after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaty with any country that is applicable to any payments made to or by us.

We have received an undertaking from the Governor in Council of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1995 Revision) of the Cayman Islands, for a period of 20 years from 14 March, 2000, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital to our members or a payment of principal or interest or other sums due under a debenture or other obligation.

PRC Taxation

If the PRC tax authorities determine that our Cayman Islands holding company is a “resident enterprise” for PRC enterprise income tax purposes, a withholding tax of 10% may be imposed on dividends that non-PRC resident holders of our ADSs receive from us and on gains realized on their sale or other disposition of ADSs, if such income is considered as income derived from within China. See “Item 3.D. Key Information — Risk factors — Risks Related to Our Corporate Structure — Our subsidiaries and consolidated affiliated Chinese entities in China are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.”

United States Federal Income Tax Considerations

The following discussion is a summary of United States federal income tax considerations relating to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that will hold our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This summary is based upon the provisions of the Code and regulations, rulings and decisions thereunder as of the date hereof, all of which are subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the United States Internal Revenue Service (the “IRS”) with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position.

This summary does not discuss all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules, such as banks, insurance companies, broker dealers, dealers or traders in securities or commodities, persons that elect to mark their securities to market, tax-exempt entities, persons liable for alternative minimum tax, U.S. expatriates, regulated investment companies or real estate investment trusts, a partnership (including any pass-through or other entity treated as a partnership for United States federal income tax purposes) or persons holding ADSs or ordinary shares through partnerships (including any pass-through or other entity treated as partnerships for United States federal income tax purposes), persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction, investors whose “functional currency” is not the U.S. dollar, holders that actually or constructively own 10% or more (by voting power or value) of all classes of our outstanding capital stock, or persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation.

In addition, this summary does not discuss the Medicare tax on net investment income, any state, local or estate or gift tax considerations and, except for the limited instances where PRC tax law and potential PRC taxes are discussed below, does not discuss any non-United States tax considerations. Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in our ADSs or ordinary shares.

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As used in this section, “U.S. Holder” means a beneficial owner of ADSs or ordinary shares that for United States federal income tax purposes is,

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

If you are a partner in a partnership or other entity taxable as a partnership that holds ADSs or ordinary shares, your tax treatment will generally depend on your status and the activities of the partnership. Partnerships holding the ADSs or ordinary shares, and partners in such partnerships, should consult their tax advisor regarding the tax consequences of an investment in the ADSs or ordinary shares.

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 have been and 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 U.S. federal income tax purposes.

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

Subject to the description below under “— Passive Foreign Investment Company Rules,” the amount of any distribution to you with respect to the ADSs or ordinary shares, before deduction for any taxes imposed by the PRC, will be included in your gross income as dividend 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 (as determined under United States federal income tax principles). Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, you should assume that any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. Any dividends we pay will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, dividends may be taxed at the lower capital gains rate applicable to “qualified dividend income,” provided that (1) our ADSs or ordinary shares are readily tradable on an established securities market in the United States or we are eligible for the benefits of an income tax treaty with the United States that the United States Treasury has determined is satisfactory for purposes of the rules applicable to qualified dividends and that includes an exchange of information program, (2) we are neither a passive foreign investment company, nor are treated as such with respect to you (as discussed below) for our taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. United States Treasury guidance indicates that common or ordinary shares, or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq Global Select Market, as are our ADSs (but not our ordinary shares). Moreover, if we are treated as a “resident enterprise” for PRC tax purposes under its EIT Law, we may be eligible for the benefits of the income tax treaty between the United States and the PRC. You should consult your tax advisor regarding the availability of the lower capital gains rate applicable to qualified dividend income for dividends paid with respect to our ADSs or ordinary shares.

For United States foreign tax credit purposes, dividends will generally be treated as income from foreign sources and will constitute passive category income. Depending on your particular facts and circumstances, you may be eligible to claim a foreign tax credit in respect of any non-refundable foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. If you do not elect to claim a foreign tax credit for foreign tax withheld, you will be permitted instead to claim a deduction, for United States federal income tax purposes, in respect of such withholdings, but only for a year in which you elect to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on your particular facts and circumstances. Accordingly, you should consult your tax advisor regarding the availability of the foreign tax credit based on your particular circumstances.

Sale, Exchange or Other Disposition of the ADSs or Ordinary Shares

Subject to description below under “— Passive Foreign Investment Company Rules,” you will recognize capital gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference, if any, between the amount realized for the ADS or ordinary share and your tax basis in the ADS or ordinary share. The gain or loss will generally be capital gain or loss. If you are a non-corporate U.S. Holder who has held the ADS or ordinary share for more than one year, you generally will be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as United States-source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, if we are treated as a “resident enterprise” for PRC tax purposes, we may be eligible for the benefits of the income tax treaty between the United States and the PRC. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, a U.S. Holder that is eligible for the benefits of the income tax treaty between the United States and the PRC may elect to treat the gain as PRC-source income. You should consult your tax advisor regarding the proper treatment of gain or loss recognized on a sale, exchange or other taxable disposition of the ADSs or ordinary shares in your particular circumstances.

Passive Foreign Investment Company Rules

Based on the market price of our ADSs and ordinary shares, the value of our assets, and the composition of our assets and income, we do not believe that we were a passive foreign investment company (a “PFIC”) for United States federal income tax purposes for our taxable year ended December 31, 2016. Given variance in the market price of our ADSs and ordinary shares, the value of our assets, and the composition of our assets and income, although we cannot be certain, we believe there is some risk that we will be treated as a PFIC for our taxable year ending December 31, 2017. A non-U.S. corporation is considered to be a PFIC 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 such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”).

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, at least 25% (by value) of the stock.

We must make a separate determination after the close of each year as to whether we were a PFIC for that year. Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year ending December 31, 2017 or any future taxable year. Because the value of our assets for purposes of the asset test will generally be determined by reference to the market price of our ADSs and ordinary shares, fluctuations in the market price of our ADSs or ordinary shares may cause us to become a PFIC. If we are a PFIC for any year during which you hold ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to you for all succeeding years during which you hold ADSs or ordinary shares, unless we cease to be a PFIC and you make a deemed sale election with respect to the ADSs or ordinary shares, as applicable. If such election is made, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value and any gain from such deemed sale would be subject to the consequences described below. After the deemed sale election, your ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

Although the law in this regard is not entirely clear, we treat our consolidated affiliated Chinese entities as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of their economic benefits and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our consolidated affiliated Chinese entities for United States federal income tax purposes, we would likely be treated as a PFIC for our taxable year ended December 31, 2017 and for subsequent taxable years.

For each taxable year that we are treated as a PFIC with respect to you, 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. 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 years in your holding period prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and

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- the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for you for such year and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the tax treatment discussed in the preceding paragraph. If you make a valid mark-to-market election for our ADSs or ordinary shares, you will include in income for each year that we are treated as a PFIC with respect to you an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares you hold as of the close of the year over your adjusted basis in such ADSs or ordinary shares. You will be 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 year. However, deductions will be 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 any gain on the actual sale or other disposition of the ADSs or ordinary shares, will be treated as ordinary income. The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable United States Treasury regulations. Our ADSs are listed on the Nasdaq Global Select Market, which is a qualified exchange or other market for these purposes. Consequently, if the ADSs continue to be listed on the Nasdaq Global Select Market and are regularly traded, and you are a holder of ADSs, we expect that the mark-to-market election would be available to you were we to be or become a PFIC. You should consult your tax advisor as to the availability and desirability of a mark-to-market election.

Alternatively, if a non-U.S. corporation is a PFIC, a U.S. holder of shares in that corporation may avoid taxation under the rules described above by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you can make a qualified electing fund election with respect to your ADSs or ordinary shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information. Therefore, you should assume that you will not receive such information from us and would not be able to make a qualified electing fund election.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder will continue to be subject to the PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

In the case of a U.S. Holder who has held our ADSs or ordinary shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs or ordinary shares (or any portion thereof), and has not previously made a mark-to-market election, and who later considers making a mark-to-market election, special tax rules may apply relating to purging such ADSs or ordinary shares of the PFIC taint. You should consult your tax advisor concerning the United States federal income tax consequences of purchasing, holding and disposing of our ADSs or ordinary shares if we are or become classified as a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or other taxable disposition of ADSs or ordinary shares may be subject to information reporting to the IRS and possible United States backup withholding at a current rate of 28%. Backup withholding will not apply to you, however, if you furnish a correct taxpayer identification number and make any other required certification or are otherwise exempt from backup withholding. U.S. Holders that are required to establish their exempt status generally must provide such certification on IRS Form W-9. You should consult a tax advisor regarding the application of the United States information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding can be credited against your United States federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

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We have previously filed with SEC a registration statement on Form F-1, as amended and prospectus under the Securities Act, with respect to our underlying ordinary shares represented by ADSs. We have also previously filed with SEC (i) our registration statement on Form F-2, as amended, and prospectus under the Securities Act, with respect to the sale of 1,914,000 ADSs by certain selling shareholders; (ii) our registration statement on Form F-3 and prospectus under the Securities Act, with respect to the sale of 13,290,000 ADSs by a selling shareholder; (iii) our registration statement on Form F-3 with respect to the sale of ADSs by our company and any selling shareholders on a continuous basis and a prospectus under the Securities Act, and have issued and sold 5,700,000 ADSs of our company under this Form F-3; and (iv) our registration statement on Form F-3 with respect to the sale of ADSs by our company on a continuous basis and “shelf takedown” prospectus supplements.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at SEC’s public reference room located at Room 1580, 100F Street, NE, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our consolidated financial statements have been prepared in accordance with U.S. GAAP.

We will furnish our shareholders with annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Our exposure to interest rate risk for changes in interest rates relates primarily to the interest income generated by excess cash deposited in banks, interest rates associated with the issuance of the 2017 Notes, the 2018 Notes, the 2020 Notes, the 2025 Notes, the 2022 Notes, the Priceline 2019 Notes, the Priceline 2020 Notes, the Priceline 2025 Notes, the Priceline 2022 Notes and the Hillhouse 2025 Notes. For information about these notes, see “Item 5.F. Operating and Financial Review and Prospects — Tabular Disclosure of Contractual Obligations.” We have not used any derivative financial instruments to hedge interest rate risk. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. Based on our cash balance as of December 31, 2016, a one basis point decrease in interest rates would result in approximately a RMB1.6 million (US\$0.2 million) decrease in our interest income on an annual basis. Our future interest income may fluctuate in line with changes in interest rates. However, the risk associated with fluctuating interest rates is principally confined to our interest-bearing cash deposits, and, therefore, our exposure to interest rate risk is limited.

Foreign Exchange Risk. We are exposed to foreign exchange risk arising from various currency exposures. Some of our expenses are denominated in foreign currencies while the majority of our revenues are denominated in Renminbi. As we hold assets dominated in U.S. dollars, including our bank deposits, any changes against our functional currencies could potentially result in a charge to our income statement and a reduction in the value of our U.S. dollar-denominated assets. In 2009, we changed our functional currency from Renminbi to U.S. dollars. We have used forward contracts and currency borrowings to hedge our exposure to foreign currency risk. For the year ended December 31, 2016, foreign exchange losses accounted for approximately 39% of our net loss. As of December 31, 2016, a 1% strengthening/weakening of Renminbi against U.S. dollars would have increased/decreased our net loss by 0.5%. See “Item 3.D. Key Information — Risk Factors — Risks Related to Doing Business in China — Future movements in exchange rates between the U.S. dollars and Renminbi may adversely affect the value of our ADSs.”

Investment Risk. As of December 31, 2016, our equity investments, including marketable securities, totaled US\$593 million. We periodically review our investments for impairment. Unrealized gains on transactions between the Company and the affiliated entity are eliminated to the extent of the Company’s interest in the affiliated entity; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. We are unable to control these factors and an impairment charge recognized by us will impact our operating results and financial position.

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We have invested through open market purchases and in a private placement transaction a total of US\$92 million in approximately 15% stake in Homeinns, a leading economy hotel chain in China. The purchase prices were determined based on the trading prices of Homeinns' ADSs on the Nasdaq Global Market at the time of each open market purchase or the average closing prices of Homeinns' ADSs as stipulated in the relevant purchase agreement. In December 2016, we completed a share exchange transaction with BTG, whereby Ctrip exchanged its 15% equity interest in Homeinns in consideration for 104,901,899 ordinary shares of BTG. After the exchange, we had approximately 22% equity interest in BTG as of December 31, 2016. If BTG experiences a net loss in the future, we would share the net loss of BTG proportionate to our equity interest. In March 2010, we invested a total of US\$67.5 million in approximately 9% stake in Hanting, a leading economy hotel chain in China, through private placement transactions and purchases in Hanting's initial public offering. The purchase prices for shares acquired in both private placement transactions and the initial public offering were equal to Hanting's initial public offering price. As of December 31, 2016, we recorded the investment in Hanting at a fair value of RMB2.0 billion (approximately US\$286 million), with RMB1.5 billion (US\$218 million) increase in fair value of the investment credited to other comprehensive income. In May 2015, we acquired approximately 38% equity stake in eLong for a total purchase price of approximately US\$422 million. The purchase prices for shares acquired in the transaction is based on approximately US\$1.1 billion valuation of eLong. In October 2015, we completed a share exchange transaction with Baidu and obtained approximately 45% of the aggregate voting interest of Qunar in exchange for our newly issued ordinary shares. To the extent that the applicable ADS price of Hanting, declines to a level that is lower than their respective share purchase price, we could incur impairment loss under U.S. GAAP, which in turn would adversely affect our financial results for the relevant periods. In addition, if any of Homeinns and eLong incur a net loss in the future, we would share their net loss proportionate to our equity interest in them.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees paid by our ADS holders

The Bank of New York Mellon, the depository of our ADS program, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may collect its annual fee for depository services by deducting from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

<u>Persons depositing or withdrawing shares must pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none"> • Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$0.02 (or less) per ADS	<ul style="list-style-type: none"> • Any cash distribution to ADS registered holders
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	<ul style="list-style-type: none"> • Distribution of securities distributed to holders of deposited securities which are distributed by the depository to ADS registered holders
\$0.02 (or less) per ADSs per calendar year	<ul style="list-style-type: none"> • Depository services
Registration or transfer fees	<ul style="list-style-type: none"> • Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares
Expenses of the depository	<ul style="list-style-type: none"> • Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depository or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	<ul style="list-style-type: none"> • As necessary
Any charges incurred by the depository or its agents for servicing the deposited securities	<ul style="list-style-type: none"> • As necessary

Fees and Payments from the Depositary to Us

We expect to receive from the depositary a reimbursement of approximately US\$2 million, net of withholding tax, for our continuing annual stock exchange listing fees and our expenses incurred in connection with investor relationship programs for 2015. In addition, the depositary has agreed to reimburse us annually for our expenses incurred in connection with investor relationship programs in the future. The amount of such reimbursements is subject to certain limits.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

The following “Use of Proceeds” information relates to:

- The registration statement on Form F-3 (File Number: 333-208399), together with the prospectus supplement to register additional securities that became effective immediately upon filing on September 7, 2016, for our public offering of 28,500,000 ADSs representing 3,562,500 ordinary shares and the underwriters’ full exercise of their over-allotment option to purchase an additional 4,275,000 ADSs representing 534,375 ordinary shares, or the 2016 ADS Offering. J.P. Morgan Securities LLC and Morgan Stanley & Co. International plc acted as underwriters in the 2016 ADS Offering.

We received net proceeds of approximately US\$1.5 billion from our 2016 ADS Offering. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our 2016 ADS Offering totaled approximately US\$35 million, which included approximately US\$34 million for underwriting discounts and commissions and approximately US\$1 million for other expenses.

As of December 31, 2016, we used approximately US\$1.4 billion of the net proceeds from our 2016 ADS Offering, mainly for the acquisition of Skyscanner. See “Item 4.B. Information on the Company — Business Overview — Strategic Investments and Acquisitions.”

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management, including our chief executive officer, Jane Jie Sun, and our chief financial officer, Cindy Xiaofan Wang, has performed an assessment of the effectiveness of our disclosure controls and procedures, as that term is defined in Rules 13a-15(e) of the Exchange Act, as of the end of the period covered by this annual report. Based on that assessment, our management has concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company’s assets that could have a material effect on the consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an assessment of the effectiveness of our company’s internal control over financial reporting as of December 31, 2016 based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2016.

PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, audited the effectiveness of internal control over financial reporting as of December 31, 2016, as stated in a report they issued regarding the same.

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, audited the effectiveness of internal control over financial reporting as of December 31, 2016, as stated in their report that appears on page F-2 of this annual report.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d), under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an assessment of our internal control over financial reporting to determine whether any changes occurred during the period covered by this report have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that assessment, it has been determined that there has been no such change during the period covered by this annual report.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

See “Item 6.C. Directors, Senior Management and Employees — Board Practices.”

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer, financial controller, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our annual report on Form 20-F for our fiscal year 2003, and posted the code on our investor relations website at ir.ctrip.com. On March 3, 2009, our board of directors approved amendments to our code of ethics and on July 13, 2012, the code of ethics was further amended and restated by our board of directors. We have filed our amended and restated code of business conduct and ethics as an exhibit to our annual report on Form 20-F for our fiscal year 2012, and posted the amended and restated code on our investor relations website at ir.ctrip.com.

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ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal accountant, for the periods indicated.

	For the Year Ended December 31,		
	2015	2016	2016
	RMB	RMB	US\$
Audit Fees ⁽¹⁾	9,284,558	15,644,170	2,253,229
Audit Related Fees ⁽²⁾	3,400,000	3,300,000	475,299
Tax Fees ⁽³⁾	5,289,677	2,387,476	343,868
All Other Fees ⁽⁴⁾	—	—	—

- (1) “Audit Fees” represent the aggregate fees incurred for each of the fiscal years listed for professional services rendered by our principal accountant for the interim review of quarterly financial statements and the audit of our annual financial statements and other statutory audits of our subsidiaries.
- (2) “Audit Related Fees” represent the aggregate fees incurred in each of the fiscal years listed for assurance and related services that are provided by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.”
- (3) “Tax Fees” represent the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal accountant for tax compliance, tax advice and tax planning.
- (4) “All Other Fees” represent the aggregate fees incurred in each of the fiscal years listed for products and services provided by our principal accountant, other than the services reported in (1), (2) and (3).

Our audit committee pre-approves all audit and permissible non-audit services provided by the principal accountant. These services may include audit services, audit-related services and tax services, as well as, to a very limited extent, specifically designated non-audit services which, in the opinion of the audit committee, will not impair the independence of the principal accountant. The principal accountant and our management are required to report to the audit committee on the quarterly basis regarding the extent of services provided by the principal accountant in accordance with this pre-approval.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On July 30, 2008 and September 30, 2008, our board of directors and shareholders respectively approved a share repurchase plan, or the 2008 Repurchase Plan, pursuant to which we were authorized to purchase our own ADSs with an aggregate value of US\$15 million by a repurchase of corresponding ordinary shares from the depositary, to be funded out of our capital. On September 30, 2011, our board of directors approved an additional share repurchase plan, or the 2011 Repurchase Plan, pursuant to which we were authorized to purchase our own ADSs with an aggregate value of US\$100 million by a repurchase of corresponding ordinary shares from the depositary, to be funded out of our existing cash balance. On June 13, 2012, our board of directors approved an additional share repurchase plan, or the 2012 Repurchase Plan, pursuant to which we were authorized to purchase our own ADSs with an aggregate value of up to US\$300 million by a repurchase of corresponding ordinary shares from the depositary. On April 3, 2014, our board of directors approved an additional share repurchase plan, or the 2014 Repurchase Plan (together with the 2008 Repurchase Plan, the 2011 Repurchase Plan and the 2012 Repurchase Plan, the “Plans”), pursuant to which we were authorized to purchase our own ADSs with an aggregate value of up to US\$600 million by a repurchase of corresponding ordinary shares from the depositary, to be funded out of our existing cash balance. The 2008 Repurchase Plan, the 2011 Repurchase Plan and the 2012 Repurchase Plan were completed prior to the beginning of the period covered by the table below. Under the 2014 Repurchase Plan, we were authorized to effect a share repurchase on the open market at prevailing market prices and/or in negotiated transactions off the market from time to time as market conditions, in their judgment, warrant, in accordance with all applicable requirements of Rule 10b-18 under the Exchange Act and on the terms set out in the resolutions of our board of directors approving such share repurchase. As of the date of this annual report on Form 20-F, we purchased approximately 42 million ADSs with a total consideration of approximately US\$510 million from the open market under the Plans.

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Period	Total Number of ADS Purchased	Average Price Paid Per ADS ⁽¹⁾	Total Number of ADSs Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plans
January 1 to January 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
February 1 to February 29, 2016	—	US\$ N/A	—	US\$ 505,310,115
March 1 to March 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
April 1 to April 30, 2016	—	US\$ N/A	—	US\$ 505,310,115
May 1 to May 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
June 1 to June 30, 2016	—	US\$ N/A	—	US\$ 505,310,115
July 1 to July 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
August 1 to August 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
September 1 to September 30, 2016	—	US\$ N/A	—	US\$ 505,310,115
October 1 to October 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
November 1 to November 30, 2016	—	US\$ N/A	—	US\$ 505,310,115
December 1 to December 31, 2016	—	US\$ N/A	—	US\$ 505,310,115
Total	—	US\$ N/A	—	US\$ 505,310,115

(1) Each ADS represents 0.125 ordinary shares.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Rule 5635(c) of the Nasdaq Rules requires a Nasdaq-listed company to obtain its shareholders' approval of all equity compensation plans, including stock plans, and any material amendments to such plans. Rule 5615 of the Nasdaq Rules permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. Pursuant to board approval obtained on November 17, 2008, we amended our 2007 Plan. We believe that some of the amendments are material changes to the then existing plan. Our Cayman Islands counsel has provided a letter to Nasdaq dated November 17, 2008 certifying that under Cayman Islands law, we are not required to obtain shareholders' approval for amendments to our existing equity incentive plan. Nasdaq has acknowledged the receipt of such letter and our home country practice with respect to approval for amendments to our equity incentive plan. Rule 5605(b) of the Nasdaq Rule requires that a majority of a Nasdaq-listed company's board of directors be independent directors as defined in Rule 5605(a)(2). Our Cayman Islands counsel has provided a letter to Nasdaq dated October 27, 2015 certifying that under Cayman Islands law, we are not required to follow or comply with the requirement that a majority of our board members be independent directors. Nasdaq has acknowledged the receipt of such letter and our home country practice with respect to the composition of our board of directors.

Other than the home country practices described above, we are not aware of any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under the Nasdaq Rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III.**ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements for Ctrip.com International, Ltd. and its subsidiaries are included at the end of this annual report.

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ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Document</u>
1.1	Amended and Restated Memorandum and Articles of Association of Ctrip.com International, Ltd. (incorporated by reference to Exhibit 3.2 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 25, 2003)
1.2	Amendment to the Amended and Restated Memorandum and Articles of Association of Ctrip.com International, Ltd. adopted by the shareholders of Ctrip.com International, Ltd. on October 17, 2006 (incorporated by reference to Exhibit 99.2 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on October 17, 2006)
1.3	Amendment to the Amended and Restated Memorandum and Articles of Association of Ctrip.com International, Ltd. adopted by the shareholders of Ctrip.com International, Ltd. on October 26, 2012 (incorporated by reference to Exhibit 1.3 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 29, 2013)
1.4	Second Amended and Restated Memorandum and Articles of Association of Ctrip.com International, Ltd. adopted by the shareholders of Ctrip.com International, Ltd. on December 21, 2015 (incorporated by reference to Exhibit 99.2 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on December 23, 2015)
2.1	Specimen American Depositary Receipt of Ctrip.com International, Ltd. (incorporated by reference to the prospectus dated January 25, 2010 as part of the Registration Statement on Form F-6 (File no. 333-145167) filed with the Securities and Exchange Commission on August 6, 2007)
2.2	Specimen Stock Certificate of Ctrip.com International, Ltd. (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 25, 2003)
2.3	Rights Agreement dated as of November 23, 2007 between Ctrip.com International, Ltd. and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on November 23, 2007)
2.4	First Amendment to the Rights Agreement dated as of August 7, 2014 between Ctrip.com International, Ltd. and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on August 8, 2014)
2.5	Second Amendment to the Rights Agreement dated as of August 7, 2014 between Ctrip.com International, Ltd. and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.2 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on August 8, 2014)
2.6	Third Amendment to the Rights Agreement dated as of May 29, 2015 between Ctrip.com International, Ltd. and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.3 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on June 4, 2015)
2.7	Fourth Amendment to the Rights Agreement dated as of October 26, 2015 between Ctrip.com International, Ltd. and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.3 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on October 27, 2015)
2.8	Fifth Amendment to the Rights Agreement dated as of December 23, 2015 between Ctrip.com International, Ltd. and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 4.3 to our Report of Foreign Private Issuer on Form 8-A/A furnished to the Securities and Exchange Commission on December 23, 2015)
2.9	Deposit Agreement dated as of December 8, 2003, as amended and restated as of August 11, 2006, and as further amended and restated as of December 3, 2007, among Ctrip.com International, Ltd., The Bank of New York as Depositary, and all Owners and Beneficial Owners from time to time of American Depositary Shares issued thereunder (incorporated by reference to Exhibit 2.4 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 29, 2008)
4.1	Form of Ctrip.com International, Ltd. Stock Option Plans (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 (File No. 333-110455) and Exhibit 10.23 to our Registration Statement on Form F-2 (File No. 333-121080) filed with the Securities and Exchange Commission on November 13, 2003 and December 8, 2004, respectively)
4.2	Form of Indemnification Agreement with the Registrant's directors and executive officers (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
4.3	Translation of Form of Labor Contract for Employees of the Registrant's subsidiaries in China (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
4.4	Employment Agreement between the Registrant and James Jianzhang Liang (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
4.5	Employment and Confidentiality Agreement between the Registrant and Jane Jie Sun (incorporated by reference to Exhibit 4.5 to our Annual Report on Form 20-F (File No. 000-50483) filed with the Securities and Exchange Commission on June 26, 2006)
4.6	Employment Agreement, between the Registrant and Min Fan (incorporated by reference to Exhibit 10.6 to 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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- 4.7 Translation of Executed Form of Technical Consulting and Services Agreement between a wholly owned subsidiary of the Registrant and a consolidated affiliated Chinese entity of the Registrant, as currently in effect, and a schedule of all executed technical consulting and services agreements adopting the same form in respect of a consolidated affiliated Chinese entity of the Registrant (incorporated by reference to Exhibit 4.7 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.8 Translation of Executed Form of Loan Agreement between a wholly owned subsidiary of the Registrant and shareholders of a consolidated affiliated Chinese entity of the Registrant, as currently in effect, and a schedule of all executed loan agreements adopting the same form in respect of a consolidated affiliated Chinese entity of the Registrant (incorporated by reference to Exhibit 4.8 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.9 Translation of Executed Form of Exclusive Option Agreement among a wholly owned subsidiary of the Registrant, a consolidated affiliated Chinese entity of the Registrant and a shareholder of the consolidated affiliated Chinese entity, as currently in effect, and a schedule of all executed exclusive option agreements adopting the same form in respect of a consolidated affiliated Chinese entity of the Registrant (incorporated by reference to Exhibit 4.9 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.10 Translation of Executed Form of Share Pledge Agreement between a wholly owned subsidiary of the Registrant and a shareholder of a consolidated affiliated Chinese entity of the Registrant, as currently in effect, and a schedule of all executed share pledge agreements adopting the same form in respect of a consolidated affiliated Chinese entity of the Registrant (incorporated by reference to Exhibit 4.10 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.11 Translation of Executed Form of Power of Attorney by a shareholder of a consolidated affiliated Chinese entity of the Registrant, as currently in effect, and a schedule of all executed power of attorney adopting the same form in respect of a consolidated affiliated Chinese entity of the Registrant (incorporated by reference to Exhibit 4.11 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.12 Confidentiality and Non-Competition Agreement, effective as of September 10, 2003, between the Registrant and Qi Ji (incorporated by reference to Exhibit 10.16 to our Registration Statement on Form F-1 (File No. 333-110455) filed with the Securities and Exchange Commission on November 13, 2003)
- 4.13 Form of Director Agreement between the Registrant and its director (incorporated by reference to Exhibit 4.20 to our Annual Report on Form 20-F filed with the Securities and Exchange Commission on May 11, 2004)
- 4.14 Translation of State Land Use Right Assignment Contract dated February 25, 2008 between Nantong Land Resource Bureau and Ctrip Information Technology (Nantong) Co., Ltd. (incorporated by reference to Exhibit 4.21 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 29, 2008)
- 4.15 Ctrip.com International, Ltd. 2007 Share Incentive Plan, as amended and restated as of November 17, 2008 (incorporated by reference to Exhibit 4.21 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on May 26, 2009)
- 4.16 Purchase Agreement dated May 7, 2009 between Ctrip.com International, Ltd. and Home Inns & Hotels Management Inc. (incorporated by reference to Exhibit 99.(B) to our General Statement of Acquisition of Beneficial Ownership on Schedule 13D (File No. 005-82520) filed with the Securities and Exchange Commission on May 21, 2009)
- 4.17 Registration Rights Agreement dated May 7, 2009 between Ctrip.com International, Ltd. and Home Inns & Hotels Management Inc. (incorporated by reference to Exhibit 99.(C) to our General Statement of Acquisition of Beneficial Ownership on Schedule 13D (File No. 005-82520) filed with the Securities and Exchange Commission on May 21, 2009)
- 4.18 Subscription Agreement dated March 12, 2010 between Ctrip.com International, Ltd. and China Lodging Group, Limited (incorporated by reference to Exhibit 99.(A) to our General Statement of Acquisition of Beneficial Ownership on Schedule 13D (File No. 005-85408) filed with the Securities and Exchange Commission on April 9, 2010)
- 4.19 Share Purchase Agreement dated March 12, 2010 between Ctrip.com International, Ltd. and the selling shareholders named therein (incorporated by reference to Exhibit 99.(B) to our General Statement of Acquisition of Beneficial Ownership on Schedule 13D (File No. 005-85408) filed with the Securities and Exchange Commission on April 9, 2010)
- 4.20 Investor and Registration Rights Agreement dated March 12 2010 between Ctrip.com International, Ltd. and China Lodging Group, Limited (incorporated by reference to Exhibit 99.(C) to our General Statement of Acquisition of Beneficial Ownership on Schedule 13D (File No. 005-85408) filed with the Securities and Exchange Commission on April 9, 2010)

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- 4.21 Translation of Construction Contract as of February 2012 between Chengdu Ctrip Information Technology Co., Ltd. and Hunan No. 1 Engineering Co., Ltd. (incorporated by reference to Exhibit 4.27 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 30, 2012)
- 4.22 Translation of State-Owned Construction Land Use Right Transfer Contract dated September 30, 2011 between Chengdu Ctrip Information Technology Co., Ltd. and Chengdu Land Resources Bureau (incorporated by reference to Exhibit 4.30 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 30, 2012)
- 4.23 Indenture dated September 24, 2012 constituting US\$180.0 million 0.50% Convertible Senior Notes due 2017 (incorporated by reference to Exhibit 4.30 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 29, 2013)
- 4.24 Indenture dated October 17, 2013 constituting US\$800.0 million 1.25% Convertible Senior Notes due 2018 (incorporated by reference to Exhibit 4.32 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 28, 2014)
- 4.25 Convertible Note Purchase Agreement dated August 7, 2014 between Ctrip.com International, Ltd. and Priceline Group Treasury Company B.V. for the issuance and purchase of US\$500 million 1.00% convertible note due 2019 (incorporated by reference to Exhibit 2 to Schedule 13D (File No. 005-79455) filed by The Priceline Group Inc. with the Securities and Exchange Commission on September 29, 2014)
- 4.26 The Secured Credit Agreement dated December 29, 2014 between Ctrip Investment Holding Ltd and Exquisite Marine Ltd. (incorporated by reference to Exhibit 4.37 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 27, 2015)
- 4.27 Share Purchase Agreement for the acquisition of certain shares of eLong dated May 22, 2015 between Ctrip.com International, Ltd., C-Travel International Limited, Keystone Lodging Holdings Limited, Plateno Group Limited, Luxuriant Holdings Limited, Expedia, Inc. and Expedia Asia Pacific — Alpha Limited. (incorporated by reference to Exhibit B to Schedule 13D (File No. 005-80401) filed by Ctrip.com International, Ltd. with the Securities and Exchange Commission on June 1, 2015)
- 4.28 Right of First Refusal Agreement dated May 22, 2015 by and between C-Travel International Limited and Keystone Lodging Holdings Limited (incorporated by reference to Exhibit D to Schedule 13D (File No. 005-80401) filed by Ctrip.com International, Ltd. with the Securities and Exchange Commission on June 1, 2015)
- 4.29 Convertible Note Purchase Agreement dated May 26, 2015 between Ctrip.com International, Ltd. and Priceline Group Treasury Company B.V. for the issuance and purchase of US\$250 million 1.00% convertible note due 2020 (incorporated by reference to Exhibit 1 to Schedule 13D/A (File No. 005-79455) filed by The Priceline Group Inc. with the Securities and Exchange Commission on May 29, 2015)
- 4.30 Purchase Agreement dated June 18, 2015 between Ctrip.com International, Ltd. and J.P. Morgan Securities LLC for the issuance of US\$700 million 1.00% Convertible Senior Notes due 2020 and US\$400 million 1.99% Convertible Senior Notes due 2025 (incorporated by reference to Exhibit 4.42 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.31 Indenture dated June 24, 2015 constituting US\$700 million 1.00% Convertible Senior Notes due 2020 (incorporated by reference to Exhibit 4.43 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.32 Indenture dated June 24, 2015 constituting US\$400 million 1.99% Convertible Senior Notes due 2025 (incorporated by reference to Exhibit 4.44 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
- 4.33 Share Exchange Agreement dated as of October 24, 2015 among Baidu, Inc., Baidu Holdings Limited and Ctrip.com International, Ltd. (incorporated by reference to Exhibit 2 to Schedule 13D (File No. 005-79455) filed by Baidu, Inc. with the Securities and Exchange Commission on November 4, 2015)
- 4.34 Standstill Agreement dated as of October 26, 2015 between Baidu, Inc. and Ctrip.com International, Ltd. (incorporated by reference to Exhibit 3 to Schedule 13D (File No. 005-79455) filed by Baidu, Inc. with the Securities and Exchange Commission on November 4, 2015)
- 4.35 Registration Rights Agreement dated as of October 26, 2015 between Baidu Holdings Limited and Ctrip.com International, Ltd. (incorporated by reference to Exhibit 4 to Schedule 13D (File No. 005-79455) filed by Baidu, Inc. with the Securities and Exchange Commission on November 4, 2015)
- 4.36 Convertible Note Purchase Agreement dated December 9, 2015 between Ctrip.com International, Ltd. and Priceline Group Treasury Company B.V. for the issuance and purchase of US\$500 million 2.00% convertible note due 2025 (incorporated by reference to Exhibit 1 to Schedule 13D/A (File No. 005-79455) filed by The Priceline Group Inc. with the Securities and Exchange Commission on December 14, 2015)

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4.37	Third Amended and Restated Standstill Agreement dated December 9, 2015 between Ctrip.com International, Ltd. and The Priceline Group Inc. (incorporated by reference to Exhibit 2 to Schedule 13D/A (File No. 005-79455) filed by The Priceline Group Inc. with the Securities and Exchange Commission on December 14, 2015)
4.38	Convertible Note Purchase Agreement dated December 9, 2015 among Ctrip.com International, Ltd., Gaoling Fund, L.P. and YHG Investment, L.P. for the issuance and purchase of US\$500 million 2.00% convertible notes due 2025 (incorporated by reference to Exhibit 4.50 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.39	Framework Agreement for Treatment of Qunar Employee Shares and Equity Awards dated December 9, 2015 between Ctrip.com International, Ltd. and Qunar Cayman Islands Limited (incorporated by reference to Exhibit 4.51 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.40	Restated Exclusive Technical Consulting and Services Agreement dated March 23, 2016 between Beijing Qu Na Information Technology Co., Ltd. and Beijing Qunar Software Technology Co., Ltd. (incorporated by reference to Exhibit 4.52 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.41	Loan Agreement dated March 23, 2016 among Beijing Qunar Software Technology Co., Ltd., Hui Cao and Hui Wang (incorporated by reference to Exhibit 4.53 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.42	Equity Option Agreement dated March 23, 2016 among Qunar Cayman Islands Limited, Beijing Qunar Software Technology Co., Ltd., Hui Cao, Hui Wang and Beijing Qu Na Information Technology Co., Ltd. (incorporated by reference to Exhibit 4.54 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.43	Equity Interest Pledge Agreement dated March 23, 2016 among Beijing Qunar Software Technology Co., Ltd., Hui Cao and Hui Wang (incorporated by reference to Exhibit 4.55 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.44	Power of Attorney by Hui Cao and Hui Wang dated March 23, 2016 (incorporated by reference to Exhibit 4.56 to our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on April 22, 2016)
4.45	Form of Underwriting Agreement dated September 7, 2016 among Ctrip.com International, Ltd., J.P. Morgan Securities LLC and Morgan Stanley & Co International plc for the issuance of 28,500,000 ADSs (incorporated by reference to Exhibit 1.1 to our Report of Foreign Private Issuer on Form 6-K furnished to the Securities and Exchange Commission on September 6, 2016)
4.46*	Purchase Agreement dated September 7, 2016 among Ctrip.com International, Ltd., J.P. Morgan Securities LLC and Morgan Stanley & Co International plc for the issuance of US\$975 million 1.25% convertible senior notes due 2022
4.47*	Indenture dated September 12, 2016 constituting US\$975 million 1.25% convertible senior notes due 2022
4.48*	Subscription Agreement dated September 6, 2016 between Ctrip.com International, Ltd. and Baidu Holdings Limited for the subscription of our ordinary shares in the amount of US\$100 million
4.49*	Agreement dated November 23, 2016 among Ctrip.com International, Ltd. and the sellers stated therein for the purchase and sale of shares of Skyscanner
4.50*	Translation of Subscription Agreement for Private Placement Shares of China Eastern Airlines Corporation Limited dated June 27, 2016 between China Eastern Airlines Corporation Limited and Shanghai Licheng Information Technology Co., Ltd., an indirect subsidiary of Ctrip.com International, Ltd., for the private placement of A shares of China Eastern Airlines Corporation Limited in the amount of approximately RMB3 billion
8.1*	List of Significant Consolidated Entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant, as amended and restated as of July 3, 2012 (incorporated by reference to Exhibit 11.1 from our Annual Report on Form 20-F (File No. 001-33853) filed with the Securities and Exchange Commission on March 29, 2013)
12.1*	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Maples and Calder (Hong Kong) LLP
15.2*	Consent of Commerce & Finance Law Offices
15.3*	Consent of PricewaterhouseCoopers Zhong Tian LLP
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CTRIP.COM INTERNATIONAL, LTD.

By: /s/ Jane Jie Sun

Name: Jane Jie Sun

Title: Chief Executive Officer and Director

Date: April 13, 2017

CTRIP.COM INTERNATIONAL, LTD.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ctrip.com International, Ltd.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income/(loss) and comprehensive income/(loss), of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Ctrip.com International, Ltd. (the "Company") and its subsidiaries at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Report of Management on Internal Control over Financial Reporting appearing in Item 15 in the accompanying Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

April 13, 2017

CTRIP.COM INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

	2014	2015	2016	2016
	RMB	RMB	RMB	US\$
Revenues:				
Accommodation reservation	3,201,426,933	4,616,649,394	7,308,958,863	1,052,709,040
Transportation ticketing	2,950,072,484	4,453,885,749	8,826,516,571	1,271,282,813
Packaged-tour	1,055,369,205	1,667,945,350	2,310,198,894	332,737,850
Corporate travel	373,407,012	473,245,440	608,122,125	87,587,804
Others	192,281,473	285,220,475	734,290,185	105,759,785
Total revenues	<u>7,772,557,107</u>	<u>11,496,946,408</u>	<u>19,788,086,638</u>	<u>2,850,077,292</u>
Less: business tax and related surcharges	(425,638,738)	(599,378,347)	(559,646,824)	(80,605,909)
Net revenues	<u>7,346,918,369</u>	<u>10,897,568,061</u>	<u>19,228,439,814</u>	<u>2,769,471,383</u>
Cost of revenues	<u>(2,100,606,413)</u>	<u>(3,043,439,819)</u>	<u>(4,729,750,192)</u>	<u>(681,225,723)</u>
Gross profit	<u>5,246,311,956</u>	<u>7,854,128,242</u>	<u>14,498,689,622</u>	<u>2,088,245,660</u>
Operating expenses:				
Product development	(2,321,348,753)	(3,296,692,936)	(7,687,421,506)	(1,107,218,998)
Sales and marketing	(2,214,209,719)	(3,087,989,953)	(5,860,927,432)	(844,149,133)
General and administrative	(861,550,628)	(1,088,402,408)	(2,518,819,170)	(362,785,420)
Total operating expenses	<u>(5,397,109,100)</u>	<u>(7,473,085,297)</u>	<u>(16,067,168,108)</u>	<u>(2,314,153,551)</u>
Income/(loss) from operations	<u>(150,797,144)</u>	<u>381,042,945</u>	<u>(1,568,478,486)</u>	<u>(225,907,891)</u>
Interest income	304,583,544	445,767,036	567,144,610	81,685,814
Interest expense	(162,354,675)	(302,425,829)	(731,922,838)	(105,418,816)
Other income /(expense)	43,820,635	2,480,979,830	(26,848,287)	(3,866,958)
Income before income tax expense, equity in income of affiliates and non-controlling interests	<u>35,252,360</u>	<u>3,005,363,982</u>	<u>(1,760,105,001)</u>	<u>(253,507,851)</u>
Income tax expense	(130,821,156)	(470,188,423)	(478,009,033)	(68,847,621)
Equity in income / (loss) of affiliates	187,191,141	(135,780,312)	601,883,179	86,689,209
Net income/(loss)	<u>91,622,345</u>	<u>2,399,395,247</u>	<u>(1,636,230,855)</u>	<u>(235,666,263)</u>
Net loss attributable to non-controlling interests	<u>151,117,436</u>	<u>108,260,637</u>	<u>205,527,660</u>	<u>29,602,140</u>
Net income/(loss) attributable to Ctrip.com International, Ltd.	<u>242,739,781</u>	<u>2,507,655,884</u>	<u>(1,430,703,195)</u>	<u>(206,064,123)</u>
Net income/(loss)	<u>91,622,345</u>	<u>2,399,395,247</u>	<u>(1,636,230,855)</u>	<u>(235,666,263)</u>
Other comprehensive income:				
Foreign currency translation	(66,759,799)	(489,917,917)	(323,581,599)	(46,605,443)
Unrealized securities holding gains, net of tax	137,704,595	606,415,822	914,529,809	131,719,691
Reclassification adjustment due to disposal of available-for-sale investment, net of tax	—	—	(140,651,759)	(20,258,067)
Total comprehensive income/(loss)	<u>162,567,141</u>	<u>2,515,893,152</u>	<u>(1,185,934,404)</u>	<u>(170,810,082)</u>
Comprehensive loss attributable to non-controlling interests	<u>151,117,436</u>	<u>108,260,637</u>	<u>205,527,660</u>	<u>29,602,140</u>
Comprehensive income/(loss) attributable to Ctrip.com International, Ltd.	<u>313,684,577</u>	<u>2,624,153,789</u>	<u>(980,406,744)</u>	<u>(141,207,942)</u>
Earnings/(loss) per ordinary share				
— Basic	<u>7.08</u>	<u>66.34</u>	<u>(24.18)</u>	<u>(3.48)</u>
— Diluted	<u>6.35</u>	<u>56.85</u>	<u>(24.18)</u>	<u>(3.48)</u>
Earnings/(loss) per ADS				
— Basic	<u>0.88</u>	<u>8.29</u>	<u>(3.02)</u>	<u>(0.44)</u>
— Diluted	<u>0.79</u>	<u>7.11</u>	<u>(3.02)</u>	<u>(0.44)</u>
Weighted average ordinary shares outstanding				
— Basic shares	<u>34,289,170</u>	<u>37,797,698</u>	<u>59,166,582</u>	<u>59,166,582</u>
— Diluted shares	<u>38,207,858</u>	<u>47,375,248</u>	<u>59,166,582</u>	<u>59,166,582</u>
Share-based compensation included in				
Operating expense above is as follows:				
Product development	184,664,576	291,642,931	2,079,514,506	299,512,387
Sales and marketing	54,391,508	65,574,256	392,641,663	56,552,162
General and administrative	257,587,405	285,379,287	1,087,562,537	156,641,587

The accompanying notes are an integral part of these consolidated financial statements.

CTRIP.COM INTERNATIONAL, LTD.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2016

	2015	2016	2016
	RMB	RMB	US\$
ASSETS			
Current assets:			
Cash and cash equivalents	19,215,674,674	18,434,681,251	2,655,146,371
Restricted cash	2,286,882,592	1,744,490,307	251,258,866
Short-term investments	8,235,785,516	14,112,862,288	2,032,674,966
Accounts receivable, net	3,150,768,364	4,624,818,322	666,112,390
Due from related parties	961,791,458	787,603,986	113,438,569
Prepayments and other current assets	6,749,965,827	6,206,985,686	893,991,889
Total current assets	<u>40,600,868,431</u>	<u>45,911,441,840</u>	<u>6,612,623,051</u>
Long-term deposits and prepayments	486,785,968	1,147,279,197	165,242,575
Long-term loan receivable	578,524,154	215,673,057	31,063,381
Long-term receivables due from related parties	543,911,586	599,913,241	86,405,479
Land use rights	102,328,181	99,544,772	14,337,429
Property, equipment and software	5,555,959,499	5,591,960,081	805,409,777
Investments	13,870,523,498	20,532,822,365	2,957,341,548
Goodwill	45,690,440,903	56,015,185,590	8,067,864,841
Intangible assets	11,007,915,171	13,924,769,931	2,005,584,032
Deferred tax assets, non-current	405,334,569	375,311,594	54,056,113
Total assets	<u>118,842,591,960</u>	<u>144,413,901,668</u>	<u>20,799,928,226</u>
LIABILITIES			
Current liabilities:			
Short-term debt and current portion of long-term debt	12,710,213,398	6,887,309,589	991,978,912
Accounts payable	5,944,501,681	7,278,791,082	1,048,363,976
Due to related parties	2,062,965,953	837,421,345	120,613,761
Salary and welfare payable	1,196,691,839	2,508,430,757	361,289,177
Taxes payable	1,641,379,425	1,084,241,429	156,163,248
Advances from customers	5,955,827,306	8,190,840,057	1,179,726,351
Accrued liability for customer reward program	593,346,816	658,170,680	94,796,296
Other payables and accruals	3,561,167,650	2,849,821,247	410,459,635
Total current liabilities	<u>33,666,094,068</u>	<u>30,295,026,186</u>	<u>4,363,391,356</u>
Deferred tax liabilities, non-current	3,045,259,390	3,607,882,808	519,643,210
Long-term debt	18,354,608,260	34,650,673,553	4,990,735,065
Other long-term liabilities	91,702,261	339,566,619	48,907,766
Total liabilities	<u>55,157,663,979</u>	<u>68,893,149,166</u>	<u>9,922,677,397</u>
Commitments and contingencies (Note 21)			
Shareholders' equity			
Share capital (US\$0.01 par value; 175,000,000 shares authorized, issued shares as of December 31, 2015 and 2016: 54,744,585 and 67,402,721; outstanding shares as of December 31, 2015 and 2016: 51,167,228 and 64,155,412)	4,121,245	4,960,354	714,440
Additional paid-in capital	37,991,678,952	65,819,998,701	9,480,051,664
Statutory reserves	168,940,969	237,495,820	34,206,513
Accumulated other comprehensive income	560,077,281	1,010,373,732	145,524,086
Retained earnings	8,198,838,659	6,699,580,613	964,940,316
Less: Treasury stock (3,577,357 and 3,247,309 shares as of December 31, 2015 and 2016, respectively.)	(2,372,927,372)	(2,235,574,510)	(321,989,703)
Total Ctrip.com International, Ltd. shareholders' equity	<u>44,550,729,734</u>	<u>71,536,834,710</u>	<u>10,303,447,316</u>
Non-controlling interests	19,134,198,247	3,983,917,792	573,803,513
Total shareholders' equity	<u>63,684,927,981</u>	<u>75,520,752,502</u>	<u>10,877,250,829</u>
Total liabilities and shareholders' equity	<u>118,842,591,960</u>	<u>144,413,901,668</u>	<u>20,799,928,226</u>

The accompanying notes are an integral part of these consolidated financial statements.

CTRIP.COM INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

	Ordinary shares (US\$0.01 par value)		Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB	Retained earnings RMB	Number of Treasury stock	Treasury stock RMB	Total Ctrip.com International, Ltd. shareholders' equity RMB	Non-controlling interests RMB	Total shareholders' equity RMB
	Number of shares	Par value RMB									
Balance as of December 31, 2013	33,828,251	3,033,490	4,088,484,766	118,449,230	372,634,580	5,498,934,733	(3,777,087)	(1,551,141,268)	8,530,395,531	199,690,428	8,730,085,959
Issuance of common stock pursuant to share incentive plan	835,042	51,483	221,534,465	—	—	—	—	—	221,585,948	—	221,585,948
Share-based compensation	—	—	496,643,489	—	—	—	—	—	496,643,489	—	496,643,489
Appropriations to statutory reserves	—	—	—	15,649,517	—	(15,649,517)	—	—	—	—	—
Repurchasing common stock	(392,306)	—	—	—	—	—	(392,306)	(446,155,147)	(446,155,147)	—	(446,155,147)
Foreign currency translation adjustments	—	—	—	—	(66,759,799)	—	—	—	(66,759,799)	—	(66,759,799)
Unrealized securities holding gains	—	—	—	—	137,704,595	—	—	—	137,704,595	—	137,704,595
Early Conversion of Convertible Notes	846,131	—	8,945,339	—	—	—	846,131	391,665,502	400,610,841	—	400,610,841
Net income / (loss)	—	—	—	—	—	242,739,781	—	—	242,739,781	(151,117,436)	91,622,345
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	(280,075)	(280,075)
Issuance of convertible preferred shares by a subsidiary	—	—	—	—	—	—	—	—	—	186,057,768	186,057,768
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	658,466,145	658,466,145
Acquisition of additional stake in subsidiaries	29,864	299	12,413,757	—	—	—	—	—	12,414,056	(44,268,537)	(31,854,481)
Balance as of December 31, 2014	<u>35,146,982</u>	<u>3,085,272</u>	<u>4,828,021,816</u>	<u>134,098,747</u>	<u>443,579,376</u>	<u>5,726,024,997</u>	<u>(3,323,262)</u>	<u>(1,605,630,913)</u>	<u>9,529,179,295</u>	<u>848,548,293</u>	<u>10,377,727,588</u>

CTrip.COM INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

	Ordinary shares (US\$0.01 par value)		Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB	Retained earnings RMB	Number of Treasury stock	Treasury stock RMB	Total Ctrip.com International, Ltd. shareholders' equity RMB	Non-controlling interests RMB	Total shareholders' equity RMB
	Number of shares	Par value RMB									
Issuance of common stock pursuant to share incentive plan	777,846	48,673	207,980,247	—	—	—	—	—	208,028,920	—	208,028,920
Share-based compensation	—	—	642,596,474	—	—	—	—	—	642,596,474	—	642,596,474
Appropriations to statutory reserves	—	—	—	34,842,222	—	(34,842,222)	—	—	—	—	—
Repurchasing common stock	(498,561)	—	—	—	—	—	(498,561)	(872,290,891)	(872,290,891)	—	(872,290,891)
Foreign currency translation adjustments	—	—	—	—	(489,917,917)	—	—	—	(489,917,917)	—	(489,917,917)
Unrealized securities holding gains	—	—	—	—	606,415,822	—	—	—	606,415,822	—	606,415,822
Purchasing of Purchased Call Option	—	—	(805,504,000)	—	—	—	—	—	(805,504,000)	—	(805,504,000)
Sale of Issued Warrants	—	—	523,404,000	—	—	—	—	—	523,404,000	—	523,404,000
Early Conversion of Convertible Notes	244,466	—	13,979,289	—	—	—	244,466	104,994,432	118,973,721	—	118,973,721
Net income / (loss)	—	—	—	—	—	2,507,655,884	—	—	2,507,655,884	(108,260,637)	2,399,395,247
Disposal of shares of subsidiaries	—	—	15,824,133	—	—	—	—	—	15,824,133	(747,801,153)	(731,977,020)
Issuance of additional equity stake by subsidiaries	—	—	—	—	—	—	—	—	—	966,486,957	966,486,957
Acquisition of additional stake in subsidiaries	—	—	(10,078,392)	—	—	—	—	—	(10,078,392)	(36,158,510)	(46,236,902)
Business combinations	15,468,816	985,530	32,540,379,845	—	—	—	—	—	32,541,365,375	18,211,383,297	50,752,748,672
Share issuance for the investments	27,679	1,770	35,075,540	—	—	—	—	—	35,077,310	—	35,077,310
Balance as of December 31, 2015	<u>51,167,228</u>	<u>4,121,245</u>	<u>37,991,678,952</u>	<u>168,940,969</u>	<u>560,077,281</u>	<u>8,198,838,659</u>	<u>(3,577,357)</u>	<u>(2,372,927,372)</u>	<u>44,550,729,734</u>	<u>19,134,198,247</u>	<u>63,684,927,981</u>

The accompanying notes are an integral part of these consolidated financial statements.

CTrip.com INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

	Ordinary shares (US\$0.01 par value)		Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive income/(loss) RMB	Retained earnings RMB	Number of Treasury stock	Treasury stock RMB	Total Ctrip.com International, Ltd. shareholders' equity RMB	Non-controll ing interests RMB	Total shareholders' equity RMB
	Number of shares	Par value RMB									
Issuance of ordinary shares for the exercise of stock options	796,582	52,744	197,628,625	—	—	—	—	—	197,681,369	—	197,681,369
Share-based compensation	—	—	3,559,718,706	—	—	—	—	—	3,559,718,706	—	3,559,718,706
Appropriations to statutory reserves	—	—	—	68,554,851	—	(68,554,851)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	(323,581,599)	—	—	—	(323,581,599)	—	(323,581,599)
Unrealized securities holding gains	—	—	—	—	914,529,809	—	—	—	914,529,809	—	914,529,809
Disposal of available-for-sale investment	—	—	—	—	(140,651,759)	—	—	—	(140,651,759)	—	(140,651,759)
Early Conversion of Convertible Notes	330,048	—	29,400,802	—	—	—	330,048	137,352,862	166,753,664	—	166,753,664
Net income / (loss)	—	—	—	—	—	(1,430,703,195)	—	—	(1,430,703,195)	(205,527,660)	(1,636,230,855)
Issuance of ordinary shares, net of issuance costs	4,436,844	295,871	10,652,275,264	—	—	—	—	—	10,652,571,135	—	10,652,571,135
Issuance of additional equity stake by subsidiaries	—	—	—	—	—	—	—	—	—	135,359,483	135,359,483
Issuance of ordinary shares for settlement of Convertible Notes	1,044,805	67,680	2,438,050,267	—	—	—	—	—	2,438,117,947	—	2,438,117,947
Disposal of shares in subsidiaries	—	—	—	—	—	—	—	—	—	(3,289,000)	(3,289,000)
Acquisition of additional shares in subsidiaries	5,407,787	355,697	8,969,187,969	—	—	—	—	—	8,969,543,666	(15,501,696,332)	(6,532,152,666)
Business combination	972,118	67,117	1,982,058,116	—	—	—	—	—	1,982,125,233	424,873,054	2,406,998,287
Balance as of December 31, 2016	<u>64,155,412</u>	<u>4,960,354</u>	<u>65,819,998,701</u>	<u>237,495,820</u>	<u>1,010,373,732</u>	<u>6,699,580,613</u>	<u>(3,247,309)</u>	<u>(2,235,574,510)</u>	<u>71,536,834,710</u>	<u>3,983,917,792</u>	<u>75,520,752,502</u>

The accompanying notes are an integral part of these consolidated financial statements.

CTRIP.COM INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

	2014	2015	2016	2016
	RMB	RMB	RMB	US\$
Cash flows from operating activities:				
Net income /(loss)	91,622,345	2,399,395,247	(1,636,230,855)	(235,666,263)
<i>Adjustments to reconcile net income to cash provided by operating activities:</i>				
Share-based compensation	496,643,489	642,596,474	3,559,718,706	512,706,136
Equity in (income) / loss of affiliates	(187,191,141)	135,780,312	(601,883,179)	(86,689,209)
Gain on deconsolidation of subsidiaries	(789,193)	(2,294,451,702)	(252,000)	(36,296)
Loss from disposal of property, equipment and software	3,751,452	33,986,560	8,871,987	1,277,832
Gain on disposal of cost method investment	—	—	(149,066,258)	(21,470,007)
Gain on disposal of available-for-sale investment	—	—	(140,651,759)	(20,258,067)
Loss from disposal of a subsidiary	1,529,046	—	—	—
Loss from impairment of long-term investment	33,000,000	—	47,986,882	6,911,549
Provision for doubtful accounts	11,737,580	32,080,786	32,339,617	4,657,874
Depreciation of property, equipment and software	173,786,973	255,966,352	461,391,147	66,454,148
Amortization of intangible assets and land use rights	8,334,028	60,247,658	257,444,573	37,079,731
Deferred income tax expenses/(benefits)	(97,573,997)	86,464,693	23,475,428	3,381,164
<i>Changes in current assets and liabilities, net of assets acquired and liabilities assumed/disposed of in business combinations/dispositions, net of deconsolidations:</i>				
Increase in accounts receivable	(261,973,182)	(1,002,531,319)	(1,332,377,049)	(191,902,211)
Decrease /(Increase) in due from related parties	2,352,014	(81,376,345)	(601,601,918)	(86,648,699)
(Increase) /Decrease in prepayments and other current assets	(1,218,273,146)	(2,224,053,491)	591,425,514	85,182,992
(Increase) /Decrease in long-term deposits	(27,406,657)	(381,458,105)	75,371,314	10,855,727
Increase in accounts payable	585,953,759	2,098,144,678	1,251,267,578	180,220,017
Increase in due to related parties	6,057,681	236,779,810	583,479,889	84,038,584
Increase in salary and welfare payable	259,440,083	271,783,211	1,259,133,720	181,352,977
Increase /(Decrease) in taxes payable	23,797,376	281,472,256	(778,280,444)	(112,095,700)
Increase in advances from customers	1,469,414,155	2,056,500,006	2,270,992,194	327,090,911
Increase in accrued liability for customer reward program	146,183,973	162,493,908	64,823,864	9,336,578
Increase in other payables and accruals	438,207,218	278,988,927	25,351,540	3,651,384
Net cash provided by operating activities	1,958,603,856	3,048,809,916	5,272,730,491	759,431,152
Cash flows from investing activities:				
Purchase of property, equipment and software	(4,788,676,371)	(638,133,430)	(682,831,310)	(98,348,165)
Cash paid for long-term investments	(2,078,378,807)	(4,232,366,913)	(5,408,471,460)	(778,981,919)
Cash paid for business combinations, net of cash acquired	(130,124,251)	4,112,960,205	(9,157,391,070)	(1,318,938,653)
Purchase of intangible assets	(9,000,000)	(20,000,000)	(6,210,651)	(894,520)
(Increase) /Decrease in restricted cash	(94,988,241)	(760,873,462)	525,250,267	75,651,774
Increase in short-term investments	(2,799,807,028)	(1,447,586,170)	(5,934,919,483)	(854,806,205)
Increase in long-term loan receivable	—	(872,200,000)	—	—
Cash repayment from long-term receivables	496,368,000	872,200,000	212,217,989	30,565,748
Cash advance received from planned disposal of equity investment	—	—	17,665,162	2,544,313
Cash received from disposal of cost method investments	—	—	317,155,061	45,679,830
Cash received from disposal of available-for-sale investments	—	61,980,000	382,387,499	55,075,256
Cash received/(used) from deconsolidation of a subsidiary, net of cash disposed	45,569,216	(1,502,561,561)	(90,331,000)	(13,010,370)
Cash used from disposal of a subsidiary net of cash disposed	(7,373,416)	—	—	—
Net cash used in investing activities	(9,366,410,898)	(4,426,581,331)	(19,825,478,996)	(2,855,462,911)

CTRIP.COM INTERNATIONAL, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

	2014	2015	2016	2016
	RMB	RMB	RMB	US\$
Cash flows from financing activities:				
Proceeds from short-term bank loans	2,325,694,972	644,411,544	1,979,869,005	285,160,450
Proceeds from long-term bank loans	—	—	2,550,000,000	367,276,393
Proceeds from exercise of share options	184,579,173	52,117,597	211,720,242	30,494,058
Repurchase of ordinary shares	(446,155,147)	(872,290,891)	—	—
Cash paid for acquisition of additional equity stake in subsidiaries	(36,792,354)	(46,236,902)	(6,532,152,666)	(940,825,676)
Cash paid for settlement of convertible notes	—	—	(2,033,967,447)	(292,952,246)
Cash received from non-controlling investors	139,393,178	275,972,483	86,609,482	12,474,360
Proceeds from issuance of convertible preferred shares by a subsidiary	186,475,640	725,512,513	—	—
Proceeds from issuance of senior convertible notes, net of issuance costs	3,069,000,000	14,736,200,000	6,544,966,036	942,671,185
Proceeds from sale of warrants	—	523,404,000	—	—
Purchase of Purchased Call Option	—	(805,504,000)	—	—
Proceeds from issuance of ordinary shares, net of issuance costs	—	—	10,652,571,135	1,534,289,376
Repayment of loans due to related parties	—	—	(1,820,911,519)	(262,265,810)
Proceeds from repayment of loans due from related parties	—	—	651,053,394	93,771,193
Net cash provided by financing activities	5,422,195,462	15,233,586,344	12,289,757,662	1,770,093,283
Effect of foreign exchange rate changes on cash and cash equivalents	148,154,565	58,971,946	1,481,997,420	213,452,026
Net (decrease)/increase in cash and cash equivalents	(1,837,457,015)	13,914,786,875	(780,993,423)	(112,486,450)
Cash and cash equivalents, beginning of year	7,138,344,814	5,300,887,799	19,215,674,674	2,767,632,821
Cash and cash equivalents, end of year	5,300,887,799	19,215,674,674	18,434,681,251	2,655,146,371
Supplemental disclosure of cash flow information				
Cash paid during the year for income taxes	261,734,551	243,828,898	411,766,790	59,306,754
Cash paid for interest, net of amounts capitalized	31,144,846	242,114,200	593,546,761	85,488,515
Supplemental schedule of non-cash investing and financing activities				
Conversion of convertible senior notes	400,610,842	118,973,720	166,753,664	24,017,523
Issuance of ordinary shares for settlement of Convertible Notes	—	—	2,438,117,947	351,162,026
Non-cash consideration paid for business acquisitions, investments and non-controlling interests	(169,784,697)	(32,590,874,841)	(14,625,921,507)	(2,106,570,864)
Share exchange for equity investment (Note 8)	—	—	(2,498,763,234)	(359,896,764)
Accruals related to purchase of property, equipment and software	(258,632,797)	(48,486,734)	(22,855,856)	(3,291,928)
Share issuance for the investments	—	(35,077,310)	—	—
Unpaid cash consideration for business acquisitions (Note 2)	(306,966,884)	(110,302,844)	(497,434,415)	(71,645,458)

The accompanying notes are an integral part of these consolidated financial statements.

CTRIP.COM INTERNATIONAL, LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Amounts expressed in RENMINBI (RMB) unless otherwise stated)

1. ORGANIZATION AND NATURE OF OPERATIONS

The accompanying consolidated financial statements include the financial statements of Ctrip.com International, Ltd. (the “Company”), its subsidiaries, VIEs and VIEs’ subsidiaries. The Company, its subsidiaries, the consolidated VIEs and their subsidiaries are collectively referred to as the “Group”.

The Group is principally engaged in the provision of travel related services including accommodation reservation, transportation ticketing, packaged-tour, corporate travel management services, as well as, to a much lesser extent, Internet-related advertising and other related services.

2. PRINCIPAL ACCOUNTING POLICIES***Basis of presentation***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Actual results could materially differ from those estimates.

Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIEs and VIEs’ subsidiaries. All significant transactions and balances between the Company, its subsidiaries, VIEs and VIEs’ subsidiaries have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to appoint or remove the majority of the members of the board of directors; to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

The Company applies the guidance codified in Accounting Standard Codification 810, Consolidations (“ASC 810”) on accounting for VIEs and their respective subsidiaries, which requires certain variable interest entities to be consolidated by the primary beneficiary of the entity in which it has a controlling financial interest. A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns, or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity’s activities are on behalf of the investor. Accordingly, the financial statements of the following VIEs and VIEs’ subsidiaries are consolidated into the Company’s financial statements since July 1, 2003 or their respective date of establishment/acquisition, whichever is later:

The following is a summary of the Company’s major VIEs and VIEs’ subsidiaries:

Name of VIE and VIEs’ subsidiaries	Date of establishment/acquisition
Shanghai Ctrip Commerce Co., Ltd. (“Shanghai Ctrip Commerce”)	Established on July 18, 2000
Beijing Ctrip International Travel Agency Co., Ltd. (“Beijing Ctrip”)	Acquired on January 15, 2002
Guangzhou Ctrip International Travel Agency Co., Ltd. (“Guangzhou Ctrip”)	Established on April 28, 2003
Shanghai Ctrip International Travel Agency Co., Ltd. (“Shanghai Ctrip”, formerly known as Shanghai Ctrip Charming International Travel Agency Co., Ltd.)	Acquired on September 23, 2003
Shenzhen Ctrip Travel Agency Co., Ltd. (“Shenzhen Ctrip”)	Established on April 13, 2004
Ctrip Insurance Agency Co., Ltd. (“Ctrip Insurance”)	Established on July 25, 2011
Shanghai Huacheng Southwest International Travel Agency Co., Ltd. (“Shanghai Huacheng”, formerly known as Shanghai Huacheng Southwest Travel Agency Co., Ltd.)	Established on March 13, 2001
Chengdu Ctrip Travel Agency Co., Ltd. (“Chengdu Ctrip”)	Established on January 8, 2007
Chengdu Ctrip International Travel Agency Co., Ltd. (“Chengdu Ctrip International”)	Established on November 4, 2008
Beijing Qu Na Information Technology Company Limited (“Qunar Beijing”)	Established on March 17, 2006

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For the years ended December 31, 2014, 2015 and 2016, the Company is considered the primary beneficiary of a VIE or VIEs' subsidiary and consolidated the VIE or VIEs' subsidiary if the Company had variable interests, that will absorb the entity's expected losses, receive the entity's expected residual returns, or both.

Major variable interest entities and their subsidiaries

The Company conducts a part of its operations through a series of agreements with certain VIEs and VIEs' subsidiaries as stated in above. These VIEs and VIEs' subsidiaries are used solely to facilitate the Group's participation in Internet content provision, advertising business, travel agency and air-ticketing services in the People's Republic of China ("PRC") where foreign ownership is restricted.

Shanghai Ctrip Commerce is a domestic company incorporated in Shanghai, the PRC. Shanghai Ctrip Commerce holds a value-added telecommunications business license and is primarily engaged in the provision of advertising business on the Internet website. Two senior officers of the Company collectively hold 100% of the equity interest in Shanghai Ctrip Commerce. The registered capital of Shanghai Ctrip Commerce was RMB30,000,000 as of December 31, 2016.

Beijing Ctrip is a domestic company incorporated in Beijing, the PRC. Beijing Ctrip holds an air transport sales agency license, domestic and cross-border travel agency license and is mainly engaged in the provision of air-ticketing services and packaged tour services. Shanghai Ctrip holds 100% of the equity interest in Beijing Ctrip. The registered capital of Beijing Ctrip was RMB40,000,000 as of December 31, 2016.

Guangzhou Ctrip is a domestic company incorporated in Guangzhou, the PRC. Guangzhou Ctrip holds air transport sales agency license, domestic and cross-border travel agency license and is mainly engaged in the provision of air-ticketing services and packaged tour services. Two senior officers of the Company collectively hold 100% of the equity interest in Guangzhou Ctrip. The registered capital of Guangzhou Ctrip was RMB3,000,000 as of December 31, 2016.

Shanghai Ctrip is a domestic company incorporated in Shanghai, the PRC. Shanghai Ctrip holds domestic and cross-border travel agency licenses, air transport sales agency license and mainly provides domestic and cross-border tour services. In September 2012, the Company purchased the ownership interests from the unrelated minority shareholder and effected a simultaneous reduction of capital of Shanghai Ctrip. Upon completion of the above transactions, two senior officers of the Company hold 100% of the equity interest in Shanghai Ctrip. The registered capital of Shanghai Ctrip was RMB10,050,000 as of December 31, 2016.

Shenzhen Ctrip is a domestic company incorporated in Shenzhen, the PRC. Shenzhen Ctrip holds air transport sales agency license and domestic travel agency license and is engaged in the provision of air-ticketing service. Two senior officers of the Company collectively hold 100% of the equity interest in Shenzhen Ctrip. The registered capital of Shenzhen Ctrip was RMB2,500,000 as of December 31, 2016.

Ctrip Insurance is an insurance agency incorporated in Shanghai, the PRC. Ctrip Insurance holds an insurance agency business license. Shanghai Ctrip Commerce and Ctrip Computer Technology (Shanghai) Co., Ltd. ("Ctrip Computer Technology") hold 100% of the equity interest in Ctrip Insurance. The registered capital of Ctrip Insurance was RMB50,000,000 as of December 31, 2016.

Shanghai Huacheng is a domestic company incorporated in Shanghai, the PRC. Shanghai Huacheng holds a domestic travel agency license and an air transport sales agency license and mainly provides domestic tour services and air-ticketing services. Shanghai Ctrip Commerce holds 100% of the equity interest in Shanghai Huacheng. The registered capital of Shanghai Huacheng was RMB100,000,000 as of December 31, 2016.

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Chengdu Ctrip is a domestic company incorporated in Chengdu, the PRC. Chengdu Ctrip holds air transport sales agency license and domestic travel agency license and is engaged in the provision of air-ticketing service. Two senior officers of the Company holds 100% of the equity interest in Chengdu Ctrip. The registered capital of Chengdu Ctrip was RMB20,000,000 as of December 31, 2016.

Chengdu Ctrip International is a domestic company incorporated in Chengdu, the PRC. Chengdu Ctrip International holds domestic and cross-border travel agency licenses, air transport sales agency license and mainly provides domestic and cross-border tour services. Shanghai Ctrip holds 100% of the equity interest in Chengdu Ctrip International. The registered capital of Chengdu Ctrip International was RMB2,000,000 as of December 31, 2016.

Qunar Beijing is a domestic company incorporated in Beijing, the PRC. Qunar Beijing holds various domestic and cross-border business licenses of Qunar. Two senior officers of the Company holds 100% of the equity interest in Qunar Beijing. The registered capital of Qunar Beijing was RMB11,000,000 as of December 31, 2016.

The capital injected by senior officers or senior officer's family member are funded by the Company and are recorded as long-term business loans to related parties. The Company does not have any ownership interest in these VIEs and VIEs' subsidiaries.

As of December 31, 2016, the Company has various agreements with its consolidated VIEs and VIEs' subsidiaries, including loan agreements, exclusive technical consulting and services agreements, share pledge agreements, exclusive option agreements and other operating agreements.

Details of certain key agreements with the VIEs are as follows:

Powers of Attorney: Each of the shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, signed an irrevocable power of attorney to appoint Ctrip Travel Network, Ctrip Travel Information or Wancheng, as attorney-in-fact to vote, by itself or any other person to be designated at its discretion, on all matters of the applicable consolidated affiliated Chinese entities. Each such power of attorney will remain effective as long as the applicable consolidated affiliated Chinese entity exists, and such shareholders of the applicable consolidated affiliated Chinese entities are not entitled to terminate or amend the terms of the power of attorneys without prior written consent from us.

As of the date of these consolidated financial statements, each of the shareholders of Qunar Beijing, Hui Cao and Hui Wang, also signed an irrevocable power of attorney authorizing an appointee of Beijing Qunar Software Technology Company Limited, or Qunar Software, to exercise, in a manner approved by Qunar, on such shareholder's behalf the full shareholder rights pursuant to applicable laws and Qunar Beijing's articles of association, including without limitation full voting rights and the right to sell or transfer any or all of such shareholder's equity interest in Qunar Beijing. Each such power of attorney is effective until such time as such relevant shareholder ceases to hold any equity interest in Qunar Beijing. The terms of the power of attorney with respect to Qunar Beijing are otherwise substantially similar to the terms described in the foregoing paragraph.

Technical Consulting and Services Agreements: Ctrip Travel Information, Ctrip Travel Network and Wancheng, each a wholly owned PRC subsidiary of ours, provide our consolidated affiliated Chinese entities except for Qunar Beijing, with technical consulting and related services and staff training and information services on an exclusive basis. We also maintain their network platforms. In consideration for our services, our consolidated affiliated Chinese entities agree to pay us service fees as calculated in such manner as determined by us from time to time based on the nature of service, which may be adjusted periodically. For 2016, our consolidated affiliated Chinese entities paid Ctrip Computer Technology (before our restructuring of business lines and restatement of contractual arrangements in 2015) or Ctrip Travel Information (after our restructuring of business lines and restatement of contractual arrangements in 2015) and Ctrip Travel Network a quarterly fee based on the number of transportation tickets sold and the number of packaged-tour products sold in the quarter, at an average rate from RMB5 (US\$0.7) to RMB16 (US\$2.3) per ticket and from RMB36 (US\$5.2) to RMB295 (US\$42.5) per person per tour. Although the service fees are typically determined based on the number of transportation tickets sold and packaged tour products sold, given the fact that the nominee shareholders of such consolidated affiliated Chinese entities have irrevocably appointed the employees of our subsidiaries to vote on their behalf on all matters they are entitled to vote on, we have the right to determine the level of service fees paid and therefore receive substantially all of the economic benefits of our consolidated affiliated Chinese entities in the form of service fees. Ctrip Travel Information, Ctrip Travel Network or Wancheng, as appropriate, will exclusively own any intellectual property rights arising from the performance of this agreement. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension. We retain the exclusive right to terminate the agreements at any time by delivering a 30-day advance written notice to the applicable consolidated affiliate Chinese entity.

As of the date of these consolidated financial statements, pursuant to the restated exclusive technical consulting and services agreement between Qunar Beijing and Qunar Software, Qunar Software provides Qunar Beijing with technical, marketing and management consulting services on an exclusive basis in exchange for service fee paid by Qunar Beijing based on a set formula defined in the agreement subject to adjustment by Qunar Software at its sole discretion. This agreement will remain in effect until terminated unilaterally by Qunar Software or mutually. The terms of this agreement are otherwise substantially similar to the terms described in the foregoing paragraph.

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Share Pledge Agreements: The shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, have pledged their respective equity interests in the applicable consolidated affiliated Chinese entities as a guarantee for the performance of all the obligations under the other contractual arrangements, including payment by such consolidated affiliated Chinese entities of the technical and consulting services fees to us under the technical consulting and services agreements, repayment of the business loan under the loan agreements and performance of obligations under the exclusive option agreements, each agreement as described herein. In the event any of such consolidated affiliated Chinese entity breaches any of its obligations or any shareholder of such consolidated affiliated Chinese entities breaches his or her obligations, as the case may be, under these agreements, we are entitled to enforce the equity pledge right and sell or otherwise dispose of the pledged equity interests after the pledge is registered with the relevant local branch of SAIC, and retain the proceeds from such sale or require any of them to transfer his or her equity interest without consideration to the PRC citizen(s) designated by us. These share pledge agreements are effective until two years after the pledgor and the applicable consolidated affiliated Chinese entities no longer undertake any obligations under the above-referenced agreements.

As of the date of these consolidated financial statements, pursuant to the equity interest pledge agreement among Qunar Software, Hui Cao and Hui Wang, Hui Cao and Hui Wang have pledged their equity interests in Qunar Beijing along with all rights, titles and interests to Qunar Software as guarantee for the performance of all obligations under the relevant contractual arrangements mentioned herein. After the pledge is registered with the relevant local branch of SAIC, Qunar Software may enforce this pledge upon the occurrence of a settlement event or as required by the PRC law. The pledge, along with this agreement, will be effective upon registration with the local branch of the SAIC, and will expire when all obligations under the relevant contractual arrangements have been satisfied or when each of Hui Cao and Hui Wang completes a transfer of equity interest and ceases to hold any equity interest in Qunar Beijing. In enforcing the pledge, Qunar Software is entitled to dispose of the pledge and have priority in receiving payment from proceeds from the auction or sale of all or part of the pledge until the obligations are settled. The terms of this agreement are otherwise substantially similar to the terms described in the foregoing paragraph.

Loan Agreements: Under the loan agreements we entered into with the shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, we extended long-term business loans to these shareholders of our consolidated affiliated Chinese entities with the sole purpose of providing funds necessary for the capitalization or acquisition of such consolidated affiliated Chinese entities. These business loan amounts were injected into the applicable consolidated affiliated Chinese entities as capital and cannot be accessed for any personal uses. The loan agreements shall remain effective until the parties have fully performed their respective obligations under the agreement, and the shareholders of such consolidated affiliated Chinese entities have no right to unilaterally terminate these agreements. In the event that the PRC government lifts its substantial restrictions on foreign ownership of the air-ticketing, travel agency, or value-added telecommunications business in China, as applicable, we will exercise our exclusive option to purchase all of the outstanding equity interests of our consolidated affiliated Chinese entities, as described in the following paragraph, and the loan agreements will be cancelled in connection with such purchase. However, it is uncertain when, if at all, the PRC government will lift any or all of these restrictions.

As of the date of these consolidated financial statements, pursuant to the loan agreement among Qunar Software, Hui Cao and Hui Wang, the loans extended by Qunar Software to each of Hui Cao and Hui Wang are only repayable by a transfer of such borrower's equity interest in Qunar Beijing to Qunar Software or its designated party, in proportion to the amount of the loan to be repaid. This loan agreement will continue in effect indefinitely until such time when (i) the borrowers receive a repayment notice from Qunar Software and fully repay the loans, or (ii) an event of default (as defined therein) occurs unless Qunar Software sends a notice indicating otherwise within 15 calendar days after it is aware of such event. The terms of this loan agreement is otherwise substantially similar to the terms described in the foregoing paragraphs.

Exclusive Option Agreements: As consideration for our entering into the loan agreements described above, each of the shareholders of our consolidated affiliated Chinese entities, except for Hui Cao and Hui Wang, has granted us an exclusive, irrevocable option to purchase, or designate one or more person(s) at our discretion to purchase, all of their equity interests in the applicable consolidated affiliated Chinese entities at any time we desire, subject to compliance with the applicable PRC laws and regulations. We may exercise the option by issuing a written notice to the relevant consolidated affiliated Chinese entity. The purchase price shall be equal to the contribution actually made by the shareholder for the relevant equity interest. Therefore, if we exercise these options, we may choose to cancel the outstanding loans we extended to the shareholders of such consolidated affiliated Chinese entities pursuant to the loan agreements as the loans were used solely for equity contribution purposes. The initial term of these agreements is 10 years and may be renewed automatically in 10-year terms unless we disapprove the extension. We retain the exclusive right to terminate the agreements at any time by delivering a written notice to the applicable consolidated affiliate Chinese entity.

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Hui Cao and Hui Wang also entered into the equity option agreement with Qunar, Qunar Software and Qunar Beijing. These equity option agreements contain arrangements that are similar to that as described in the foregoing paragraph. This agreement will remain effective with respect to each of Qunar Beijing's shareholders until all of the equity interest has been transferred or Qunar and Qunar Software terminates the agreement unilaterally with 30 days' prior written notice.

Our consolidated affiliated Chinese entities and their shareholders agree not to enter into any transaction that would affect the assets, obligations, rights or operations of our consolidated affiliated Chinese entities without our prior written consent. They also agree to accept our guidance with respect to day-to-day operations, financial management systems and the appointment and dismissal of key employees.

In addition, we also enter into technical consulting and services agreements with our majority or wholly owned subsidiaries of some of the consolidated affiliated Chinese entities, such as Chengdu Ctrip International, and these subsidiaries pay us service fees based on the level of services provided. The existence of such technical consulting and services agreements provides us with the enhanced ability to transfer economic benefits of these majority or wholly owned subsidiaries of the consolidated affiliated Chinese entities to us in exchange for the services provided, and this is in addition to our existing ability to consolidate and extract the economic benefits of these majority or wholly owned subsidiaries of the consolidated affiliated Chinese entities. For instance, the consolidated affiliated Chinese entities may cause the economic benefits to be channeled to them in the form of dividends, which then may be further consolidated and absorbed by us through the contractual arrangements described above.

Risks in relation to contractual arrangements between the Company's PRC subsidiaries and its affiliated Chinese entities:

The Company has been advised by Commerce & Finance Law Offices, its PRC legal counsel, that its contractual arrangements with its consolidated VIEs as described in the Company's annual report are valid, binding and enforceable under the current laws and regulations of China. Based on such legal opinion and the management's knowledge and experience, the Company believes that its contractual arrangements with its consolidated VIEs are in compliance with current PRC laws and legally enforceable. However, there may be in the event that the affiliated Chinese entities and their respective shareholders fail to perform their contractual obligations, the Company may have to rely on the PRC legal system to enforce its rights. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since the PRC 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. Due to the uncertainties with respect to the PRC legal system, the PRC government authorities may ultimately take a view contrary to the opinion of its PRC legal counsel with respect to the enforceability of the contractual arrangements.

There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Accordingly, the Company cannot be assured that the PRC government authorities will not ultimately take a view that is contrary to the Company's belief and the opinion of its PRC legal counsel. On January 19, 2015, the Ministry of Commerce of the PRC, or (the "MOFCOM") released for public comments a proposed PRC law (the "Draft FIE Law") which includes VIEs within the scope of entities that could be considered to be foreign invested enterprises (or "FIEs") and may be subject to restrictions under existing PRC law on foreign investment in certain categories of industries. Specifically, the Draft FIE Law introduces the concept of "actual control" for determining whether an entity is considered to be an FIE. In addition to control through direct or indirect ownership on equity, the Draft FIE Law includes control through contractual arrangements within the definition of "actual control." If the Draft FIE Law is passed by the People's Congress of the PRC and goes into effect in its current form, these provisions regarding control through contractual arrangements could be construed to reach the Company's VIE arrangements, and as a result the Company's VIEs could become explicitly subject to the current restrictions on foreign investment in certain categories of industry. The Draft FIE Law includes provisions that would exempt from the definition of FIEs where the ultimate controlling shareholders are either entities organized under PRC law or individuals who are PRC citizens. The Draft FIE Law is silent as to what type of enforcement action might be taken against existing VIEs that operate in restricted or prohibited industries and are not controlled by entities organized under PRC law or individuals who are PRC citizens. If the contractual arrangements establishing the Company's VIE structure are found to be in violation of any existing law and regulations or future PRC laws and regulations or under the Draft FIE Law if it becomes effective, the relevant PRC government authorities will 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 value-added telecommunications, air-ticketing, travel agency or advertising businesses. Any of these actions could cause significant disruption to the Company's business operations, and have a severe adverse impact on the Company's cash flows, financial position and operating performance. If the imposing of these penalties cause the Company to lose its rights to direct the activities of and receive economic benefits from its VIEs, which in turn may restrict the Company's ability to consolidate and reflect in its financial statements the financial position and results of operations of its VIEs.

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Summary financial information of the Group's VIEs in the consolidated financial statements

Pursuant to the contractual arrangements with the VIEs, the Company has the power to direct activities of the VIEs, and can have assets transferred freely out of the VIEs without any restrictions. Therefore the Company considers that there is no asset of a consolidated VIE that can be used only to settle obligations of the VIE, except for registered capital and PRC statutory reserves of the VIEs amounting to a total of RMB590 million as of December 31, 2016. As all the consolidated VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company for any of the liabilities of the consolidated VIEs.

Summary financial information of the VIEs, which represents aggregated financial information of the VIEs and their respective subsidiaries included in the accompanying consolidated financial statements, is as follows:

	As of December 31,	
	2015	2016
	RMB	RMB
Total assets	22,188,424,951	30,544,580,876
Less: Inter-company receivables	(3,808,937,898)	(2,050,819,348)
Total assets excluding inter-company	18,379,487,053	28,493,761,528
Total liabilities	20,998,061,568	29,101,732,239
Less: Inter-company payables	(8,572,648,210)	(15,904,065,265)
Total liabilities excluding inter-company	12,425,413,358	13,197,666,974

As of December 31, 2015 and 2016, the VIEs' assets mainly consisted of cash and cash equivalent (December 31, 2015: RMB2.8 billion, December 31, 2016: RMB10.0 billion), short-term investment (December 31, 2015: RMB3.1 billion, December 31, 2016: RMB6.5 billion), accounts receivables (December 31, 2015: RMB2.7 billion, December 31, 2016: RMB3.9 billion), prepayments and other current assets (December 31, 2015: RMB4.1 billion, December 31, 2016: RMB3.5 billion) and investments (non-current) (December 31, 2015: RMB2.4 billion, December 31, 2016: RMB2.8 billion). The inter-company receivables of RMB3.8 billion and RMB2.1 billion as of December 31, 2015 and 2016 mainly represented the cash paid by a VIE to one of the Company's WFOEs for treasury cash management purpose.

As of December 31, 2015 and 2016, the VIEs' liabilities mainly consisted of advance from customers (December 31, 2015: RMB5.1 billion, December 31, 2016: RMB5.0 billion), accounts payable (December 31, 2015: RMB4.0 billion, December 31, 2016: RMB4.3 billion), other payables and accruals (December 31, 2015: RMB2.1 billion, December 31, 2016: RMB1.3 billion) and short-term debt (December 31, 2015: RMB164 million, December 31, 2016: RMB1.2 billion). The inter-company payables as of December 31, 2015 and 2016 were RMB8.6 billion and RMB15.9 billion, respectively, which primarily consisted of the payables due to Ctrip.com (Hong Kong) Limited ("Ctrip HK"), one of the Company's wholly-owned subsidiaries, for its payment of overseas air tickets and tour packages on behalf of a VIE and another VIEs' subsidiary and the service fees payable to the WFOEs under the technical consulting and services agreements, which are operational in nature from the VIEs and their subsidiaries' perspectives.

The following table set forth the summary of results of operations of the VIEs and their subsidiaries of the Company:

	For the year ended December 31,		
	2014	2015	2016
	RMB	RMB	RMB
Net revenues	4,138,380,618	6,384,556,234	8,706,139,377
Cost of revenues	1,252,538,920	1,983,511,461	2,442,997,433
Net income / (loss)	(87,193,139)	(73,523,163)	100,653,423

As aforementioned, the VIEs mainly conduct air-ticketing, travel agency, advertising and value-added telecommunication businesses. Revenues from VIEs accounted for around 45% of the Company's total revenues in 2016. The air-ticketing and packaged-tour revenues continued to increase in 2016, primarily driven by the increase in the air-ticketing volume and leisure travel volume.

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The VIEs' net income before the deduction of the inter-company consulting fee charges were RMB1.1 billion, RMB1.0 billion and RMB2.8 billion for the years ended December 31, 2014, 2015 and 2016, respectively.

The WFOEs are the sole and exclusive provider of technical consulting and related services and information services for the VIEs. Pursuant to the Exclusive Technical Consulting and Service Agreements, the VIEs pay service fees to the WFOEs based on the VIEs' actual operating results. The WFOEs are entitled to receive substantially all of the net income and transfer a majority of the economic benefits in the form of service fees from the VIEs and VIEs' subsidiaries to the WFOEs. For remaining undistributed retained earnings, tax planning strategies are in place to support their enterprise income tax free treatment.

The amount of service fees paid by all the VIEs as a percentage of the VIEs' total net income were 109.4%, 107.1% and 96.3% for the years ended December 31, 2014, 2015 and 2016, respectively.

The following tables set forth the summary of cash flow activities of the VIEs and their subsidiaries of the Company:

	For the year ended December 31,		
	2014	2015	2016
	RMB	RMB	RMB
Net cash provided by operating activities	1,052,138,839	160,298,446	7,190,925,721
Net cash used in investing activities	—	—	—
Net cash provided by financing activities	—	—	—

Currently there is no contractual arrangement that could require the Company to provide additional financial support to the consolidated VIEs. As the Company is conducting certain business in the PRC mainly through the VIEs, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

Foreign currencies

The Group's reporting currency is RMB. The Company's functional currency is US\$. The Company's operations are conducted through the subsidiaries and VIEs where the local currency is the functional currency and the financial statements of those subsidiaries are translated from their respective functional currencies into RMB.

Transactions denominated in currencies other than functional currencies are translated at the exchange rates quoted by the People's Bank of China (the "PBOC"), the Hong Kong Association of Banks (the "HKAB") or major Taiwan banks, prevailing or averaged at the dates of the transaction for PRC and Hong Kong subsidiaries and ezTravel, a Taiwan subsidiary respectively. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of income and comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated using the applicable exchange rates quoted by the PBOC, HKAB or banks located in Taiwan at the balance sheet dates. All such exchange gains and losses are included in the statements of income.

Assets and liabilities of the group companies are translated from their respective functional currencies to the reporting currency at the exchange rates at the balance sheet dates, equity accounts are translated at historical exchange rates and revenues and expenses are translated at the average exchange rates in effect during the reporting period. The exchange differences for the translation of group companies with non-RMB functional currency into the RMB functional currency are included in foreign currency translation adjustments, which is a separate component of shareholders' equity on the consolidated financial statements.

Translations of amounts from RMB into US\$ are solely for the convenience of the reader and were calculated at the rate of US\$1.00 = RMB6.943 on December 30, 2016, representing the certificated exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on December 31, 2016, or at any other rate.

Cash and cash equivalents

Cash includes currency on hand and deposits held by financial institutions that can be added to or withdrawn without limitation. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash and with original maturities from the date of purchase of generally three months or less.

Restricted cash

Restricted cash represents cash that cannot be withdrawn without the permission of third parties. The Group's restricted cash is substantially cash balance on deposit required by its business partners and commercial banks.

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Short-term investments

Short-term investments represent the investments issued by commercial banks or other financial institutions with a variable interest rate indexed to the performance of underlying assets within one year. The Company elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. Changes in the fair value are reflected in the consolidated statements of income and comprehensive income.

Long term loan receivable

Long-term loan receivables are recorded at cost and compounded accrued interests as we do not intend to sell the security, or it is more likely than not that the Company will not be required to sell the security before full recovery of our cost. The Company evaluates the qualitative criteria to determine whether we expect to recover our cost.

Land use rights

Land use rights represent the prepayments for usage of the parcels of land where the office buildings are located, are recorded at cost, and are amortized over their respective lease periods (usually over 40 to 50 years).

Property, equipment and software

Property, equipment and software are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, taking into account any estimated residual value:

Building	20-40 years
Leasehold improvements	Lesser of the term of the lease or the estimated useful lives of the assets
Website-related equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	3-5 years
Software	3-5 years

The Company recognizes the disposal of Property, equipment and software in general and administrative expenses.

Investments

The Company's investments include cost method investments, equity method investments, held to maturity investments and available-for-sale investments in certain publicly traded companies and privately-held companies.

The Company applies equity method in accounting for its investments in entities in which the Company has the ability to exercise significant influence but does not own a majority of equity interest or which the Company otherwise controls and the investments are in either common stock or in-substance common stock. Unrealized gains on transactions between the Company and an affiliated entity are eliminated to the extent of the Company's interest in the affiliated entity unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Company classifies its investments in debt and equity securities, that are not accounted for as equity method investments, into one of three categories and accounts for these as follows: (i) debt securities that the Company has the positive intent and the ability to hold to maturity are classified as "held-to-maturity" and reported at amortized cost; (ii) debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as "trading securities" with unrealized holding gains and losses reported in earnings; (iii) debt and equity securities not classified as held to maturity or as trading securities are classified as "available-for-sale." The available-for-sale debt securities are measured at fair value. The available-for-sale equity securities with readily determinable fair value are also measured at fair value. The changes in the fair values for available-for-sale securities measured at fair values are reported through other comprehensive income. Realized gains or losses are charged to earnings during the period in which the gains or losses are realized. The available-for-sale equity securities without readily determinable fair value are measured at cost. Gain or losses are realized when such investments are sold or when dividends are declared or payments are received or when impaired.

The Company monitors its investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information.

Fair value measurement of financial instruments

Financial assets and liabilities of the Group primarily comprise of cash and cash equivalents, restricted cash, time deposits, financial products, accounts receivable, due from related parties, available-for-sale investments, accounts payable, due to related parties, advances from end users, short-term bank borrowings, other short-term liabilities and long-term debts. As of December 31, 2015 and 2016, the Company does not hold any derivative instruments, and except for long-term debts and available-for-sale investments, carrying values of these financial instruments approximated their fair values because of their generally short maturities. The Company reports available-for-sale investments at fair value at each balance sheet date and changes in fair value are reflected in the statements of income and comprehensive income. The Company disclosed the fair value of its long-term debts based on Level 2 inputs in Note 17.

The Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy. The three levels are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets that the management has the ability to access at the measurement date.

Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 includes unobservable inputs that reflect the management's assumptions about the assumptions that market participants would use in pricing the asset. The management develops these inputs based on the best information available, including the own data.

Business combination

U.S. GAAP requires that all business combinations not involving entities or businesses under common control be accounted for under the acquisition method. The Group applies ASC 805, "Business combinations", the cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the (i) the total of cost of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of income and comprehensive income.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Any changes to provisional amounts identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

Acquisitions

During the periods presented, the Company completed several transactions to acquire controlling shares to enrich its products and to expand business. The Company makes estimates and judgments in determining the fair value of the acquired assets and liabilities, based in part on independent appraisal reports as well as its experience with purchasing similar assets and liabilities in similar industries. The amount excess of the purchase price over the fair value of the identifiable assets and liabilities acquired is recorded as goodwill. The major acquisitions during the periods presented are as follows:

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Skyscanner Holdings Limited (“Skyscanner”)

On December 9, 2016, the Company consummated an acquisition of nearly all the equity interest of Skyscanner, a leading global travel search site headquartered in Edinburgh, the United Kingdom with the total purchase consideration of £1.4 billion (RMB 12 billion). The purchase consideration consists of £1.2 billion (RMB 10 billion) in cash and Ctrip ordinary shares. As of December 31, 2016, the total unpaid consideration was £41 million (RMB 361 million), which will be paid in three years. The financial statements of Skyscanner are consolidated by the Company from December 31, 2016 onwards since the financial results of Skyscanner during the period from December 10, 2016 through December 31, 2016 were not material to the Company.

The preliminary allocation of the purchase price of the assets acquired and liabilities assumed based on their fair values was as follows. The fair value of non-controlling interest was measured based on the purchase price, taking into account a discount reflective of the non-controlling nature of the interest.

	RMB
Net assets (including cash acquired with amount of RMB 571 million)	265,145,209
Identifiable intangible assets — trademark and domain	1,981,771,584
Identifiable intangible assets — Supplier relationship	928,904,634
Identifiable intangible assets — IT Platform	190,737,332
Deferred tax liabilities	(620,282,710)
Non-controlling interests	(315,836,071)
Goodwill	9,583,716,450
Total purchase consideration	<u>12,014,156,428</u>

The goodwill recognized for the Skyscanner acquisition was primarily made up of the expected synergies from combining operations of the acquiree and the acquirer, which do not qualify for separate recognition. The identifiable intangible assets primarily consist of trademark and domain, supplier relationship and IT Platform. The trademark and domain are assessed to be indefinite-lived intangible assets. The fair values of the supplier relationship and IT Platform are amortized over 9 years and 6 years, respectively on a straight-line basis.

Qunar Cayman Islands Limited (“Qunar”)

In October 2015, the Company completed a share exchange transaction with Baidu, Inc. (“Baidu”), which was the principal shareholder of Qunar, upon completion of the exchange, the Company issued approximately 11.5 million ordinary shares, with the fair value of US\$ 3.4 billion (RMB 21.7 billion) to Baidu in exchange for approximately 179 million Class A (There were 193 million outstanding Class A shares in Qunar) and 11 million Class B ordinary share of Qunar. The Class A and Class B represents 3 votes and 1 vote per share respectively, and Class A ordinary shares were converted into Class B ordinary shares upon transfer. After the transaction, Ctrip owned ordinary share of Qunar representing approximately 45% of Qunar’s aggregate voting interest and 48 % economic interest.

In connection with the transaction with Baidu, on December 10, 2015, the Company issued approximately 4 million ordinary shares to certain special purpose vehicles in exchange for approximately 66 million Class B ordinary shares of Qunar issued as equity incentives to Qunar’s employees.

Below is the summary of the fair value of acquisition cost for these acquisitions:

	RMB	US\$
Fair value of previously held equity interest ⁽¹⁾	21,698,582,100	3,416,184,974
Consideration paid in December 2015	10,842,783,275	1,687,067,570
Total purchase cost	<u>32,541,365,375</u>	<u>5,103,252,544</u>

(1) Which represents fair value of purchase consideration for the initial 45% equity method investment in October 2015

As a result of the above transactions, the Company is deemed to be the beneficial owner of 256 million Class B ordinary shares of Qunar representing majority voting interest and therefore accounted for these transactions as step acquisitions of business combination under U.S GAAP. The previously held equity interest of Qunar from the exchange transaction with Baidu had been accounted for using equity method until the Company’s consolidation of Qunar upon completion of the transaction with the Qunar shareholders in December 2015 (Note 8). The financial statements of Qunar are consolidated by the Company from December 31, 2015 on since the financial results of Qunar during the period from December 10 through December 31, 2015 were not material.

The final allocation of the purchase price of the assets acquired and liabilities assumed based on their fair values was as follows which includes an adjustment made in 2016 to correct the immaterial understatements of goodwill and short term debt in the purchase price allocation table and consolidated balance sheet of the Company’s 2015 consolidated financial statements. The correction increased the goodwill and short term debt by RMB 582 million respectively to properly reflect the fair value of short term debt of Qunar as of the date of the acquisition. The correction was made in the Company’s 2016 financial statements and no revision was made in its 2015 financial statements as the impact is immaterial. The fair value of non-controlling interest was measured based on the purchase price, taking into account a discount reflective of the non-controlling nature of the interest based on the market price of Qunar’s publically traded shares.

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	RMB
Cash and cash equivalents	5,169,733,816
Advance to suppliers	1,177,437,522
Prepayments and other current assets	3,075,154,225
Long-term investments	712,967,197
Fixed assets, net	232,085,350
Other non-current assets	127,412,235
Accounts payable	(1,584,668,322)
Taxes payable	(1,028,960,573)
Short-term debts	(3,884,097,322)
Accrued expenses and other current liabilities	(4,526,855,580)
Non-current liability	(93,019,969)
Non-controlling interests	(5,282,358)
Net assets of Qunar acquired	(628,093,779)
Identifiable intangible assets — trademark and domain	8,998,429,167
Identifiable intangible assets — technology and supplier network for new products*	948,347,023
Deferred tax liabilities	(2,489,866,400)
Non-controlling interests	(17,850,614,771)
Goodwill	43,563,164,135
Total purchase consideration	<u>32,541,365,375</u>

The goodwill recognized from the Qunar acquisition was primarily attributable to the expected synergies from the consolidation of the seamless cooperation of the acquiree and the acquirer to further build and strengthen the vibrant travel ecosystem of the enlarged group. Such synergies, in order of their relative significance, are comprised of (1) the expected but unidentifiable significant business growth as a result of the consolidation of the fragmented domestic online travel market; (2) the strengthened market position from the increased market presence by the penetration into the supplementary travel related market of each other; (3) the enhanced relationship with other travel service providers and increased popularity and awareness among end users; and (4) the operation efficiencies and reductions in costs by eliminating redundant processes and facilities. In addition, the goodwill also includes the work force that is not separately recognized in the purchase price allocation.

The newly identifiable intangible assets of Qunar primarily consist of trademark and domain, technology and supplier network for new products. The trademark and domain are indefinite-lived intangible assets. The estimated fair value of the amortizable intangible assets (technology and supplier network for new products) is expected to be amortised over a weighted average period of 5.2 years on a straight-line basis.

In the first half year of 2016, the Company made certain investments, in the form of limited partnership capital contribution or other financing arrangements respectively, in several non-U.S. investment entities, with an aggregate fair value of approximately US\$2.9 billion (RMB 19 billion), including US\$1 billion (RMB 6.5 billion) cash and newly issued ordinary shares (the “Investment”). These investment entities have spent the Investment to acquire the majority of minority stake of Qunar through privately negotiated transactions. In accordance with ASC 810, the Company consolidates the financial statements of these investment entities and as such the investments are eliminated in consolidation. The Company accounts for the subsequent purchases of the Qunar non-controlling shares as equity transactions by adjusting the carrying amount of non-controlling interest of Qunar to reflect the decrease in the non-controlling interest’s ownership in Qunar by RMB 15.5 billion. The difference between the amount of the change in non-controlling interest and the consideration paid was recognized in additional paid-in capital of the Company with amount of RMB 3.7 billion against the US\$1.9 billion (RMB 12.7 billion) of additional paid-in capital from the newly issued ordinary shares.

The following unaudited pro forma consolidated financial information reflects the results of operations for the years ended December 31, 2014 and 2015, as if the business combination had occurred on January 1, 2014, and after giving effect to purchase accounting adjustments. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been had the acquisitions actually taken place on the beginning of the periods presented, and may not be indicative of future operating results.

In thousands	2014	2015
	RMB	RMB
Pro-forma net revenues	8,917,279	14,812,533
Pro-forma net loss	(1,889,396)	(5,086,934)

[Table of Contents](#)*Travelfusion Limited (“Travelfusion”)*

In January, 2015, the Company acquired 70% equity interest of Travelfusion. Travelfusion is a UK-based leading online Low Cost Carrier (LCC) travel content aggregator and innovator of Direct Connect global distribution solutions.

The purchase consideration was RMB 721 million (GBP75.6 million). The results of Travelfusion have been included in the consolidated financial statements of the Company since the acquisition date. The final allocation of the purchase price of the assets acquired and liabilities assumed based on their fair values was as follows. The non-controlling interest represents the fair value of the 30% equity interest not held by the Company:

	RMB
Net assets	36,936,493
Identifiable intangible assets — trademark and domain	78,058,071
Identifiable intangible assets — Business relationship	261,146,660
Identifiable intangible assets — IT Platform	5,051,377
Deferred tax liabilities	(72,293,783)
Non-controlling interests	(275,995,802)
Goodwill	687,633,024
Total purchase consideration	<u>720,536,040</u>

The identifiable intangible assets primarily consist of trademark and domain, business relationship and IT Platform. The trademark and domain are indefinite-lived intangible assets. The fair values of the business relationship and IT Platform are amortized over 10 years and 5 years, respectively on a straight-line basis.

A technology company focusing on hotel customer reviews

In November 2013 and October 2014, the Company consummated the acquisition of the entire equity shares in a technology company focusing on hotel customer reviews through step acquisitions with the total purchase consideration of RMB 240 million which included cash consideration of RMB 110 million and the previously held 35% non-controlling interest with the fair value of RMB 130 million. The cash consideration was paid in 2015. The Company also recognized a gain from the re-measurement of its previously held equity interest to the fair value of RMB 100 million in 2014. The Company reported the gain from re-measurement of previously held equity interests in the step acquisitions in “Equity in income/(loss) of affiliates” in the statement of income and comprehensive income.

The financial results of the acquired company have been included in the Company’s consolidated financial statements since the date the Company obtained control in October 2014 and were not significant to the Company for the year ended December 31, 2014. The final allocation of the purchase price of the assets acquired and liabilities assumed based on their fair values was as follows, which includes a measurement period adjustment in 2015 to increase the intangible assets and deferred tax liabilities with a decrease to goodwill of RMB 33 million as compared with the preliminary purchase price allocation in 2014.

	RMB
Net assets	2,134,170
Identifiable intangible assets — System, brand and customer relationship	44,752,000
Deferred tax liabilities	(11,188,000)
Goodwill	333,320,722
Fair value of previously held equity interest	(129,360,000)
Total purchase consideration	<u>239,658,892</u>

An offline travel agency

In December, 2014, the Company completed the transaction to acquire approximately 43% equity stake and obtained majority voting power of an offline travel agency. The purchase consideration was approximately RMB308 million (US\$50 million). The total unpaid consideration amounted to RMB 196 million as of December 31, 2014 has been paid in 2015. The financial results of the acquired entity have been included in the Company’s consolidated financial statements since the acquisition date. The final allocation of the purchase price of the assets acquired and liabilities assumed based on their fair values was as follows which includes a measurement period adjustment in 2015 to decrease the consideration and goodwill by RMB 1 million:

	RMB
Net assets (including the cash acquired of RMB142 million)	164,411,042
Identifiable intangible assets — customer relationship	67,000,000
Identifiable intangible assets — trademark	174,800,000
Deferred tax liabilities	(60,450,000)
Non-controlling interests	(370,656,000)
Goodwill	331,615,519
Total purchase consideration	<u>306,720,561</u>

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The identifiable intangible assets primarily consist of trademark and customer relationship. The trademark is indefinite-lived intangible assets. The fair value of the customer relationship is amortized over 5 years on a straight-line basis.

For the years ended December 31, 2014, 2015 and 2016, other than the business combination of Qunar, the financial results and the pro forma revenues and net earnings of above mentioned acquisitions were not considered as significant to the Group under Rule 3-05 of Regulation S-X and ASC 805 respectively, either individually or in aggregate.

Other than the acquisitions disclosed above, none of other acquisition occurred during the periods presented was material to our businesses or financial results. Other immaterial acquisitions in 2016 resulted in goodwill increase of RMB 159 million. As of December 31, 2016, the total unpaid considerations for the other acquisitions were RMB 7 million.

Goodwill and other intangible assets

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Company's acquisitions of interests in its subsidiaries and consolidated VIEs.

Goodwill is not amortized but is reviewed at least annually for impairment or earlier, if an indication of impairment exists. Recoverability of goodwill is evaluated using a two-step process. In the first step, the fair value of a reporting unit is compared to its carrying value. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to a reporting unit, goodwill is considered not impaired and no further testing is required. If the carrying value of the net assets assigned to a reporting unit exceeds the fair value of a reporting unit, the second step of the impairment test is performed in order to determine the implied fair value of a reporting unit's goodwill. Determining the implied fair value of goodwill requires valuation of a reporting unit's tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, goodwill is deemed impaired and is written down to the extent of the difference. The Company estimates total fair value of the reporting unit using discounted cash flow analysis, and makes assumptions regarding future revenue, gross margins, working capital levels, investments in new products, capital spending, tax, cash flows, and the terminal value of the reporting unit.

As of December 31, 2016, the step one analysis performed indicated that the fair value of the Company's reporting unit was substantially greater than the respective carrying value. There was no impairment of goodwill during the years ended December 31, 2014, 2015 and 2016. Each quarter the Company reviews the events and circumstances to determine if goodwill impairment may be indicated.

Separately identifiable intangible assets that have determinable lives continue to be amortized and consist primarily of non-compete agreements, customer list, supplier relationship, technology and business relationship as of December 31, 2015 and 2016. The Company amortizes intangible assets on a straight-line basis over their estimated useful lives, which is three to ten years. The estimated life of amortized intangibles is reassessed if circumstances occur that indicate the life has changed. Other intangible assets that have indefinite useful life primarily include trademark and domain names as of December 31, 2015 and 2016. The Company evaluates indefinite-lived intangible assets each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, the asset is tested for impairment. The Company estimates total fair value of the reporting unit using discounted cash flow analysis, and makes assumptions regarding future revenue, gross margins, working capital levels, investments in new products, capital spending, tax, cash flows, and the terminal value of the reporting unit.

The Company reviews intangible assets with indefinite lives annually for impairment.

No impairment on other intangible assets was recognized for the years ended December 31, 2014, 2015 and 2016.

Impairment of long-lived assets

Long-lived assets (including intangible with definite lives) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Reviews are performed to determine whether the carrying value of asset group is impaired, based on comparison to undiscounted expected future cash flows. If this comparison indicates that there is impairment, the Group recognizes impairment of long-lived assets to the extent the carrying amount of such assets exceeds the fair value.

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Accrued liability for customer reward program

The Group's end users participate in a reward program, which provides travel awards and other gifts to members based on accumulated membership points that vary depending on the services rendered and fees paid. The estimated incremental costs to provide free travel and other gifts are recognized as sales and marketing expense in the statements of income and comprehensive income and accrued for as a current liability as members accumulate points. As members redeem awards or their entitlements expire, the accrued liability is reduced correspondingly. As of December 31, 2015 and 2016, the Group's accrued liability for its customer reward program amounted to RMB593 million and RMB658 million, respectively, based on the estimated liabilities under the customer reward program. Our expenses for the customer rewards program were approximately RMB355million, RMB399 million and RMB202 million for the years ended December 31, 2014, 2015 and 2016.

Deferred revenue

The Group has the coupon program, through which the Group provides coupons for end users who book selected hotels online through website. The end users who use the coupons receive credits in their virtual cash accounts upon check-out from the hotels and reviews for hotels submitted. The end users may redeem the amount of credits in their virtual cash account in cash, voucher, or mobile phone credit. The Group accounts for the estimated cost of future usage of coupons as contra-revenue or sales and marketing expenses in the consolidated statements.

Revenue recognition

The Group presents majority of its revenues on a net basis. Revenues are recognized at gross amounts where the Group undertakes the majority of the business risks by pre-purchasing inventories and acts as principal related to the services provided. The amount of revenues recognized at gross basis was immaterial during the years ended December 31, 2014, 2015 and 2016, respectively.

Accommodation reservation services

The Group receives commissions from travel suppliers for hotel room reservations through the Group's transaction and service platform. Commissions from hotel reservation services rendered are recognized after end users have completed their stay at the applicable hotel and upon confirmation of pending payment of the commissions by the hotel. Contracts with certain travel suppliers contain incentive commissions typically subject to achieving specific performance targets and such incentive commissions are recognized when it is reasonably assured that the Group is entitled to such incentive commissions. The Group generally receives incentive commissions from monthly arrangements with hotels based on the number of hotel room reservations where end users have completed their stay. The Group presents revenues from such transactions on a net basis in the statements of income and comprehensive income as the Group, generally, does not assume inventory risks and has no obligations for cancelled hotel reservations.

Transportation ticketing services

Transportation ticketing services revenues mainly represent revenues from tickets reservations and other related services. The Group receives commissions from travel suppliers for ticketing services through the Group's transaction and service platform under various services agreements. Commissions from ticketing services rendered are recognized after tickets are issued. The Group presents revenues from such transactions on a net basis in the statements of income as the Group, generally, does not assume inventory risks and has no obligations for cancelled airline ticket reservations. Loss due to obligations for cancelled ticket reservations is minimal in the past.

Packaged-tour

The Group receives referral fees from travel product providers for packaged-tour products and services through the Group's transaction and service platform. Referral fees are recognized as commissions on a net basis after the packaged-tour service are rendered and collections are reasonably assured.

Corporate travel

Corporate travel management revenues primarily include commissions from air ticket booking, hotel reservation and packaged-tour services rendered to corporate clients. The Group contracts with corporate clients based on service fee model. Travel reservations are made via on-line and off-line services for air tickets, hotel and package-tour. Revenue is recognized on a net basis after the services are rendered, e.g. air tickets are issued, hotel stays or packaged-tour are completed, and collections are reasonably assured.

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Other businesses

Other businesses comprise primarily of online advertising services, the sale of Property Management System (“PMS”), and related maintenance service.

The Company receives advertising revenues, which principally represent the sale of banners or sponsorship on the website and mobile from end users. Advertising revenues are recognized ratably over the fixed term of the agreement as services are provided.

The Company also conducts sale of PMS and related maintenance service. The sale of PMS is recognized upon customer acceptance. Maintenance service is recognized ratably over the term of the maintenance contract on a straight-line basis.

Allowance for doubtful accounts

Accounts receivables are recorded at the invoiced amount and do not bear interest. The Company reviews on a periodic basis for doubtful accounts for the outstanding trade receivable balances based on historical experience and information available. Additionally, we make specific bad debt provisions based on (i) our specific assessment of the collectability of all significant accounts; and (ii) any specific knowledge we have acquired that might indicate that an account is uncollectible. The facts and circumstances of each account may require us to use substantial judgment in assessing its collectability. The following table summarized the details of the Company’s allowance for doubtful accounts:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
	RMB	RMB	RMB
Balance at beginning of year	5,896,903	14,707,184	38,237,658
Provision for doubtful accounts	11,737,580	32,080,786	32,339,617
Write-offs	<u>(2,927,299)</u>	<u>(8,550,312)</u>	<u>(11,735,449)</u>
Balance at end of period	<u>14,707,184</u>	<u>38,237,658</u>	<u>58,841,826</u>

Cost of revenues

Cost of revenues consists primarily of payroll compensation of customer service center personnel, payments to travel suppliers, credit card service fee, telecommunication expenses, direct cost of principal travel tour services, depreciation, rentals and related expenses incurred by the Group’s transaction and service platform which are directly attributable to the rendering of the Group’s travel related services and other businesses.

Product development

Product development expenses include expenses incurred by the Group to develop the Group’s travel supplier networks as well as to maintain, monitor and manage the Group’s transaction and service platform. The Group recognizes website, software and mobile applications development costs in accordance with ASC 350-50 “Website development costs” and ASC 350-40 “Software — internal use software” respectively. The Group expenses all costs that are incurred in connection with the planning and implementation phases of development and costs that are associated with repair or maintenance of the existing websites and mobile applications or the development of software or mobile applications for internal use and websites content.

Sales and marketing

Sales and marketing expenses consist primarily of costs of payroll and related compensation for the Company’s sales and marketing personnel, advertising expenses, and other related marketing and promotion expenses. Advertising expenses, amounting to approximately RMB1.2 billion, RMB1.8 billion and RMB2.8 billion for the years ended December 31, 2014, 2015 and 2016 respectively, are charged to the statements of income as incurred.

Share-based compensation

Under ASC 718, the Company applied the Black-Scholes valuation model in determining the fair value of options granted. Risk-free interest rates are based on US Treasury yield for the terms consistent with the expected life of award at the time of grant. Expected life is based on historical exercise patterns. Expected dividend yield is determined in view of the Company’s historical dividend payout rate and future business plan. The Company estimates expected volatility at the date of grant based on historical volatilities. The Company recognizes compensation expense on all share-based awards on a straight-line basis over the requisite service period. Forfeiture rate is estimated based on historical forfeiture patterns and adjusted to reflect future change in circumstances and facts, if any. If actual forfeitures differ from those estimates, we may need to revise those estimates used in subsequent periods.

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According to ASC 718, a change in any of the terms or conditions of stock options shall be accounted for as a modification of the plan. Therefore, the Company calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified, measured based on the share price and other pertinent factors at the modification date. For vested options, the Company would recognize incremental compensation cost in the period the modification occurs and for unvested options, the Company would recognize, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

According to ASC 718, the Company classifies options or similar instruments as liabilities if the entity can be required under any circumstances to settle the option or similar instrument by transferring cash or other assets and such cash settlement is probable. The percentage of the fair value that is accrued as compensation cost at the end of each period shall equal the percentage of the requisite service that has been rendered at that date. Changes in fair value of the liability classified award that occur during the requisite service period shall be recognized as compensation cost over that period. Changes in fair value that occur after the end of the requisite service period are compensation cost of the period in which the changes occur. Any difference between the amount for which a liability award is settled and its fair value at the settlement date as estimated is an adjustment of compensation cost in the period of settlement.

Share incentive plans of Ctrip (excluding Qunar)

On November 5, 2004, the Company’s board of directors adopted a 2005 Employee’s Stock Option Plan (“2005 Option Plan”), which was approved by the shareholders of the Company in October 2005. The Company has reserved 3,000,000 ordinary shares for future issuances of options under the 2005 Option Plan. The terms of the 2005 Option Plan are substantially similar to the Company’s 2003 Option Plan. As of December 31, 2015 and 2016, 179,453 and 107,572 options were outstanding under the 2005 Option Plan respectively.

On October 17, 2007, the Company adopted a 2007 Share Incentive Plan (“2007 Incentive Plan”), which was approved by the shareholders of the Company on June 15, 2007. Under the 2007 Incentive Plan, the maximum aggregate number of shares, which may be issued pursuant to all share-based awards (including Incentive Share Options and Restricted Share Units (“RSU”)), is one million ordinary shares as of the first business day of 2007, plus an annual increase of one million shares to be added on the first business day of each calendar year beginning in 2008 to 2016. Under the 2007 Incentive Plan, the directors may, at their discretion, grant any employees, officers, directors and consultants of the Company and/or its subsidiaries such share-based awards. Shares options granted under 2007 Incentive Plan are vested over a period of 4 years. The Company granted 625,006 and 928,002 new shares options to employees with 4 year requisite service period for years ended December 31, 2015 and 2016, respectively. RSUs granted under 2007 Incentive Plan have a restricted period for 4 years. As of December 31, 2015 and 2016, 4,826,008 and 5,415,943 options and 865,408 and 1,462,239 RSUs were outstanding under the 2007 Incentive Plan.

A summary of option activity under the share incentive plans

The following table summarized the Company’s share option activity under all the option plans (in US\$, except shares):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	4,130,732	70.42	4.99	528,988,489
Granted	1,472,449	172.56		
Exercised	(573,351)	62.52		
Forfeited	(57,652)	117.63		
Outstanding at December 31, 2014	4,972,178	101.03	5.17	405,399,251
Granted	625,006	247.91		
Exercised	(506,163)	65.65		
Forfeited	(85,560)	156.32		
Outstanding at December 31, 2015	5,005,461	122.00	4.77	1,244,544,670
Granted	928,002	322.20		
Exercised	(368,722)	80.70		
Forfeited	(41,226)	199.32		
Outstanding at December 31, 2016	5,523,515	157.82	4.54	899,966,907
Vested and expect to vest at December 31, 2016	5,339,880	155.04	4.47	884,674,316
Exercisable at December 31, 2016	3,228,073	100.42	3.14	708,809,522

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The Company’s current practice is to issue new shares to satisfy share option exercises.

The expected-to-vest options are the result of applying the pre-vesting forfeiture rate assumptions of 8% to total unvested options.

The aggregate intrinsic value in the table above represents the total intrinsic value (the aggregate difference between the Company’s closing stock price of US\$320 as of December 30, 2016 and the exercise price for in-the-money options) that would have been received by the option holders if all in-the-money options had been exercised on December 31, 2016.

The total intrinsic value of options exercised during the years ended December 31, 2014, 2015 and 2016 were US\$148million, US\$178 million and US\$257 million, respectively.

The following table summarizes information related to outstanding and exercisable options as of December 31, 2016 (in US\$, except shares):

Range of Exercise Prices	Outstanding			Exercisable		
	Number of shares	Weighted-Average Exercise Price	Weighted-average Remaining Contractual Life (Years)	Number of shares	Weighted-Average Exercise Price	Weighted-average Remaining Contractual Life (Years)
35.00-58.99	677,760	38.02	0.10	677,760	38.02	0.10
59.00-77.99	1,120,518	77.12	4.01	892,716	76.46	3.98
78.00-96.99	510,008	91.52	2.19	510,008	91.52	2.19
97.00-129.99	369,445	105.01	2.71	369,445	105.01	2.71
130.00-259.99	2,845,784	236.86	6.46	778,144	185.94	5.63
	<u>5,523,515</u>			<u>3,228,073</u>		

The weighted average fair value of options granted during the years ended December 31, 2014, 2015 and 2016 was US\$78.10, US\$109.93 and US\$ 140.95 per share, respectively.

As of December 31, 2016, there was US\$197 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested share options which are expected to be recognized over a weighted average period of 2.9 year. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures. Total cash received from the exercise of share options amounted to RMB184,579,173, RMB52,117,597 and RMB211,720,242 for the year ended December 31, 2014, 2015 and 2016, respectively. The transfer agent was engaged by the Company to collect the exercise proceeds and remitted on regular basis and these amounts were presented as receivable from financial institution in Note 3.

The Company calculated the estimated fair value of share options on the date of grant using the Black-Scholes pricing model with the following assumptions for the years ended December 31, 2014, 2015 and 2016:

	2014	2015	2016
Risk-free interest rate	1.66%-1.75%	1.35%-1.59%	1.16%-1.66%
Expected life (years)	5.0	5.0	5.0
Expected dividend yield	0%	0%	0%
Volatility	49%-52%	49%-50%	48%-51%
Fair value of options at grant date per share	from US\$74.98 to US\$109.57	from US\$105.16 to US\$112.76	from US\$133.85 to US\$141.72

For the years ended December 31, 2014, 2015 and 2016, the Company granted 761,514, 229,603 and 1,183,094 RSUs to employees with 4 year requisite service period, respectively. In addition, pursuant to the Replacement mentioned above, another 475,343 RSUs replaced the 1,901,372 options initially granted under the 2007 incentive plan.

The following table summarized the Company’s RSUs activities under all incentive plans (in US\$, except shares):

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	Number of Shares	Weighted average grant date fair value(US\$)
Restricted shares		
Unvested at December 31, 2013	623,424	83.60
Granted	761,514	185.40
Vested	(261,692)	86.82
Forfeited	(64,638)	148.02
Unvested at December 31, 2014	1,058,608	158.55
Granted	229,603	249.31
Vested	(271,683)	129.21
Forfeited	(151,120)	181.47
Unvested at December 31, 2015	865,408	185.17
Granted	1,183,094	301.62
Vested	(492,825)	223.00
Forfeited	(93,438)	237.69
Unvested at December 31, 2016	1,462,239	263.28

Total share-based compensation cost for the RSUs amounted to US\$32.3 million, US\$48.6 million and US\$217.8 million for the years ended December 31, 2014, 2015 and 2016, respectively. As of December 31, 2016, there was US\$244 million unrecognized compensation cost, net of estimated forfeitures, related to unvested restricted shares, which are to be recognized over a weighted average vesting period of 1.7 years. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures. The Company determined the fair value of RSUs based on its stock price on the date of grant.

Share incentive plans of Qunar

In November 2007, Qunar’s shareholders approved the 2007 Share Incentive Plan (the “2007 Qunar Share Incentive Plan”), which is administered by Qunar’s Board of Directors or any of its committees. Under the Plan, Qunar’s Board of Directors may grant options to its employees, directors and consultants to purchase an aggregate of no more than 9,600,140 ordinary shares of Qunar. On December 29, 2011, Qunar’s Board of Directors approved the increase of the number of shares available for issuance under the 2007 Share Incentive Plan from 20,724,362 to 26,060,000 shares. On August 10, 2012, Qunar’s Board of Directors approved that starting from January 1, 2013, the number of shares available for issuance under the 2007 Share Incentive Plan would increase annually by 1.5% of the total outstanding ordinary and redeemable ordinary shares, if any, as of January 1 of that respective calendar year. On September 22, 2013, the Board of Directors of Qunar approved an increase in the number of shares available for issuance under the 2007 Share Incentive Plan by 6,066,896 shares. The options granted have a contractual term of ten years and generally vest over a four-year period, with 25% of the awards vesting one year after the date of grant and 1/16 of the remaining grants vesting on a quarterly basis thereafter. In December 2015, Qunar modified the awards under the 2007 Share Incentive Plan to be convertible to Ctrip American depositary shares (“ADSs”) at a ratio of 1 Qunar ADS to 0.725 Ctrip ADS. Unvested awards under the 2007 Share Incentive Plan became fully vested for certain employees and all cliff vesting conditions and performance-based vesting conditions were removed from all outstanding awards under the 2007 Share Incentive Plan. As of December 31, 2015 and 2016, 8,596,548 and 5,535,348 options were outstanding under the 2007 Qunar Option Plan respectively.

On November 18, 2015, Board of Directors of Qunar approved another share incentive plan (the “2015 Qunar Share Incentive Plan”), under which share options granted, when vested and exercised, will be entitled to be convertible to Ctrip ADSs at a ratio of 1 Qunar ADS to 0.725 Ctrip ADS. Certain options granted under the 2015 Qunar Share Incentive Plan vest immediately upon grant, while others vest on a quarterly basis on the same vesting schedule as those outstanding awards under the 2007 Share Incentive Plan. Under the 2015 Qunar Share Incentive Plan, Qunar may grant options to its employees, directors and consultants to purchase an aggregate of no more than 28,476,795 ordinary shares of the Company. These options granted have a contractual term of ten years. As of December 31, 2015 and 2016, 10,162,890 and 4,354,575 options were outstanding under the 2015 Qunar Option Plan respectively.

A summary of option activity under the share incentive plans

The following table summarized the Qunar’s share option activity under all the option plans (in US\$, except shares):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2015	18,759,438	0.01	9.36	329,603,326
Granted	1,846,200	0.01		
Exercised	(9,140,502)	0.01		
Forfeited/Cancelled	(1,575,213)	0.01		
Outstanding at December 31, 2015	9,889,923	0.01	8.54	99,393,726
Vested and expect to vest at December 31, 2016	9,241,666	0.01	8.53	92,878,743
Exercisable at December 31, 2016	2,107,686	0.01	8.52	21,182,244

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The aggregate intrinsic value in the table above represents the difference between the fair value of Company's ordinary share as at the balance sheet date and the exercise price.

The total intrinsic value of options exercised during the year ended December 31, 2016 was US\$92 million.

The weighted average grant date fair value of options granted during the year ended December 31, 2016 was US\$19.99.

The Company calculated the estimated fair value of share options on the date of grant using the Black-Scholes pricing model with the following assumptions for the years ended December 31, 2016:

	<u>2016</u>
Risk-free interest rate	0.22%-2.10%
Expected life (years)	0.13-6.00
Expected dividend yield	—
Volatility	26%-40%

In October 2016, Qunar announced that it had entered into definitive merger agreement for the going private transaction. Qunar announced that its going private transaction was approved by its shareholders and later completed in February 2017.

Immediately prior to the closing of the going private transaction of Qunar in February 2017, each outstanding vested option granted under the 2007 Qunar Share Incentive Plan and the 2015 Qunar Share Incentive Plan was exchanged for a number of Ctrip ADSs based on a ratio that ensures equivalent economic value, against the payment by the holder of the vested Qunar options of the full amount of exercise price payable; and each outstanding unvested Qunar option granted under the 2007 Qunar Share Incentive Plan and the 2015 Qunar Share Incentive Plan was exchanged for an option of Ctrip to purchase ordinary shares of Ctrip based on a ratio that ensures equivalent economic value with its remaining vesting period unchanged.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received by the Group from the leasing company are charged to the statements of income on a straight-line basis over the lease periods.

Taxation

Deferred income taxes are provided using the balance sheet liability method. Under this method, deferred income taxes are recognized for the tax consequences of significant temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in income in the period enacted. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered unlikely that some portion of, or all of, the deferred tax assets will not be realized.

The Company applies ASC 740, "Income Taxes". It clarifies the accounting for uncertainty in income taxes recognized in the Company's consolidated financial statements and prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures.

Other income/ (expense)

Other income/ (expense) consists of gain on deconsolidation of subsidiaries, financial subsidies, investment income and foreign exchange gains/(losses) etc.. Financial subsidies from local PRC government authorities are recorded as other income in the consolidated statements of income. There are no defined rules and regulations to govern the criteria necessary for companies to enjoy such benefits and the amount of financial subsidy are determined at the discretion of the relevant government authorities. Financial subsidies are recognized as other income when received. The foreign exchange losses in 2016 were mainly contributed by the USD appreciation against Chinese Yuan. Components of other income for the years ended December 31, 2014, 2015 and 2016 were as follows:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Foreign exchange gains/(losses)	(55,930,392)	12,638,982	(557,995,284)
Bank charges	(49,713,255)	(61,150,707)	(101,973,794)
Loss from impairment of long-term investment (Note 8)	(33,000,000)	—	(47,986,882)
Subsidy income	132,094,928	199,418,778	220,631,285
Gain on disposal of cost method investment (Note 8)	—	—	149,066,258
Gain on disposal of available-for-sale investment (Note 8)	—	—	140,651,759
Dividends from long-term investment	39,036,138	—	48,911,066
Reimbursement from the depository	—	11,582,882	46,345,221
Gain on deconsolidation of subsidiaries	789,193	2,294,451,702	252,000
Loss on disposal of a subsidiary	(1,529,046)	—	—
Others	12,073,069	24,038,193	75,250,084
Total	<u>43,820,635</u>	<u>2,480,979,830</u>	<u>(26,848,287)</u>

Statutory reserves

The Company's PRC subsidiaries and the VIEs are required to allocate at least 10% of their after-tax profit to the general reserve in accordance with the PRC accounting standards and regulations. The allocation to the general reserve will cease if such reserve has reached to 50% of the registered capital of respective company. Appropriations to the enterprise expansion fund, staff welfare and bonus fund are at the discretion of the board of directors of Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network, Ctrip Information Technology and Jointwisdom, the subsidiaries of the Company. Appropriations to discretionary surplus reserve are at the discretion of the board of directors of the VIEs. These reserves can only be used for specific purposes and are not transferable to the Company in form of loans, advances, or cash dividends. Additionally, ezTravel, the Company's subsidiary incorporated in Taiwan, is also required to allocate 10% of its after-tax profit to the statutory reserve in accordance with the Taiwan regulations. There is no such regulation of providing statutory reserve in Hong Kong. During the years ended December 31, 2014, 2015, and 2016, appropriations to statutory reserves have been made of approximately RMB16 million, RMB35 million, and RMB69 million, respectively.

Dividends

Dividends are recognized when declared.

PRC regulations currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The Company's PRC subsidiaries can only distribute dividends after they have met the PRC requirements for appropriation to statutory reserves. Additionally, as the Company does not have any direct ownership in the VIEs, the VIEs cannot directly distribute dividends to the Company. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. As the majority of our revenues are in 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. Restricted net assets of the Company's PRC subsidiaries and VIEs not distributable in the form of dividends to the parent as a result of the aforesaid PRC regulations and other restrictions were RMB5.0 billion as of December 31, 2016.

As a result of the aforementioned PRC regulation and the Company's organizational structure, accumulated profits of the subsidiaries in PRC distributable in the form of dividends to the parent as of December 31, 2014, 2015 and 2016 were RMB5.0 billion, RMB7.2 billion and RMB8.2 billion, respectively. The Company's PRC subsidiaries and VIEs are able to enter into royalty and trademark license agreements or certain other contractual arrangements at the sole discretion of the Company, for which the compensatory element of the arrangement is deducted from the accumulated profits.

Effective January 1, 2008, current CIT Law imposes a 10% withholding income tax for dividends distributed by foreign invested enterprises to their immediate holding companies outside mainland China. A lower withholding tax rate will be applied if there is a tax treaty arrangement between mainland China and the jurisdiction of the foreign holding company. Distributions to holding companies in Hong Kong that satisfy certain requirements specified by PRC tax authorities, for example, will be subject to a 5% withholding tax rate. Furthermore, pursuant to the applicable circular and interpretations of the current EIT Law, dividends from earnings created prior to 2008 but distributed after 2008 are not subject to withholding income tax.

Earnings/(loss) per share

In accordance with "Computation of Earnings Per Share", basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by dividing net income attributable to common shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Dilutive ordinary equivalent shares consist of ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method).

If the number of common shares outstanding increases as a result of a stock dividend or stock split or decreases as a result of a reverse stock split, the computations of basic and diluted EPS shall be adjusted retroactively for all periods presented to reflect that change in capital structure. If changes in common stock resulting from stock dividends, stock splits, or reverse stock splits occur after the close of the period but before the financial statements are issued or are available to be issued, the per-share computations for those and any prior-period financial statements presented shall be based on the new number of shares.

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Effective December 1, 2015, the Company effected a change of the ratio of its American depositary shares (“ADSs”) to ordinary shares from four (4) ADSs representing one (1) ordinary share to eight (8) ADSs representing one (1) ordinary share. The historical and present earnings/ (loss) per share for the periods presented herein has been retrospectively adjusted to reflect such effect.

Treasury stock

On April 3, 2014, our board of directors approved a US\$600 million share repurchase plan. The share-repurchase programs do not require the Company to acquire a specific number of shares and may be suspended or discontinued at any time.

Segment reporting

The Company operates and manages its business as a single segment. Resources are allocated and performance is assessed by the CEO, whom is determined to be the Chief Operating Decision Maker (CODM). Since the Company operates in one reportable segment, all financial segment and product information required by this statement can be found in the consolidated financial statements.

The Company primarily generates its revenues from end users in Great China Area, and assets of the Company are also primarily located in Great China Area. Accordingly, no geographical segments are presented.

Recent accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”). ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will require the Company to separate performance obligations within a contract, determine total transaction costs, and ultimately allocate the transaction costs across the established performance obligations. In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers” (Topic 606): Deferral of the Effective Date, which delays the effective date of ASU 2014-09 by one year. As a result, ASU 2014-09 will become effective for the Company beginning in fiscal 2018 under either full or modified retrospective adoption, with early adoption permitted as of the original effective date of ASU 2014-09. The Company has set up an implementation team that is currently in the process of analyzing each of the Company’s revenue streams in accordance with the new revenue standard to determine the impact on the Company’s consolidated financial statements. The Company plans to continue the evaluation, analysis, and documentation of its adoption of ASU 2014-09 (including those subsequently issued updates that clarify ASU 2014-09’s provisions) throughout 2017 as the Company works towards the implementation and finalizes its determination of the impact that the adoption will have on its consolidated financial statements. The Company expects to adopt the new revenue recognition guidance in the first quarter of 2018.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements — Going Concern”. This standard requires management to evaluate for each annual and interim reporting period whether it is probable that the reporting entity will not be able to meet its obligations as they become due within one year after the date that the financial statements are issued. If the entity is in such a position, the standard provides for certain disclosures depending on whether or not the entity will be able to successfully mitigate its going concern status. This guidance is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. The Company has adopted this new guidance and determined it has no impact in the current year.

In January, 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities. This accounting standard retains the current accounting for classifying and measuring investments in debt securities and loans, but requires equity investments to be measured at fair value with subsequent changes recognized in net income, except for those accounted for under the equity method or requiring consolidation. This guidance also changes the accounting for investments without a readily determinable fair value and that do not qualify for the practical expedient to estimate fair value. A policy election can be made for these investments whereby estimated fair value may be measured at cost and adjusted in subsequent periods for any impairment or changes in observable prices of identical or similar investments. This revised guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.

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In February, 2016, the FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet. This standard also requires additional disclosures by lessees and contains targeted changes to accounting by lessors. The updated guidance is effective for interim and annual periods beginning after December 15, 2018, and early adoption is permitted. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.

In March, 2016, the FASB issued ASU No. 2016-06, Contingent Put and Call Options in Debt Instruments. The amendments in this Update apply to all entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options. The Amendments in this Update clarify the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts, which is one of the criteria for bifurcating an embedded derivative. An entity performing the assessment under the amendments in this Update is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence. Consequently, when a call (put) option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise a call (put) option is related to interest rates or credit risks. The amendments are an improvement to GAAP because they eliminate diversity in practice in assessing embedded contingent call (put) options in debt instruments. For public companies, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. An entity should apply the amendments in this Update on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year for which the amendments are effective. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, Simplifying the Transition to the Equity Method of Accounting. The amendments in this Update eliminate the requirement that when an investment qualified for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previous held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments in this Update require that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increase in the level of ownership interest or degree of influence that result in the adoption of the equity method. Earlier application is permitted. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share - Based Payment Accounting, which outlines new provisions intended to simplify various aspects related to accounting for share - based payments and their presentation in the financial statements. The standard is effective for the Company from calendar 2017 and from the first interim period of calendar 2017. Early adoption is permitted. The Company is evaluating the impact of the adoption of this update on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Statements. This ASU requires a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The standard is effective for the Company from calendar 2020, with early adoption permitted for calendar 2019. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments. This Update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The amendments in this Update should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

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In October 2016, the FASB issued ASU 2016-16, Income taxes (Topic 740) - Intra-Entity Transfers of Assets Other Than Inventory, to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The amendments in this Update eliminate the exception for an intra-entity transfer of an asset other than inventory. The Update does not change GAAP for an intra-entity transfer of inventory. The amendments in this Update do not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. For public business entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance. The amendments in this Update should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18: Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The amendments in this Update should be applied using a retrospective transition method to each period presented. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01: Business Combinations (Topic 805): Clarifying the Definition of a Business. The Update requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, the amendments in this Update (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. Public business entities should apply the amendments in this Update to annual periods beginning after December 15, 2017, including interim periods within those periods. Early application of the amendments in this Update is allowed. The amendments in this Update should be applied prospectively on or after the effective date. No disclosures are required at transition. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04: Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. To simplify the subsequent measurement of goodwill, the Board eliminated Step 2 from the goodwill impairment test. Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity should apply the amendments in this Update on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. A public business entity that is a U.S. Securities and Exchange Commission (SEC) filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is in the process of evaluating the impact of the Update on its consolidated financial statements.

Certain risks and concentration

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, short-term investment, accounts receivable, amounts due from related parties, prepayments and other current assets. As of December 31, 2014, 2015 and 2016, substantially all of the Company's cash and cash equivalents, restricted cash and short-term investment were held in major financial institutions located in the PRC and in Hong Kong, which management considers to be of high credit quality based on their credit ratings. Accounts receivable are generally unsecured and denominated in RMB, and are derived from revenues earned from operations arising primarily in the PRC.

No individual customer accounted for more than 10% of net revenues for the years ended December 31, 2014, 2015 and 2016. No individual customer accounted for more than 10% of accounts receivable as of December 31, 2015 and 2016.

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3. PREPAYMENTS AND OTHER CURRENT ASSETS

Components of prepayments and other current assets as of December 31, 2015 and 2016 were as follows:

	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>
Prepayments and deposits to vendors	5,527,802,541	5,082,058,275
Prepaid expenses	262,797,329	439,983,044
Receivables from financial institution	221,221,736	207,182,863
Employee advances	453,304,997	99,042,188
Interest receivable	71,558,995	81,999,660
Others	213,280,229	296,719,656
Total	<u>6,749,965,827</u>	<u>6,206,985,686</u>

4. LONG-TERM DEPOSITS AND PREPAYMENTS

The Group's subsidiaries and VIEs are required to pay certain amounts of deposit to airline companies and hotel suppliers. The subsidiaries and VIEs are also required to pay deposit to local travel bureau as pledge for insurance of traveler's safety.

Components of long-term deposit and prepayments as of December 31, 2015 and 2016 were as follows:

	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>
Prepayments for purchase of long lived assets	120,699,207	625,084,070
Deposits paid to airline suppliers	141,890,707	244,072,331
Deposits paid to hotel suppliers	118,851,829	126,728,198
Deposits paid to lessors	40,360,900	21,615,099
Deposits paid to travel bureau	2,586,292	5,551,278
Others	62,397,033	124,228,221
Total	<u>486,785,968</u>	<u>1,147,279,197</u>

5. LONG-TERM LOAN RECEIVABLE

In 2013, the Company entered into a loan agreement with Felicity Investment Holdings Limited ("Felicity") for a total amount of approximately US\$29.5 million with a 5% compounded annual interest rate. The balance of the loan and the compounded accrued interests will be received at the end of the 5 years term of the loan. The loan receivable is fully collateralized with shares of a subsidiary of Felicity. In February 2016, Felicity fully repaid the loan with total amount of US\$ 31 million (Rmb 212 million). In 2015, the Company provided a loan facility with the total amount of US\$ 300 million to another subsidiary of Felicity. During the year ended December 31, 2015, US\$ 140 million (RMB 872 million) of the facility had been drawn down and repaid. As of December 31, 2016, the unused loan facility was US\$ 160 million, which can be drawn down from June 2016 with term of 2 years from the drawn down date with 5% annual interest rate.

In April, 2015, the Company entered into a loan agreement with eHi for a total amount of RMB 300 million with the term of 3 years. The annual interest rate of the loan is 6.9% and will be received at the end of every quarter. In October 2016, eHi repaid RMB200 million. As of December 31, 2016, the balance of the loan and the accrued interests was approximately RMB102 million.

6. LAND USE RIGHTS

The Company's land use rights are related to the payment to acquire three land use rights, the first one is at total cost of approximately RMB68 million for approximately 17,000 square meters of land in Shanghai, on which the Group has built an information and technology center. The second one was acquired at RMB49 million for approximately 19,500 square meters of land in Nantong, which was put into use in May 2010. The third one was RMB10 million for approximately 9,000 square meters of land in Chengdu, on which the Group has built an information and technology center of West China. According to land use right policy in the PRC, the Company has a 50-year use right over the land in Shanghai, a 40-year use right over the land in Nantong, and a 50-year use right over the land in Chengdu, which are used as the basis for amortization, respectively. Amortization expense for the years ended December 31, 2014, 2015 and 2016 was approximately RMB3 million, RMB2 million and RMB3 million, respectively. As of December 31, 2015 and 2016, the net book value was RMB102,328,181 and RMB99,544,772 respectively.

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7. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software and its related accumulated depreciation and amortization as of December 31, 2015 and 2016 were as follows:

	<u>2015</u>	<u>2016</u>
	RMB	RMB
Buildings	5,048,349,531	5,148,644,010
Computer equipment	534,734,639	731,530,644
Website-related equipment	377,457,565	536,705,335
Furniture and fixtures	125,609,830	178,703,320
Software	101,444,245	124,082,233
Leasehold improvements	129,401,013	115,997,785
Construction in progress	11,231,274	10,056,257
Less: accumulated depreciation and amortization	(772,268,598)	(1,253,759,503)
Total net book value	<u>5,555,959,499</u>	<u>5,591,960,081</u>

Depreciation expense for the years ended December 31, 2014, 2015 and 2016 was RMB174 million, RMB256 million and RMB461 million, respectively.

8. INVESTMENTS

The Company's long-term investments are consisted of the follows:

	<u>2015</u>	<u>2016</u>
	RMB	RMB
Held to maturity investment		
Long-term time deposit	1,020,425,292	1,059,812,729
Available-for-sale investments-measured at fair value		
China Eastern Airlines	—	3,293,478,259
Tujia	2,876,749,196	3,081,585,780
Hanting	1,116,231,309	1,984,037,413
eLong	—	1,877,945,423
LY.com	1,745,309,616	1,523,436,120
MakeMyTrip	—	1,519,309,068
eHi	793,869,127	612,309,518
Tuniu	430,659,093	252,746,139
Easy Go	527,301,676	228,317,887
Others	316,742,816	94,311,000
Equity method investments		
BTG	—	2,498,763,234
eLong	2,632,145,397	235,138,072
Homeinns	961,773,378	—
Investment funds	261,520,937	616,160,937
Others	199,527,495	764,137,539
Others-cost method investments	988,268,166	891,333,247
Total net book value	<u>13,870,523,498</u>	<u>20,532,822,365</u>

Held to maturity investment

In September 2015, the Company placed a three-year time deposit of RMB 1 billion to a domestic bank with fixed interest rate of 3.90% per annum.

Available-for-sale investments

China Eastern Airlines Limited ("China Eastern Airlines")

In April 2016, the Company purchased 466 million ordinary share of China Eastern Airlines with the total consideration of RMB 3 billion which represented around 3% equity interest of China Eastern Airlines. China Eastern Airlines is listed on the New York, Hong Kong and Shanghai stock exchange. The shares of China Eastern Airlines that the Company purchased are traded at Shanghai Stock Exchange. The Company does not have the ability to exercise significant influence over China Eastern Airlines. The investment in China Eastern Airlines is therefore classified as available-for-sale investment. As of December 31, 2016, the closing price of China Eastern Airlines A shares was RMB 7.07 per share. The Company re-measured the investment at a fair value of RMB 3.3 billion with RMB 293 million unrealized gain recorded in other comprehensive income.

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Tujia

Tujia used to be a consolidated subsidiary of the Company. In July 2015, after a private placement of Tujia, the equity interest of the Company in Tujia was diluted to 45% and the Company was no longer entitled to appoint the majority of the board of directors of Tujia. As a result, the Company lost the control in Tujia and the financial position and results of operations of Tujia were therefore deconsolidated. A gain of RMB 2.3 billion (approximately US\$ 350 million) was recognized in the Other income/ (expense) (Note 2) in connection with the deconsolidation of Tujia when the investment in Tujia was re-measured at its fair value of RMB 2.8 billion which was determined by management with the assistance of an independent appraisal using Level 3 inputs. As of December 31, 2016, the Company held 101,498,094 convertible and redeemable preferred shares of Tujia. The convertible and redeemable preferred shares that the Company subscribed from Tujia are not in substance common stocks and are classified as available-for-sale investment.

Hanting

As a result of a series of investments on Hanting in 2010, the Company holds 22,049,446 shares of Hanting, representing approximately 9% of Hanting's total outstanding shares with the aggregated investment cost of US\$67.5 million (approximately RMB0.5 billion). The Company does not have the ability to exercise significant influence and the investment in Hanting is classified as available-for-sale investment. As of December 31 2016, the closing price of Hanting was US\$51.84 per ADS. The Company re-measured the investment in Hanting at a fair value of RMB2.0 billion (approximately US\$286 million), with RMB1.5 billion unrealized gain recorded in other comprehensive income.

LY.com

In April, 2014, the Company purchased a minority stake of LY.com with a cash consideration of approximately RMB1.4 billion. According to the purchase agreement and shareholders arrangement, the investment on LY.com is considered not in substance common stock and is classified as available-for-sale investments. As of December 31 2016, the Company re-measured the investment in LY.com at a fair value of RMB1.5 billion (approximately US\$219 million), with RMB0.1 billion unrealized gain recorded in other comprehensive income.

MakeMyTrip

In January, 2016, the Company made an investment of US\$180 million (approximately RMB1.2 billion) in MakeMyTrip Limited ("MakeMyTrip"), an Indian online travel company to purchase its newly issued convertible bonds. In October 2016, the Company converted the convertible bonds into 9,857,028 ordinary shares of MakeMyTrip which represented approximately 10% equity interest in MakeMyTrip and appointed 1 out of 10 board seats of MakeMyTrip. The Company does not have the ability to exercise significant influence and the investment in MakeMyTrip is therefore classified as available-for-sale investment. As of December 31 2016, the closing price of MakeMyTrip was US\$22.2 per share, the Company remeasured the investment in MakeMyTrip at a fair value of RMB1.5 billion (approximately US\$219 million), with RMB0.3 billion unrealized gain recorded in other comprehensive income.

eHi

As a result of a series of investments on eHi since 2013, the Company has held an aggregate equity interest of approximately 14% of eHi's total outstanding share and 19.6% of eHi's voting power as of December 31, 2016 with the aggregated investment cost of US\$107 million (approximately RMB0.7 billion). The Company does not have the ability to exercise significant influence and the investment in eHi is classified as available-for-sale investment. As of December 31, 2016, the closing price of eHi was US\$9.06 per ADS. The Company remeasured the investment in eHi at a fair value of RMB612 million (approximately US\$88 million), with RMB0.1 billion unrealized loss recorded in other comprehensive income.

Tuniu

The Company held an aggregate equity interest of approximately 4% of Tuniu as of December 31, 2016 with the aggregated investment cost of US\$ 50 million (approximately RMB0.3 billion). The Company does not have the ability to exercise significant influence and the investment in Tuniu is classified as available-for-sale investment. As of December 31 2016, the closing price of Tuniu was US\$8.75 per ADS. The Company remeasured the investment in Tuniu at a fair value of RMB253 million (approximately US\$36 million), with RMB94 million unrealized loss recorded in other comprehensive income.

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Easy Go

In December 2013 and August 2014, the Company subscribed Easy Go's Series B and Series C convertible preferred shares with a total consideration of US\$53 million (approximately RMB 324 million). The convertible preferred shares that the Company subscribed from Easy Go are not in substance common stocks and are classified as available-for-sale investment.

In February 2016, the Company consummated a transaction to sell approximately 6 million Easy Go's convertible and redeemable preferred shares to a third party institution for a total consideration of US\$49 million (approximately RMB317 million) which resulted in a gain of US\$23 million (approximately RMB135 million) recycled from the other comprehensive income and reported in "Other income/ (expense)" (Note 2). As of December 31, 2016, the Company remeasured the investment in Easy Go at a fair value of RMB228 million (approximately US\$33 million), with RMB 44 million unrealized gain recorded in other comprehensive income.

Other-than-temporary impairment

The Company monitors its investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the investees including current earnings trends and other company-specific information. In 2014 and 2016, the Company recorded the other than temporary investment impairment of RMB33 million and RMB48 million in "Other income/ (expense)", respectively, for other an available-for-sale investment (RMB 33 million in 2014 and RMB 36 million in 2016) and cost method investments (RMB 12 million in 2016) based on the difference of its fair value and cost. There was no other-than-temporary impairment charge incurred in 2015.

Equity method investments

Homeinns Hotel Group ("Homeinns") and BTG Hotels (Group) Co., Ltd., ("BTG")

The Company used to hold an aggregate equity interest of approximately 15% of the outstanding shares of Homeinns (or 14,400,765 shares). Given the level of investment and the common directors on board of directors of both the Company and Homeinns, the Company applied equity method of accounting to account for the investment in Homeinns.

In December 2016, the Company consummated the share exchange transaction with BTG, a PRC company listed on the Shanghai Stock Exchange and is principally engaged in the management of hotels and tourism destinations. The Company exchanged its 15% equity interest in Homeinns in consideration for 104,901,899 ordinary shares of BTG with an exchange date fair value of RMB 2.5 billion. The share exchange was accounted for as the disposal of the Company's investment in Homeinns and a gain with amount of RMB 1,369 million was recognized and reported in "Equity in income/(loss) of affiliates" in the statement of income and comprehensive income. In 2016, the total equity in income from Homeinns investment, including exchange gain and equity share of net income of Homeinns in 2016 before its disposal was RMB 1,409 million. After the transaction, the Company holds approximately 22% of BTG's total outstanding shares and is entitled to appoint 1 out of 11 board of directors of BTG. The Company believes it has significant influence over BTG and therefore applied equity method to account for the investment in BTG on one quarter lag basis since the financial statements of BTG were not available within a sufficient time period.

Qunar

As disclosed in Note 2 "Acquisition", the Company started to consolidate the financial statements of Qunar from December 31, 2015. Between October and December of 2015, the previously held equity interest of Qunar from the exchange transaction with Baidu was accounted for using equity method.

In 2015, the Company recognized the share of cumulative loss of Qunar with amount of RMB 2.4 billion, which primarily included the share based compensation charges recognized by Qunar during the period, The Company subsequently recognized a gain from the re-measurement of aforementioned previously held 48% equity interest of Qunar to its fair value on December 10, 2015, the date of the business combination with amount of RMB 2.4 billion, which included currency translation impact of RMB 0.4 billion. The Company reported such amount in equity in income/(loss) on affiliates, the same line item of the statement of income and comprehensive income in which the equity pick-up of Qunar's results of operations is presented.

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eLong

In May 2015, the Company entered into a share purchase agreement with certain selling shareholders, including Expedia, Inc. (“Expedia”), to acquire approximately 38% share capital of eLong, Inc. (“eLong”). The total consideration was approximately USD422 million. The Company has one out of eight board seats of eLong. The Company applies the equity method to account for the investment starting June 2015.

In May 2016, in connection with a consummated “going-private” transaction of eLong, eLong was reorganized and became the wholly owned subsidiary of E-dragon Holdings Limited (“E-dragon”) (“Reorganization”). All the ordinary shares and high-vote ordinary shares of eLong previously held by the Company and accounted for under equity method were converted into the ordinary shares and preferred shares of E-dragon respectively. The Company disposed its previously held investment in eLong at its carrying value and recognized the ordinary shares and preferred shares of E-dragon it obtained at their respective fair value on the date of transfer. The Company determined that the fair value of the ordinary shares and preferred shares of E-dragon approximated to the carrying value of its investment in eLong.

After the transaction, the Company applies equity method of accounting for its investment in E-dragon’s ordinary shares, it acquired on the date of transfer, on one quarter lag basis since the financial statements of E-dragon were not available within a sufficient time period. The preferred shares of E-dragon that the Company holds are redeemable and convertible and hence not considered as in substance common stocks and are classified as available-for-sale debt security.

The carrying amount and unrealized securities holding loss for investment in eLong during the year was as follows:

	2015	2016	
	RMB	Before the Reorganization RMB	After the Reorganization RMB
Investment cost	2,615,954,303	2,732,852,735	2,545,486,916
Transfer out to Available-for-sale investments	—	—	(1,778,322,045)
Foreign currency translation	116,898,432	70,917,988	33,536,784
Total investment cost	<u>2,732,852,735</u>	<u>2,803,770,723</u>	<u>800,701,655</u>
Value booked under equity method			
Share of cumulative loss	(98,560,550)	(255,175,523)	(563,698,613)
Amortization of outside difference, net of tax	(2,146,788)	(3,108,284)	(1,864,970)
Total booked value under equity method.	<u>(100,707,338)</u>	<u>(258,283,807)</u>	<u>(565,563,583)</u>
Net book value	<u>2,632,145,397</u>	<u>2,545,486,916</u>	<u>235,138,072</u>

In 2016, out of the net loss of eLong of RMB 1,635 million, the Company recognized the loss, including the equity pick-up of RMB 722 million and dilution impact of RMB 1 million in “Equity in income/(loss) of affiliates” of the Comprehensive income statement.

Investment funds

In 2015 and 2016, the Company made some investments in several third party investment funds as their limited partners. The Company believes it has significant influence over these investment funds as a result of its involvement of the investment committee and participating in significant investment decisions, and therefore accounted for these investments under equity methods on one quarter lag basis. In 2015 and 2016, the share of cumulative losses of these investment funds was amounted to nil and Rmb 17 million.

The equity method loss from other equity method investments was RMB 77 million and RMB 67 million for 2015 and 2016, respectively.

Other than Qunar and eLong in 2015 and 2016 respectively, all other equity method investments are not considered individually material. And in an aggregate basis, the Company summarizes the condensed financial information of the Company’s equity investments as a group below in accordance with Rule 4-08 of Regulation S-X.

	2016		Year ended December 31, 2015		2014
	eLong	Other equity investments	Qunar	Other equity investments	Equity investments
Operating data:					
Revenue	1,895,409,404	5,917,850,003	841,814,520	7,069,224,177	6,667,675,419
Gross profit	997,644,227	4,785,282,088	537,240,212	1,581,396,551	1,280,767,842
Income from operations	(1,312,847,794)	155,471,096	(4,792,664,736)	(20,961,158)	646,012,004
Net income/(loss)	(1,635,384,928)	(62,190,299)	(4,917,200,749)	(189,461,030)	446,181,771
Net income/(loss) attributable to our equity method investments companies	(722,307,716)	(55,314,772)	(2,352,388,839)	(127,465,948)	66,427,909
Add: Equity dilution impact	(832,336)	11,027,933	—	(8,314,364)	20,577,432
Add: Gain/(loss) from disposal of equity investments, including the remeasurement gain/(loss) from previously held equity investments in step acquisitions	—	1,369,310,070	2,352,388,839	—	100,185,800
Equity in income/(loss) of affiliates	(723,140,052)	1,325,023,231	—	(135,780,312)	187,191,141

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	2016		As of December 31, 2015		2014
Balance sheet data:					
Current assets	1,978,681,514	3,353,714,017	9,433,080,372	4,091,410,052	1,383,806,709
Long-term assets	454,710,971	17,298,415,142	1,072,464,782	10,102,034,376	9,377,157,121
Current liabilities.	1,687,293,575	11,595,906,780	10,442,341,153	4,043,523,264	1,771,565,291
Long-term liabilities.	15,970,032	1,650,938,946	93,019,969	466,730,372	3,549,170,630
Non-controlling interests.	15,512,748	1,944,540,518	5,282,358	76,928,317	15,188,000

Other-Cost method investments

The available-for-sale equity securities without readily determinable fair value are measured at cost. The carrying value of cost method investments was RMB 1 billion and RMB 0.9 billion as of December 31, 2015 and 2016 respectively. None of the investments individually is considered as material to the Group's financial position.

In February 2016, the Company consummated a transaction to sell all its held 4% equity interest of Keystone, which was accounted for under cost method with the carrying value of RMB 167 million, to a third party institution for a total consideration of US\$48 million (approximately RMB 316 million) which resulted in a gain of RMB 149 million as reported in "Other income/(expense)" (Note 2).

9. FAIR VALUE MEASUREMENT

In accordance with ASC 820-10, the Company measures financial products, time deposits and available-for-sale investments at fair value on a recurring basis. Available-for-sale investments classified within Level 1 are valued using quoted market prices that currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) and Shanghai Stock Exchange (SSE). Financial products and time deposits classified within Level 2 are valued using directly or indirectly observable inputs in the market place. The available-for-sale investments classified within Level 3 are valued based on a model utilizing unobservable inputs which require significant management judgment and estimation.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement at December 31, 2015 Using			Fair Value at December 31, 2015	
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)	RMB	US\$
	RMB	RMB	RMB		
Financial products	—	7,937,009,389	—	7,937,009,389	1,225,263,112
Time deposits	—	1,153,526,819	—	1,153,526,819	178,073,855
<i>Available-for-sale investments</i>					
Tujia	—	—	2,876,749,196	2,876,749,196	444,093,550
LY.com	—	—	1,745,309,616	1,745,309,616	269,429,377
Hanting	1,116,231,309	—	—	1,116,231,309	172,316,421
eHi	793,869,127	—	—	793,869,127	122,552,275
Easy Go	—	—	527,301,676	527,301,676	81,401,352
Tuniu	430,659,093	—	—	430,659,093	66,482,308
Others	—	—	316,742,816	316,742,816	48,896,665
Total	<u>2,340,759,529</u>	<u>9,090,536,208</u>	<u>5,466,103,304</u>	<u>16,897,399,041</u>	<u>2,608,508,915</u>

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Fair Value Measurement at December 31, 2016 Using					
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)	Fair Value at December 31, 2016	
	RMB	RMB	RMB	RMB	US\$
Financial products	—	8,414,292,445	—	8,414,292,445	1,211,910,189
Time deposits	—	6,758,382,572	—	6,758,382,572	973,409,560
<i>Available-for-sale investments</i>					
China Eastern Airlines	3,293,478,259	—	—	3,293,478,259	474,359,536
Tujia	—	—	3,081,585,780	3,081,585,780	443,840,671
Hanting	1,984,037,413	—	—	1,984,037,413	285,760,826
eLong	—	—	1,877,945,423	1,877,945,423	270,480,401
LY.com	—	—	1,523,436,120	1,523,436,120	219,420,441
MakeMyTrip	1,519,309,068	—	—	1,519,309,068	218,826,022
eHi	612,309,518	—	—	612,309,518	88,190,914
Tuniu	252,746,139	—	—	252,746,139	36,403,016
Easy Go	—	—	228,317,887	228,317,887	32,884,616
Others	—	—	94,311,000	94,311,000	13,583,609
Total	<u>7,661,880,397</u>	<u>15,172,675,017</u>	<u>6,805,596,210</u>	<u>29,640,151,624</u>	<u>4,269,069,801</u>

The roll forward of major Level 3 investments are as following:

	Tujia RMB	eLong RMB	LY.com RMB	Easy Go RMB	Others RMB
Fair value of Level 3 investment as at December 31, 2014	—	—	1,547,844,523	627,905,501	207,514,062
Transfer in and/or out of Level 3	2,784,302,479	—	—	—	94,928,814
Effect of exchange rate change	53,534,169	—	—	13,372,961	7,103,210
The change in fair value of the investment	38,912,548	—	197,465,093	(113,976,786)	7,196,730
Fair value of Level 3 investment as at December 31, 2015	<u>2,876,749,196</u>	<u>—</u>	<u>1,745,309,616</u>	<u>527,301,676</u>	<u>316,742,816</u>
Transfer in and/or out of Level 3	—	1,778,322,045	—	—	(190,921,630)
Disposal of investment	—	—	—	(317,261,674)	—
Effect of exchange rate change	203,797,833	98,468,430	—	18,277,885	4,847,716
Other than temporary impairment	—	—	—	—	(36,357,902)
The change in fair value of the investment	1,038,751	1,154,948	(221,873,496)	—	—
Fair value of Level 3 investment as at December 31, 2016	<u>3,081,585,780</u>	<u>1,877,945,423</u>	<u>1,523,436,120</u>	<u>228,317,887</u>	<u>94,311,000</u>
Fair value of Level 3 investments as at December 31, 2016 (US\$)	<u>443,840,671</u>	<u>270,480,401</u>	<u>219,420,441</u>	<u>32,884,616</u>	<u>13,583,609</u>

The Company determined the fair value of their investment by using an income approach concluding on the overall investee's equity value and allocating this value to the various classes of preferred and common shares by using an option-pricing method. The determination of the fair value was assisted by independent appraisals, based on estimates, judgments and information of other comparable public companies. The significant unobservable inputs used in the valuation are as following:

Unobservable Input	Tujia	eLong	LY.com	Easy Go
Weighted average cost of capital	18%	14.5%	17%	28%
Terminal growth rate	3%	3%	3%	3%
Lack of marketability discount	20%	18%	15%	20%
Time to liquidation	2.8 years	5 years	3 years	2 years
Risk-free rate	3.5%	1.93%	2.74%	1.27%
Expected volatility	42%	46.1%	46%	45.2%
Probability	Liquidation scenario: 30% Redemption scenario: 30% IPO scenario: 40%	Liquidation scenario: 30% Redemption scenario: 30% IPO scenario: 40%	Liquidation scenario: 70% IPO scenario: 30%	Liquidation scenario: 60% IPO scenario: 40%
Dividend yield	Nil	Nil	Nil	Nil

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10. GOODWILL

Goodwill, which is not tax deductible, represents the synergy effects of the business combinations. The changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2016 were as follows:

	<u>2015</u> RMB	<u>2016</u> RMB
Balance at beginning of year	1,892,507,708	45,690,440,903
Acquisition of Skyscanner (Note 2-“Acquisitions”)	—	9,583,716,450
Acquisition of Qunar (Note 2-“Acquisitions”)	42,980,923,491	582,240,644
Acquisition of Travelfusion (Note 2-“Acquisitions”)	687,633,024	—
Acquisition of an offline travel agency in 2014 and measurement period adjustment in 2015 (Note 2-“Acquisitions”)	945,561	—
Acquisition of a technology company focusing on hotel customer reviews in 2014 and measurement period adjustment in 2015 (Note 2-“Acquisitions”)	(33,564,000)	—
Others	161,995,119	158,787,593
Balance at end of period	<u>45,690,440,903</u>	<u>56,015,185,590</u>

Goodwill arose from the business combinations completed in the years ended December 31, 2016 has been allocated to the single reporting unit of the Group. For the years ended December 31, 2014, 2015 and 2016, the Company did not have goodwill impairment. As of December 31, 2016, there had not been any accumulated goodwill impairment provided.

11. INTANGIBLE ASSETS

Intangible assets as of December 31, 2015 and 2016 were as follows:

	<u>2015</u> RMB	<u>2016</u> RMB
Intangible asset		
Intangible assets to be amortized		
Business Relationship (Representing the relationship with the travel service providers and other business partners)	878,529,857	1,815,034,491
Technology	447,515,717	696,499,639
Customer relationship	96,942,578	101,042,578
Non-compete agreements	11,479,610	11,479,610
Cross-border travel agency license	1,117,277	1,117,277
Others	17,990,000	17,990,000
Intangible assets not subject to amortization		
Trade mark	9,631,703,672	11,613,475,256
Others	21,936,321	22,140,607
	<u>11,107,215,032</u>	<u>14,278,779,458</u>
Less: accumulated amortization		
Intangible assets to be amortized		
Business Relationship	(34,848,999)	(175,130,119)
Technology	(15,566,396)	(110,511,387)
Customer relationship	(31,250,912)	(49,086,468)
Non-compete agreements	(11,479,610)	(11,479,610)
Cross-border travel agency license	(1,117,277)	(1,117,277)
Others	(5,036,667)	(6,684,666)
	<u>(99,299,861)</u>	<u>(354,009,527)</u>
Net book value		
Intangible assets to be amortized		
Business Relationship	843,680,858	1,639,904,372
Technology	431,949,321	585,988,252
Customer relationship	65,691,666	51,956,110
Non-compete agreements	—	—
Cross-border travel agency license	—	—
Others	12,953,333	11,305,334
Intangible assets not subject to amortization		
Trade mark	9,631,703,672	11,613,475,256
Others	21,936,321	22,140,607
	<u>11,007,915,171</u>	<u>13,924,769,931</u>

Finite-lived intangible assets are tested for impairment if impairment indicators arise. The Company amortizes its finite-lived intangible assets using the straight-line method:

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Customer relationship	3-10 years
Business Relationship	5-10 years
Technology	5-6 years
Non-compete agreements	5 years
Cross-border travel agency license	8 years

Amortization expense for the years ended December 31, 2014, 2015 and 2016 was approximately RMB5 million, RMB58 million and RMB 255 million respectively.

The annual estimated amortization expense for intangible assets subject to amortization for the five succeeding years is as follows:

	<u>Amortization</u> RMB
2017	386,006,256
2018	385,701,422
2019	379,498,256
2020	362,549,757
2021	205,505,894
	<u>1,719,261,585</u>

12. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	<u>2015</u> RMB	<u>2016</u> RMB
Short-term bank borrowings	4,544,819,828	6,668,284,614
2017 Convertible Senior Notes Due 2017 (Note 17)	324,796,892	170,867,230
2018 Convertible Senior Notes Due 2018 (Note 17)	5,182,240,000	—
Qunar CB	2,658,356,678	—
Other short-term debt	—	48,157,745
Total	<u>12,710,213,398</u>	<u>6,887,309,589</u>

As of December 31, 2016, the Group obtained one borrowing of RMB391 million (US\$56.3 million) collateralized by bank deposit of RMB200 million classified as restricted cash. The annual interest rate of borrowing is approximately 1.7%.

As of December 31, 2016, the Group obtained one borrowing of RMB378 million (US\$54.5 million) collateralized by short term investment of RMB400 million. The annual interest rate of borrowings is approximately 1.7%.

As of December 31, 2016, the Group obtained three borrowings of RMB868 million (US\$125 million) in aggregate collateralized by bank deposits of RMB60 million classified as restricted cash. The annual interest rate of borrowings is approximately from 1.6% to 2.0%.

As of December 31, 2016, the Group obtained four borrowings of RMB1.1 billion (US\$152 million) in aggregate collateralized by short-term investment of RMB580 million. The annual interest rate of borrowings is approximately 1.4%.

As of December 31, 2016, the Group obtained four borrowings of RMB250 million (US\$36 million) in aggregate collateralized by bank deposits of RMB250 million classified as restricted cash. The annual interest rate of borrowings is approximately from 3.9% to 5.1%.

As of December 31, 2016, the Group obtained twenty borrowings of RMB3.7 billion (US\$531.5 million) in aggregate. The annual interest rate of borrowings is approximately from 3.1% to 4.4%.

As of December 31, 2016, the Group obtained five borrowings of RMB36.3 million (EUR5.0 million) in aggregate. The annual interest rate of borrowings is approximately from 2.3% to 2.9%.

The short-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger and sale of the Company's assets. The Company is in compliance with all of the loan covenants as of December 31, 2015 and 2016.

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In June 2015, Qunar issued US\$ 500 million, 2% interest rate convertible senior notes due 2021 (the “Qunar CB”) to several institutional investors (the “CB Holders”). The Qunar CB included a Make-Whole provision, where the CB Holders were granted a right to convert the Qunar CB into Qunar’s ADS at an increased conversion rate (the “Make-Whole Rate”) or request redemption at an equivalent dollar amount in the event of certain fundamental changes of Qunar, including change in shareholding over 10%. In October 2015, Ctrip obtained 45% equity interest of Qunar from Baidu which triggered the Make-Whole provision. In December 2015, Ctrip entered into agreements with the CB Holders to settle all the outstanding Qunar CB at a consideration equal to the value of Qunar ADS as if were converted at the Make-Whole Rate. The total consideration included US\$ 314 million (Rmb 2,033 million) in cash and 1,044,805 ordinary shares of Ctrip with the aggregated amount of RMB4.5 billion. Such liability of Qunar CB is considered as assumed liability by the Company for Qunar and was charged in pre-acquisition of Qunar. This Make-Whole provision is included in other payables and accruals. The settlement was paid in January 2016.

As of December 31, 2015 and 2016, RMB 325 million (US\$50 million) and RMB 171 million of 2017 Notes is classified as short-term debt to present that the 2017 Notes may be redeemed or mature within one year. As of December 31, 2015, RMB 5.2 billion (US\$800 million) of 2018 Notes was reclassified as short-term debt because the 2018 Notes holders had a non-contingent option to require the Company to repurchase for cash all or any portion of their 2018 Notes on October 15, 2016. The holders did not exercise that option and it expired and the 2018 Notes were reclassified to non-current at December 31, 2016 as they do not mature until 2018.

13. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended December 31, 2014, 2015 and 2016 significant related party transactions were as follows:

	2014	2015	2016
	RMB	RMB	RMB
Commissions from eLong (a)	—	7,191,870	261,139,916
Commissions from Homeinns (a)	38,139,325	34,556,539	66,921,837
Commissions from Hanting (a)	19,234,632	17,740,390	44,094,542
Commissions from Tujia (a)	—	5,967,489	6,023,389
Entrusted loan and interest to a technology company focusing on hotel customer reviews (b)	694,577	—	—
Repayment of entrusted loan and interest from Baidu (c)	—	—	652,299,803
Shareholders’ loan and interest to Skyseas (d)	505,955,950	15,826,363	73,399,675
Commissions to eLong (e)	—	9,532,316	85,780,819
Commissions to LY.com (e)	76,093,733	75,297,659	62,150,144
Commissions to Baidu (e)	—	—	96,056,853
Online marketing service from Baidu (f)	—	89,244,042	110,064,311
Online marketing service from Hanting (f)	—	—	13,000,000
Repayment of entrusted loan and interest to Baidu (g)	—	—	1,837,384,234
Purchase of tour package from Ananda Travel Service (Aust.) Pty Limited (“Ananda”) (h)	27,197,283	11,351,388	12,714,298

- (a) Homeinns, Hanting, eLong and Tujia, have entered into agreements with the Company, respectively, to provide hotel rooms for our customers. The transactions above represent the commissions earned from these related parties.
- (b) In September 2013, the Company entered into agreements with a technology company focusing on hotel customer reviews to provide entrusted loan of RMB13 million. The entrusted loan has a one-year maturity period. The balance of entrusted loan together with the interest to the technology company focusing on hotel customer reviews for the year ended December 31, 2014 is presented as above.
- (c) On October 27, 2015, Qunar granted a loan amounting to RMB650 million (US\$100 million) to Baidu. The loan bore an interest at 1.00% with a repayment term of 12 months. Qunar received the repayment in March, 2016.
- (d) In 2014, the Company provided a shareholder’s loan of US\$80 million to Skyseas. The interest rate is 3% per annum currently and shall be subject to annual review and adjustment with mutual consent. The loan is guaranteed by a vessel mortgage and shall be paid back by installments through 2020. The balance of the loan together with the interest for the year ended December 31, 2014 and the interest for the year ended December 31, 2015 and 2016 are presented as above.
- (e) The Company entered into agreements to provide hotel rooms to eLong, LY.com and Baidu. The transactions above represent the commissions paid to these related parties.
- (f) The Company has entered into marketing service agreements with Baidu and Hanting. The transactions above represent the marketing service fee paid to these related parties.

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- (g) On March 12 and May 4, 2015, Qunar drew down RMB507 million and RMB627 million respectively pursuant to the revolving credit facility agreement with Baidu. In March 2016, Qunar repaid these loans and the facility agreement was terminated. In addition, on October 26, 2015, Qunar was granted a loan amounting to RMB640 million (US\$99 million) from Baidu Times. The loan bore an interest at 4.14% with a repayment term of 12 months. Qunar repaid the loan in March, 2016.
- (h) The Company's tour package supplier, Ananda is an affiliate of Wing On Travel. Tour package purchase from Ananda for the years ended December 31, 2014, 2015 and 2016 is presented as above.

As of December 31, 2015 and 2016, significant balances with related parties were as follows:

	<u>2015</u>	<u>2016</u>
	RMB	RMB
Due from related parties, current:		
Due from Baidu (a)	788,860,421	408,834,667
Due from eLong	34,515,489	132,381,883
Due from Skyseas	56,727,885	132,035,460
Due from LY.com	33,051,263	96,308,665
Due from others	48,636,400	18,043,311
	<u>961,791,458</u>	<u>787,603,986</u>
Due from related parties, non-current:		
Due from Skyseas	<u>543,911,586</u>	<u>599,913,241</u>
Due to related parties, current:		
Due to eLong	165,436,171	506,461,015
Due to Baidu(a)	1,891,209,753	293,579,066
Due to others	6,320,029	37,381,264
	<u>2,062,965,953</u>	<u>837,421,345</u>

- (a) On June 1, 2015, Qunar and Baidu entered into a business cooperation agreement, under which Baidu agreed to grant Qunar an exclusive right to integrate its hotel information and products into the personal computer and mobile versions of Baidu Maps. Qunar will display location-based hotel data through the Baidu Maps interface. Users can click on the displayed hotels to view hotels and to complete bookings. Qunar pays Baidu service commission at a certain percentage of gross revenue Qunar earns in exchange for the services provided by Baidu. As of December 31, 2015 and December 31, 2016, the outstanding balance related to business cooperation agreement amounted to RMB 138 million and RMB 409 million respectively.

On February 27, 2014, Qunar obtained a revolving credit facility of US\$300,000,000 from Baidu. The three-year credit facility bore no commitment fee. Any drawdown bore interest at a rate of 90% of the benchmark lending rate published by the People's Bank of China and shall be repaid within three years from the drawdown date. Qunar was allowed to repay its outstanding debt obligation at maturity either by cash or by issuance of Class B shares. The applicable share conversion price will be determined by the prevailing share price at the maturity date. On March 12 and May 4, 2015, Qunar drew down RMB507 million (US\$78 million) and RMB627 million (US\$97 million) respectively from the credit facility. In March 2016, Qunar repaid these loans and the facility agreement was terminated. The repayment was reported in "Repayment of loans due to related parties" in the statement of cash flow.

On October 27, 2015, Qunar granted a loan amounting to RMB650 million (US\$100 million) to Baidu. The loan bore an interest at 1.00% with a repayment term of 12 months. As of December 31, 2015, the outstanding entrusted loan and interest to Baidu amounted to RMB 651 million. Qunar received the repayment in March, 2016. In connection with the loan granted to Baidu, Qunar was granted a loan amounting to RMB640 million (US\$99 million) from Baidu Times. The loan bore an interest at 4.14% with a repayment term of 12 months. Qunar repaid the loan in March, 2016. The Company had evaluated both substance and form of these loans arrangements with Baidu. Given that the loan granted to Baidu is solely for the consideration the currency access to RMB and is also dependent on the receipt of the loan provided by Baidu, and also taking into account of the significant net cash in flow as a result of all the loans arrangements with Baidu during the periods, the Company believes these arrangements have the primary purpose and intent in common to finance Qunar and therefore are reported as financing activities in the statement of cash flow on a gross basis according to the forms of the arrangements.

14. EMPLOYEE BENEFITS

The Group's employee benefit primarily related to the full-time employees of the PRC subsidiaries and the VIEs, including medical care, welfare subsidies, unemployment insurance and pension benefits. The PRC subsidiaries and VIEs are required to accrue for these benefits based on certain percentages of the employees' salaries in accordance with the relevant PRC regulations and make contributions to the state-sponsored pension and medical plans out of the amounts accrued for medical and pension benefits. The PRC government is responsible for the medical benefits and ultimate pension liability to these employees. The total expenses recorded for such employee benefits amounted to RMB725 million, RMB961 million and RMB 1.4 billion for the years ended December 31, 2014, 2015 and 2016 respectively.

15. TAXATION

Cayman Islands

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

The Company's subsidiaries incorporated in the Hong Kong are subject to Hong Kong Profits Tax ("CIT") on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong.

Taiwan

The Company's consolidated entities registered in the Taiwan are subject to Taiwan Enterprise Income Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Taiwan income tax laws. The applicable tax rate is 17% in Taiwan.

The PRC

The Company's subsidiaries and VIEs registered in the PRC are subject to PRC Corporate Income Tax ("CIT") on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant PRC income tax laws.

The PRC CIT laws apply a general enterprise income tax rate of 25% to both foreign-invested enterprises and domestic enterprises. Preferential tax treatments are granted to enterprises, which conduct business in certain encouraged sectors and to enterprises otherwise classified as a High and New Technology Enterprise ("HNTE"). Being qualified as HNTE, Ctrip Computer Technology, Ctrip Travel Information, Ctrip Travel Network, Qunar Software and Qunar Beijing are entitled to a preferential EIT rate of 15% from 2014 to 2016 and are in the process of renewing the qualifications for HNTEs for another three years, JointWisdom is entitled to a preferential EIT rate of 15% from 2015 to 2017.

Over the years since 2012, Chengdu Ctrip, Chengdu Ctrip International and Chengdu Information obtained approval from local tax authorities to apply the 15% preferential tax rate as qualified as Enterprises falling within the Catalog of Encouraged Industries in the Western Region ("Old Catalog"). In 2014, a new Catalog of Encouraged Industries in the Western Region ("New Catalog") has been released. Under the "New Catalog", the subsidiaries obtained approval from local tax authorities to apply the 15% preferential rate from 2011 to 2020.

Pursuant to the PRC CIT Law, all foreign invested enterprises in the PRC are subject to the withholding tax for their earnings generated after January 1, 2008. The Company expects to indefinitely reinvest undistributed earnings generated after January 1, 2008 in the onshore PRC entities. As a result, no deferred tax liability was provided on the outside basis difference from undistributed earnings after January 1, 2008.

Income/(loss) from domestic and foreign components before income tax expenses

	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Domestic	627,725,908	1,873,383,988	2,207,474,278
Foreign	(592,473,548)	1,131,979,994	(3,967,579,279)
Total	<u>35,252,360</u>	<u>3,005,363,982</u>	<u>(1,760,105,001)</u>

Composition of income tax expense

The current and deferred portion of income tax expense included in the consolidated statements of income for the years ended December 31, 2014, 2015 and 2016 were as follows:

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	2014	2015	2016
	RMB	RMB	RMB
Current income tax expense	228,395,153	383,723,730	454,533,605
Deferred tax (benefit)/expense	(97,573,997)	86,464,693	23,475,428
Income tax expense	<u>130,821,156</u>	<u>470,188,423</u>	<u>478,009,033</u>

Income tax expense was RMB478 million (US\$69 million) in the year ended December 31, 2016, increase from RMB470 million in the year ended 2015. The effective income tax rate in year ended December 31, 2016 was -27%, as compared to 16% in the year ended 2015, mainly due to the increase of non-deductible share-based compensation expenses in 2016.

Reconciliation of the differences between statutory tax rate and the effective tax rate

The reconciliation between the statutory CIT rate and the Group's effective tax rate for the years ended December 31, 2014, 2015 and 2016 were as follows:

	2014	2015	2016
Statutory CIT rate	25%	25%	25%
Tax differential from statutory rate applicable to subsidiaries with preferential tax rates	(375)%	(5)%	8%
Gain on deconsolidation of a subsidiary with a withholding tax rate of 10% versus the statutory CIT rate	—	(11)%	—
Non-deductible expenses incurred	480%	6%	(50)%
Change in valuation allowance	241%	1%	(10)%
Effective CIT rate	<u>371%</u>	<u>16%</u>	<u>(27)%</u>

The change in the Group's effective tax rates from year over year is primarily attributable to the tax differential from certain subsidiaries with preferential tax rates as well as the non-deductible expenses.

The non-deductible expenses are primarily attributable to the share based compensation charge of RMB 3.6 billion, which was not deductible according to the PRC tax laws. For the years ended December 31, 2014, 2015 and 2016, such non-deductible expense increased the income tax in the amount of RMB 124 million, RMB 161 million and RMB 890 million, respectively by using enacted tax rate of 25%, which led to the increase of effective tax rate of 352%, 5% and -51% respectively. The remaining impact from the non-deductible expenses comes from the other expenses incurred on the Company level which is also not subject to income tax.

The provisions for income taxes for the years ended December 31, 2014, 2015 and 2016 differ from the amounts computed by applying the CIT primarily due to preferential tax rate enjoyed by certain subsidiaries and VIEs of the Company as well as the gain on deconsolidation of a subsidiary which was subject to a lower withholding tax rate of 10%. The following table sets forth the effect of preferential tax on China operations:

	2014	2015	2016
	RMB	RMB	RMB
Tax holiday effect	85,036,934	162,896,542	177,799,057
Basic net income per ADS effect	0.62	1.08	0.38
Diluted net income per ADS effect	0.56	0.86	0.38

For the years ended December 31, 2014, 2015 and 2016, the impacts on effective tax rates from the Company's major subsidiaries with preferential tax rates are as follows:

	Impact on the effective tax rates		
	2014	2015	2016
Ctrip Computer Technology (Shanghai) Co., Ltd.	15%	(74)%	(1.4)%
Ctrip Travel Information Technology (Shanghai) Co., Ltd.	15%	(48)%	(0.4)%
Ctrip Travel Network Technology (Shanghai) Co., Ltd.	15%	(154)%	(3.0)%
Chengdu Ctrip Travel Agency Co., Ltd.	15%	(11)%	(0.2)%
Ctrip Hong Kong subsidiaries	16.5%	(88)%	(0.3)%
Qunar and subsidiaries	15%	—	(7)%
Total		(375)%	(5.3)%

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Significant components of deferred tax assets and liabilities:

	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>
Accrued expenses	109,784,998	149,205,615
Loss carry forward	78,771,363	159,747,175
Accrued liability for customer reward related programs	114,965,397	122,635,196
Accrued staff salary	110,263,508	55,228,349
Others	23,038,753	38,782,032
Less: Valuation allowance of deferred tax assets	(31,489,450)	(150,286,773)
Total deferred tax assets, non-current	<u>405,334,569</u>	<u>375,311,594</u>
Deferred tax liabilities, non-current:		
Recognition of intangible assets arise from business combinations	(3,045,259,390)	(3,607,882,808)
Net deferred tax assets/(liabilities)	<u>(2,639,924,821)</u>	<u>(3,232,571,214)</u>

Movement of valuation allowances:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Balance at beginning of year	86,735,795	183,449,500	31,489,450
Current year additions	96,713,705	31,590,648	118,797,323
Deconsolidation of Tujia	—	(183,550,698)	—
Balance at end of year	<u>183,449,500</u>	<u>31,489,450</u>	<u>150,286,773</u>

As of December 31, 2015 and 2016, valuation allowance of RMB31 million and RMB150 million was mainly provided for operating loss carry forwards related to certain subsidiary based on then assessment where it is more likely than not that such deferred tax assets will not be realized. If events were to occur in the future that would allow us to realize more of our deferred tax assets than the presently recorded net amount, an adjustment would be made to the deferred tax assets that would increase income for the period when those events occurred.

As of December 31, 2016, the Group had net operating tax loss carry forwards amounted to RMB678 million which will expire from 2017 to 2020 if not used.

Qunar, one of the Company's subsidiaries acts as an agent for its air travel facilitating services including aviation insurance policies (the "Aviation Insurance Arrangements"), presents revenues from such transactions on a net basis. Under the current PRC CIT Laws and regulations, Qunar's existing business arrangement more likely than not will subject Qunar to income taxes on a gross basis for the Aviation Insurance Arrangements. The difference between the net revenue and the gross revenue is considered as deemed revenue for additional income taxes. The associated income tax expense is calculated by applying the applicable tax rate to the deemed revenue amount and includes the late payment interest based on the applicable tax rules. Such liabilities primarily represent the tax provision made with respect to the deemed revenue from these transactions. It is possible that the amount accrued will change in the next 12 months, however, an estimate of the range of the possible change cannot be made at this time.

16. OTHER PAYABLES AND ACCRUALS

Components of other payables and accruals as of December 31, 2015 and 2016 were as follows:

	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>
Accrued operating expenses	1,385,818,397	1,549,809,298
Deposits received from suppliers and packaged-tour users	373,423,895	460,648,199
Due to employees for stock option proceeds received on their behalf	88,083,814	250,831,976
Payable for acquisition	125,377,844	157,004,868
Deposit for special bonus program (a)	92,206,022	168,404,481
Interest payable	84,604,548	103,016,365
Accruals for property and equipment	53,582,762	22,855,856
Deferred revenue	18,235,219	12,664,375
Advances received for a potential investment disposal	—	17,665,162
Payable for Qunar CB holders (b)	1,233,185,395	—
Others	106,649,754	106,920,667
Total	<u>3,561,167,650</u>	<u>2,849,821,247</u>

(a) In September, 2014, the Company established a special bonus program. Under this program, the Company provides the bonus units to the selected employees and the employees are required to provide deposit to participate such program. The bonus is calculated based on certain agreed-upon performance merits and is paid together with the deposit. As of December 31, 2016, the Company recognized the employees deposit of RMB168 million in other payable.

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(b) In June 2015, Qunar issued US\$ 500 million, 2% interest rate convertible senior notes due 2021 (the “Qunar CB”) to several institutional investors (the “CB Holders”). The Qunar CB included a Make-Whole provision, where the CB Holders are granted a right to convert the Qunar CB into Qunar’s ADS at an increased conversion rate (the “Make-Whole Rate”) or request redemption at an equivalent dollar amount in the event of certain fundamental changes of Qunar, including change in shareholding over 10%. In October 2015, Ctrip obtained 45% equity interest of Qunar from Baidu which triggered the Make-Whole provision. In December 2015, Ctrip entered into the agreements with the CB Holders to settle all the outstanding Qunar CB in the consideration equal to the value of Qunar ADS as if were converted at the Make-Whole Rate. The total consideration included cash and the ordinary shares of Ctrip with the aggregated amount of RMB4.5billion. Such liability of Qunar CB is considered as assumed liability at the Company for Qunar and was charged in pre-acquisition of Qunar. The settlement was paid in January 2016.

17. LONG-TERM DEBT

	<u>2015</u>	<u>2016</u>
	<u>RMB</u>	<u>RMB</u>
2018 1.25% Convertible Senior Notes	—	5,554,400,000
2020 1% Convertible Senior Notes	4,534,460,000	4,860,100,000
2025 1.99% Convertible Senior Notes	2,591,120,000	2,777,200,000
2022 1.25% Convertible Senior Notes	—	6,769,425,000
Priceline 1% Convertible 2019 Notes	3,238,900,000	3,471,500,000
Priceline 1% Convertible 2020 Notes	1,619,450,000	1,735,750,000
Priceline 2% Convertible 2025 Notes	3,238,900,000	3,471,500,000
Priceline 1.25% Convertible 2022 Notes	—	173,575,000
Hillhouse 2% 2025 Convertible Notes	3,238,900,000	3,471,500,000
Long-term loan	—	2,550,000,000
Less: Debt issuance cost	(107,121,740)	(184,276,447)
Total	<u>18,354,608,260</u>	<u>34,650,673,553</u>

As of December 31, 2016, the fair value of the Company’s long term notes, based on Level 2 inputs, was US\$4.7 billion (RMB32.3 billion).

Description of 2017 Convertible Senior Notes

On September 24, 2012, the Company issued US\$180 million in aggregate principle amount of 0.5% Convertible Senior Notes due 2017 (the “2017 Notes”) at par. The 2017 Notes may be converted, at each holder’s option, at an initial conversion rate of 51.7116 American depository shares (“ADSs”) per US\$1,000 principal amount of the 2017 Notes (which represents an initial conversion price of US\$19.34 per ADS) at any time prior to the close of business on the second business day immediately preceding the maturity date of September 15, 2017. Debt issuance costs were US\$5.4 million and are being amortized to interest expense to the put date of the 2017 Notes (September 15, 2015).

Absent a fundamental change (as defined in the indenture for the 2017 Notes), each holder of the 2017 Notes has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2017 Notes on September 15, 2015. If a fundamental change (as defined in the indenture for the 2017 Notes) occurs at any time, each holder has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2017 Notes on the date notified in writing by the Company in accordance with the indenture for the 2017 Notes. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote. The 2017 Notes are not redeemable prior to the maturity date of September 15, 2017.

Concurrently with the issuance of the 2017 Notes, the Company purchased a call option (“2012 Purchased Call Option”) and sold warrants (“2012 Sold Warrants”), where the counterparty agreed to sell to the Company up to approximately 9.3 million of the Company’s ADSs at a price of US\$19.34 per ADS upon the Company’s exercise of the 2012 Purchased Call Option and the Company received US\$26.6 million from the same counterparty for the sale of warrants to purchase up to approximately 9.3 million of the Company’s ADSs at an exercise price of US\$26.37 per ADS. The 2012 Purchased Call Option transaction may generally reduce the potential future economic dilution associated with any conversion of the 2017 Notes, and is separate from the 2012 Sold Warrants transaction, which may have a dilutive effect on our earnings per ordinary share under certain circumstances. As of December 31, 2016, the 2012 Sold Warrants were not exercised and remained outstanding.

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The Company offered an inducement to the holders of the public tranche of the 2017 Notes to convert their 2017 Notes early. The inducement provided a cash incentive of 1.5%-2.0% in 2013 in addition to the conversion ratio under the indenture for the 2017 Notes. As a result of the inducement, for years ended December 31, 2015 and 2016, US\$18.9 million and US\$25.5 million (RMB 167 million) of the 2017 Notes was tendered for 1 million and 2.6 million ADSs, respectively, at the initial conversion rate of 51.7116 ADS per US\$1,000 principal amount of the 2017 Notes. Such early conversion of the 2017 Notes also resulted in an early termination of the 2012 Purchased Call Option, from which the Company has received US\$11.6 million.

Description of 2018 Convertible Senior Notes

On October 17, 2013, the Company issued US\$800 million in aggregate principle amount of 1.25% Convertible Senior Notes due 2018 (the “2018 Notes”) at par. The 2018 Notes may be converted, at each holder’s option, at an initial conversion rate of 12.7568 ADSs per US\$1,000 principal amount of the 2018 Notes (which represents an initial conversion price of US\$78.39 per ADS) at any time prior to the close of business on the second business day immediately preceding the maturity date of October 15, 2018. Debt issuance costs were US\$19.6 million and are being amortized to interest expense to the put date of the 2018 Notes (October 15, 2016).

Absent a fundamental change (as defined in the indenture for the 2018 Notes), each holder of the 2018 Notes has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2018 Notes on October 15, 2016. As a result of this option the 2018 Notes were classified as current liability as at December 31, 2015. The holders did not exercise that option and it expired and the 2018 Notes were reclassified to non-current liability as at December 31, 2016 as they do not mature until 2018. If a fundamental change (as defined in the indenture for the 2018 Notes) occurs at any time, each holder has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2018 Notes on the date notified in writing by the Company in accordance with the indenture for the 2018 Notes. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote. The 2018 Notes are not redeemable prior to the maturity date of October 15, 2018.

Concurrently with the issuance of the 2018 Notes, the Company purchased a call option (“2013 Purchased Call Option”) and sold warrants (“2013 Sold Warrants”) where the counterparty agreed to sell to the Company up to approximately 10.2 million of the Company’s ADSs at a price of US\$78.39 per ADS upon the Company’s exercise of the 2013 Purchased Call Option and the Company received US\$77.2 million from the same counterparty for the sale of warrants to purchase up to approximately 10.2 million of the Company’s ADSs at an exercise price of US\$96.27 per ADS. The 2013 Purchased Call Option transaction may generally reduce the potential future economic dilution associated with any conversion of the 2018 Notes, and is separate from the 2013 Sold Warrants, which may have a dilutive effect on our earnings per ordinary share under certain circumstances. As of December 31, 2016, the 2013 Sold Warrants were not exercised and remained outstanding.

Description of 2020 Convertible Senior Notes

On June 18, 2015, the Company issued US\$700 million in aggregate principle amount of 1.00% Convertible Senior Notes due 2020 (the “2020 Notes”) at par. The 2020 Notes may be converted, at each holder’s option, at an initial conversion rate of 9.1942 ADSs per US\$1,000 principal amount of the 2020 Notes (which represents an initial conversion price of US\$108.76 per ADS) at any time prior to the close of business on the second business day immediately preceding the maturity date of July 1, 2020. Debt issuance costs were US\$11.3 million and are being amortized to interest expense to the put date of the 2020 Notes (July 1, 2018).

Absent a fundamental change (as defined in the indenture for the 2020 Notes), each holder of the 2020 Notes has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2020 Notes on July 1, 2018. If a fundamental change (as defined in the indenture for the 2020 Notes) occurs at any time, each holder has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2020 Notes on the date notified in writing by the Company in accordance with the indenture for the 2020 Notes. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote. The 2020 Notes are not redeemable prior to the maturity date of July 1, 2020.

Concurrently with the issuance of the 2020 Notes, the Company purchased a call option (“2015 Purchased Call Option”) and sold warrants (“2015 Sold Warrants”) where the counterparty agreed to sell to the Company up to approximately 6.4 million of the Company’s ADSs at a price of US\$108.76 per ADS upon the Company’s exercise of the 2015 Purchased Call Option and the Company received US\$84.4 million from the same counterparty for the sale of warrants to purchase up to approximately 6.4 million of the Company’s ADSs at an exercise price of US\$135.02 per ADS. The 2015 Purchased Call Option transaction may generally reduce the potential future economic dilution associated with any conversion of the 2020 Notes, and is separate from the 2015 Sold Warrants transaction, which may have a dilutive effect on our earnings per ordinary share under certain circumstances. As of December 31, 2016, the 2015 Sold Warrants were not exercised and remained outstanding.

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Description of 2025 Convertible Senior Notes

On June 18, 2015, the Company issued US\$400 million in aggregate principle amount of 1.99% Convertible Senior Notes due 2025 (the “2025 Notes”) at par. The 2025 Notes may be converted, at each holder’s option, at an initial conversion rate of 9.3555 ADSs per US\$1,000 principal amount of the 2025 Notes (which represents an initial conversion price of US\$106.89 per ADS) at any time prior to the close of business on the second business day immediately preceding the maturity date of July 1, 2025. Debt issuance costs were US\$6.8 million and are being amortized to interest expense to the put date of the 2025 Notes (July 1, 2020).

Absent a fundamental change (as defined in the indenture for the 2025 Notes), each holder of the 2025 Notes has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2025 Notes on July 1, 2020. If a fundamental change (as defined in the indenture for the 2025 Notes) occurs at any time, each holder has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2025 Notes on the date notified in writing by the Company in accordance with the indenture for the 2025 Notes. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote. The 2025 Notes are generally not redeemable prior to the maturity date of July 1, 2025, except that the Company may, at its option, redeem all but not part of the 2025 Notes in accordance with the indenture for the 2025 Notes if the Company has or will become obligated to pay holders additional amount due to certain changes in tax law of the relevant jurisdiction.

Description of 2022 Convertible Senior Notes

On September 12, 2016 and September 19, 2016, the Company issued US\$975 million in aggregate principle amount of 1.25% Convertible Senior Notes due 2022 (the “2022 Notes”) at par. The 2022 Notes may be converted, at each holder’s option, at an initial conversion rate of 15.2688 ADSs per US\$1,000 principal amount of the 2022 Notes (which represents an initial conversion price of US\$65.49 per ADS) at any time prior to the close of business on the business day immediately preceding the maturity date of September 15, 2022. Debt issuance costs were US\$19 million and are being amortized to interest expense to the put date of the 2022 Notes (September 15, 2019).

Absent a fundamental change (as defined in the indenture for the 2022 Notes), each holder of the 2022 Notes has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2022 Notes on September 15, 2019. If a fundamental change (as defined in the indenture for the 2022 Notes) occurs at any time, each holder has a right at such holder’s option to require the Company to repurchase for cash all or any portion of such holder’s 2022 Notes on the date notified in writing by the Company in accordance with the indenture for the 2022 Notes. The Company believes that the likelihood of occurrence of events considered a fundamental change is remote. The 2022 Notes are generally not redeemable prior to the maturity date of September 15, 2022, except that the Company may, at its option, redeem all but not part of the 2022 Notes in accordance with the indenture for the 2022 Notes if the Company has or will become obligated to pay holders additional amount due to certain changes in tax law of the relevant jurisdiction.

The Company assessed the 2017 Notes, 2018 Notes, 2020 Notes, 2025 Notes and 2022 Notes (collectively as “Notes”), the 2012 Purchased Call Option, 2013 Purchased Call Option and 2015 Purchased Call Option (the “Purchased Call Options”), and the 2012 Sold Warrants, 2013 Sold Warrants and 2015 Sold Warrants (the “Sold Warrants”) under ASC 815 and concluded that:

- In accordance with ASC 815-10-15, the Notes, the Purchased Call Options and the Sold Warrants (1) do not entail the same risks as the Notes involve interest, credit and equity risks, whereas the Purchased Call Options and Sold Warrants transactions were intended to reduce the equity dilution risk for the Company; and (2) have a valid business purpose and economic need for structuring the transactions separately as the Company wanted to mitigate future dilution upon conversion of the Notes, as such required that the Purchased Call Options are American style options which are physical settled whereas the Sold Warrants are European style instruments that allow net share settlement or cash settlement at the choice of the Company. Therefore, the offering of the Notes, the Purchased Call Options and Sold Warrants transactions should be accounted for as separate transactions;
- The repurchase option is assessed in accordance with ASC 815-15-25-42. The repurchase option is considered clearly and closely related to its debt host and does not meet the requirement for bifurcation as the Notes were issued at par and the repurchase feature requires the issuer to settle the option by delivering par plus accrued and unpaid interest, the Notes holder would recover all of their initial investment. Additionally, since the 2017 Notes holder can only recover its initial investment upon exercise of its option, there are no interest rate scenarios under which the embedded derivative would at least double the investor’s initial rate of return;
- Since the Holders can only recover its initial investment upon exercise of its repurchase option, there are no interest rate scenarios under which the embedded derivative would at least double the investor’s initial rate of return.

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Therefore, the embedded repurchase feature (put option) is considered clearly and closely related to the debt host pursuant to ASC 815-15-25-1 and does not meet the requirements for bifurcation;

- In accordance with ASC 815-10-15-83, the conversion option meets the definition of a derivative. However, bifurcation of conversion option from the Notes is not required as the scope exception prescribed in ASC 815-10-15-74 is met as the conversion option is considered indexed to the entity's own stock and classified in stockholders' equity;
- As the conversion options are not bifurcated, the Company has assessed the beneficial conversion feature ("BCF"), as of commitment date as defined in ASC 470-20. There was no BCF attribute to the Notes as the set conversion prices for the Notes were greater than the respective fair values of the ordinary share price at date of issuances;
- The Holders have the option to convert upon a fundamental change. If Holders decide to convert in connection with a fundamental change; the number of ADSs issuable upon conversion may be increased. The Company will have to assess for the contingent BCF using a measurement date upon issuance of the 2018 Notes, upon occurrence of such adjustment. The settlement of the conversion is based on a make-whole provision resulting from a fundamental change, this feature is consistent with ASC 815-40-55-46 (example 19), therefore the Company concludes that this feature is also considered indexed to its own stock;

Therefore, the Company has accounted for the respective Notes in accordance with ASC 470, as a single instruments as a long-term debt. The debt issuance cost were recorded as reduction to the long term debts and are amortised as interest expenses using the effective interest method. The value of the Notes are measured by the cash received.

In accordance with ASC 815-10-15-83, the Purchased Call Options meet the definition of a derivative instrument. However, the scope exception in accordance with ASC 815-10-15-74 applies to the Purchased Call Options as they are indexed to their own stock, and the Purchased Call Options meet the requirements of ASC 815 and would be classified in stockholders' equity, therefore, the costs paid for the Purchased Call Options were accounted for within stockholders' equity, and subsequent changes in fair value will not be recorded.

The Company assessed that the Sold Warrants are not liabilities within scope of ASC 480-10-25. The Sold Warrants are legally detachable from the Notes and the Purchased Call Options and separately exercisable as such meets the definition of a freestanding derivative instrument pursuant to ASC 815. However, the scope exception in accordance with ASC 815-10-15-74 applies to Sold Warrants and they meet the requirements of ASC 815 that would be classified in stockholders' equity. Therefore, the Sold Warrants were initially accounted for within stockholders' equity, and subsequent changes in fair value will not be recorded.

Description of Priceline and Hillhouse Notes

On August 7, 2014, the Company issued Convertible Senior Note (the "Priceline 2019 Note") at an aggregate principal amount of US\$500 million to an indirect subsidiary of the Priceline Group. The Priceline 2019 Note is due on August 7, 2019 and bears interest of 1% per annum, which will be paid semi-annually beginning on February 7, 2015. The Priceline 2019 Note will be convertible into the Company's ADSs with an initial conversion price of approximately US\$81.36 per ADS.

On May 26, 2015, the Company issued Convertible Senior Note (the "Priceline 2020 Note") at an aggregate principal amount of US\$250 million to an indirect subsidiary of the Priceline Group. The Priceline 2020 Note is due on May 29, 2020 and bears interest of 1% per annum, which will be paid semi-annually beginning on November 29, 2016. The Priceline 2020 Note will be convertible into the Company's ADSs with an initial conversion price of approximately US\$104.27 per ADS.

On December 10, 2015, the Company issued Convertible Senior Notes at an aggregate principal amount of US\$1 billion to an indirect subsidiary of the Priceline Group and two affiliates of Hillhouse (the "2025 Priceline and Hillhouse Notes"). The 2025 Priceline and Hillhouse Notes are due on December 11, 2025 and bear interest of 2% per annum, which will be paid semi-annually beginning on June 11, 2016. The 2025 Priceline and Hillhouse Notes will be convertible into the Company's ADSs with an initial conversion price of approximately US\$68.46 per ADS.

On September 12, 2016, the Company issued US\$25 million Convertible Senior Note to an indirect subsidiary of the Priceline Group (the "2022 Priceline Note"). The 2022 Priceline Note is due on September 15, 2022 and bears interest of 1.25% per annum, which will be paid semi-annually beginning on March 15, 2017. The 2022 Priceline Note will be convertible into the Company's ADSs with an initial conversion price of approximately US\$65.49 per ADS.

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The Company has accounted for the above notes in accordance with ASC 470, as a single instrument within the consolidated financial statements. The value of the above notes is measured by the cash received. The Company recorded the interest expenses according to its annual interest rate.

The Company has assessed the BCF of the above notes, as of commitment date as defined in ASC 470-20. There was no BCF attribute to the above notes as the set conversion price for the above notes was greater than the fair value of the ADS price at date of issuance.

In addition, the Company has granted the Priceline Group permission to acquire the Company's ADSs in the open market over the next twelve months, so that when combined with the ADSs convertible under the applicable notes, the Priceline Group may hold up to 15% of the Company's outstanding ADSs subject to certain contractual carve-outs. As the potential purchases may be made at market prices, there is no accounting implication.

Long-term Loans from Commercial Banks

As of December 31, 2016, the Group obtained twelve borrowing of RMB1.7 billion (US\$244.9 million) in aggregate collateralized by stock at one of the Company's wholly-owned subsidiaries from commercial banks in China. The annual interest rate of borrowings is approximately 4.4%.

As of December 31, 2016, the Group obtained six borrowing of RMB850 million (US\$122.4 million) in aggregate *guaranteed* by one of the Company's wholly-owned subsidiaries from commercial banks in China. The annual interest rate of borrowings is approximately 4.3%.

18. CAPITAL AND TREASURY STOCK

In 2014, 2015 and 2016, US\$61.6 million, US\$16.5 million and US\$21.6 million convertible senior notes issued in 2012 were early converted and 846,131 shares, 244,466 shares and 330,048 shares of repurchased treasury stock were delivered to the notes holders, respectively. As of December 31, 2016, the Company had 3,247,309 shares treasury stock at total cost of US\$322 million.

In September 2016, the Company completed the public offering of an aggregate of 32,775,000 ADSs, or the 2016 ADS Offering, including 4,275,000 ADSs in connection with the underwriters' exercise of over-allotment option, at US\$45.96 per ADS, for an aggregate offering price of approximately US\$1.5 billion. Concurrently with the 2016 ADS Offering, the Company issued ordinary shares with the respective subsidiaries of Baidu, Inc., or Baidu, and Priceline Group Inc., or Priceline, at US\$45.96 per ADS, at an aggregate investment amount of US\$100 million and US\$25 million, respectively. The issuance cost incurred for the above offerings with amount of RMB226 million was presented as reduction to the offering proceeds.

19. NON-CONTROLLING INTERESTS

Non-controlling interests include the common shares in the consolidated subsidiaries or VIE subsidiaries and preferred shares issued by the Company's subsidiaries. The balance is summarized as follows:

	<u>2015</u> <u>RMB</u>	<u>2016</u> <u>RMB</u>
Qunar and subsidiaries	17,855,897,129	2,197,375,082
An offline travel agency	455,614,677	454,550,413
Skyscanner	—	315,836,071
Travelfusion	289,875,458	315,803,463
A technology company focusing on hotel customer reviews	262,762,132	285,110,984
An online trip package service provider	134,586,452	133,004,201
Others	135,462,399	282,237,578
	<u>19,134,198,247</u>	<u>3,983,917,792</u>

20. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(loss) per share and diluted earnings per share were calculated as follows:

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	<u>2014</u> RMB	<u>2015</u> RMB	<u>2016</u> RMB
Numerator:			
Net income/(loss) attributable to Ctrip's shareholders	242,739,781	2,507,655,884	(1,430,703,195)
Eliminate the dilutive effect of interest expense of convertible notes	—	185,589,773	—
Numerator for diluted earnings/(loss) per share	<u>242,739,781</u>	<u>2,693,245,657</u>	<u>(1,430,703,195)</u>
Denominator:			
Denominator for basic earnings/(loss) per ordinary share — weighted average ordinary shares outstanding	34,289,170	37,797,698	59,166,582
Dilutive effect of share options	3,106,496	2,962,481	—
Dilutive effect of convertible notes	—	6,102,417	—
Dilutive effect of convertible notes sold warrants	812,192	512,652	—
Denominator for diluted earnings/(loss) per ordinary share	<u>38,207,858</u>	<u>47,375,248</u>	<u>59,166,582</u>
Basic earnings/(loss) per ordinary share	<u>7.08</u>	<u>66.34</u>	<u>(24.18)</u>
Diluted earnings/(loss) per ordinary share	<u>6.35</u>	<u>56.85</u>	<u>(24.18)</u>
Basic earnings/(loss) per ADS	<u>0.88</u>	<u>8.29</u>	<u>(3.02)</u>
Diluted earnings/(loss) per ADS	<u>0.79</u>	<u>7.11</u>	<u>(3.02)</u>

All the convertible senior notes had anti-dilutive impact and were excluded in the computation of diluted EPS in 2016, given the loss reported. The 2025 Notes and the 2025 Priceline Notes were not included in the computation of diluted EPS in 2015 because the inclusion of such instrument would be anti-dilutive. The 2017 and 2018 Notes and the 2019 Priceline Notes were not included in the computation of diluted EPS in 2014 because the inclusion of such instrument would be anti-dilutive.

For the years ended December 31, 2014, 2015 and 2016, the Company had securities which could potentially dilute basic earnings per share in the future, which were excluded from the computation of diluted earnings/(loss) per share as their effects would have been anti-dilutive. Such weighted average numbers of ordinary shares outstanding are as following:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
2017 convertible senior notes	1,587,142	—	435,248
2018 convertible senior notes	2,551,346	—	2,551,360
2020 convertible senior notes	—	—	1,608,985
2025 convertible senior notes	—	486,999	935,550
2022 convertible senior notes	—	—	559,282
Priceline convertible 2019 notes	614,535	—	1,536,338
Priceline convertible 2020 notes	—	—	599,400
Priceline convertible 2025 notes	—	50,023	912,919
Priceline convertible 2022 notes	—	—	14,341
A long-term equity investment firm notes	—	50,023	912,919
Outstanding weighted average stock options	74,104	64,074	3,678,030
Sold Warrants	1,996,407	1,734,865	303,176
	<u>6,823,534</u>	<u>2,385,984</u>	<u>14,047,548</u>

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into leasing arrangements relating to office premises that are classified as operating leases for the periods from 2017 to 2021. Future minimum lease payments for non-cancelable operating leases are as follows:

	<u>Office Premises</u> RMB
2017	169,718,510
2018	51,750,674
2019	20,189,854
2020	6,169,875
2021	3,915,262
Thereafter	19,472,555
	<u>271,216,730</u>

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Rental expense amounted to RMB144 million, RMB134 million and RMB378 million for the years ended December 31, 2014, 2015 and 2016, respectively. Rental expense is charged to the statements of income and comprehensive income when incurred.

Capital commitments

As of December 31, 2016, the Company had outstanding capital commitments totaling RMB2 million, which consisted of capital expenditures of property, equipment and software.

Guarantee

In connection with our air ticketing business, the Group is required by Civil Aviation Administration of China, International Air Transport Association, and local airline companies to pay deposits in order to or to provide other guarantees obtain blank air tickets. As of December 31, 2016, the amount under these guarantee arrangements was approximately RMB906 million.

Based on historical experience and information currently available, we do not believe that it is probable that we will be required to pay any amount under these guarantee arrangements. Therefore, we have not recorded any liability beyond what is required in connection with these guarantee arrangements.

Contingencies

The Company is not currently a party to any pending material litigation or other legal proceeding or claims.

The Company is incorporated in Cayman Islands and is considered as a foreign entity under PRC laws. Due to the restrictions on foreign ownership of the air-ticketing, travel agency, advertising and internet content provision businesses, the Company conducts these businesses partly through various VIEs. These VIEs hold the licenses and approvals that are essential for the Company's business operations. In the opinion of the Company's PRC legal counsel, the current ownership structures and the contractual arrangements with these VIEs and their shareholders as well as the operations of these VIEs are in compliance with all existing PRC laws, rules and regulations. However, there may be changes and other developments in PRC laws and regulations. Accordingly, the Company cannot be assured that PRC government authorities will not take a view in the future contrary to the opinion of the Company's PRC legal counsel. If the current ownership structures of the Company and its contractual arrangements with VIEs were found to be in violation of any existing or future PRC laws or regulations, the Company may be required to restructure its ownership structure and operations in China to comply with changing and new Chinese laws and regulations.

Execution Version

CTRIP.COM INTERNATIONAL, LTD.

1.25% Convertible Senior Notes due 2022

Purchase Agreement

September 7, 2016

J.P. Morgan Securities LLC (“**J.P. Morgan**”)
383 Madison Avenue
New York, New York 10179
United States of America

Morgan Stanley & Co. International plc (“**Morgan Stanley**”)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

As the Initial Purchasers Listed in Schedule 1 hereto

Ladies and Gentlemen:

Ctrip.Com International, Ltd., an exempted company limited by shares under the laws of Cayman Islands (the “**Company**” or “**Ctrip**”), proposes to issue and sell to the initial purchasers identified in Schedule 1 (the “**Initial Purchasers**”), US\$900,000,000 principal amount of its 1.25% Convertible Senior Notes due 2022 (the “**Underwritten Securities**”) and, at the option of the Initial Purchasers, up to an additional US\$75,000,000 principal amount of its 1.25% Convertible Senior Notes due 2022 (the “**Option Securities**”) and, together with the Underwritten Securities, the “**Securities**”) to cover over-allotment if and to the extent that the Initial Purchasers shall have determined to exercise the option to purchase such 1.25% Convertible Senior Notes due 2022 granted to the Initial Purchasers in Section 2 hereof. The Securities will be convertible into American depository shares (the “**ADSs**”), each of which represents as of the date hereof 0.125 of an ordinary share of the Company, par value US\$0.01 per ordinary share (the “**Ordinary Shares**”). The ADSs issuable upon conversion of the Securities and the Ordinary Shares represented by such ADSs shall be hereinafter referred to as the “**Underlying Securities**.”

The ADSs to be issued upon conversion of the Securities will be issued pursuant to the Deposit Agreement, dated as of December 8, 2003, as amended and restated as of August 11, 2006, and as further amended and restated as of December 3, 2007, among the Company, The Bank of New York Mellon, as depository (the “**Depository**”), and all owners and beneficial owners from time to time of the ADSs issued thereunder (the “**Deposit Agreement**”), as supplemented by a Restricted Issuance Agreement to be dated as of September 12, 2016 between the Company and the Depository (the “**Restricted Issuance Agreement**”).

The Securities will be issued pursuant to an Indenture to be dated as of September 12, 2016 (the “**Indenture**”) between the Company and The Bank of New York Mellon, as trustee (the “**Trustee**”). Each of the Ordinary Shares represented by the ADSs issuable upon conversion of the Securities will have attached thereto one right (the “**Right**”) (as such number may be adjusted pursuant to the Rights Agreement (as defined below)) to purchase one Ordinary Share. The Rights are to be issued pursuant to a

Rights Agreement dated as of November 23, 2007 between the Company and The Bank of New York Mellon, as amended and supplemented from time to time (the “**Rights Agreement**”).

Concurrently with the offering of the Securities, (i) the Company is also making a public offering of 28,500,000 ADSs representing 3,562,500 Ordinary Shares (or up to 32,775,000 ADSs representing 4,096,876 Ordinary Shares if the underwriters of that concurrent offering exercise their over-allotment option thereunder to purchase additional ADSs in full) at an offering price of US\$45.96 per ADS in an underwritten offering (the “**Concurrent Equity Offering**”) pursuant to an underwriting agreement between the Company and J.P. Morgan and Morgan Stanley as the underwriters named therein; (ii) subject to the completion of the offering of the Securities, The Priceline Group Inc. (through Priceline Group Treasury Company B.V.) (the “**Priceline Group**”) has agreed to purchase from us US\$25 million aggregate principal amount of our convertible senior notes due 2022 (the “**Concurrent Notes Private Placement**”); and (iii) subject to the completion of the Concurrent Equity Offering, each of Baidu Inc. (through Baidu Holdings Limited) (“**Baidu**”) and the Priceline Group has agreed to purchase from us US\$100 million and US\$25 million of our Ordinary Shares at a price per ordinary share equal to the offering price in the Concurrent Equity Offering adjusted to reflect the ADS-to-Ordinary Share ratio ((i) to (iii) together, the “**Concurrent Offerings**”).

The Company hereby confirms its agreement with the Initial Purchasers concerning the purchase and sale of the Securities, as follows:

1. The Securities will be sold to the Initial Purchasers without being registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), in reliance upon exemptions from the registration requirements thereof. The Company has prepared a preliminary offering memorandum dated September 6, 2016 (the “**Preliminary Offering Memorandum**”) and will prepare an offering memorandum dated the date hereof (the “**Offering Memorandum**”) setting forth information concerning the Company and the Securities. Copies of the Preliminary Offering Memorandum have been, and copies of the Offering Memorandum will be, delivered by the Company to the Initial Purchasers pursuant to the terms of this Agreement. The Company hereby confirms that it has authorized the use of the Preliminary Offering Memorandum, the other Time of Sale Information (as defined below) and the Offering Memorandum in connection with the offering and resale of the Securities by the Initial Purchasers in the manner contemplated by this Agreement. References herein to the Preliminary Offering Memorandum, the other Time of Sale Information and the Offering Memorandum shall be deemed to refer to and include any document incorporated by reference therein.

At or prior to the time when sales of the Securities were first made (the “**Time of Sale**”), the Company had prepared the following information (collectively, the “**Time of Sale Information**”): the Preliminary Offering Memorandum, as supplemented and amended by the written communications listed on Annex B hereto.

2. Purchase and Resale of the Securities by the Initial Purchasers. (a) Subject to the terms and conditions set forth herein, the Company agrees to issue and sell the Underwritten Securities to the Initial Purchasers, and each Initial Purchaser agrees, severally and not jointly, to purchase from the Company the respective principal amount of Underwritten Securities set forth opposite such Initial Purchaser’s name on Schedule 1 hereto at a price equal to 100% of the principal amount thereof, less a selling concession of 1.9% of their principal amount (the “**Underwritten Securities Purchase Price**”) plus accrued interest, if any, from September 12, 2016 to the Closing Date (as defined below).

In addition, subject to the terms and conditions set forth herein, the Company agrees to issue and sell the Option Securities to the Initial Purchasers, and the Initial Purchasers shall have the option to purchase from the Company the Option Securities at a price equal to 100% of their principal amount thereof, less a

selling concession of 1.9% of the principal amount plus accrued interest, if any, from the Closing Date to the date of payment and delivery. If the over-allotment option is exercised, the respective amounts of Option Securities to be purchased by each Initial Purchaser shall be agreed by the Company and the Initial Purchasers at the time of exercise.

The Initial Purchasers may, by written notice to the Company, exercise the option to purchase the Option Securities at any time in whole, or from time to time in part, on or before the thirtieth day following the date of this Agreement. Such written notice shall set forth the aggregate amount of Option Securities as to which the option is being exercised and the date and time when the Option Securities are to be delivered and paid for which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such written notice (unless such time and date are postponed in accordance with the provisions of Section 10 hereof). Any such written notice shall be given at least two business days prior to the date and time of delivery specified therein.

(b) The Company understands that the Initial Purchasers, severally and not jointly, intend to offer the Securities for resale on the terms set forth in the Time of Sale Information. Each Initial Purchaser, severally and not jointly, represents, warrants and agrees to the Company that:

(i) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act;

(ii) it has not sold the Securities as part of its initial offering within the United States except to persons whom it reasonably believes to be qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act (“**Rule 144A**”) in transactions pursuant to Rule 144A and in connection with each such sale, it has taken or will take reasonable steps to ensure that the purchaser of the Securities is aware that such sale is being made in reliance on Rule 144A; and

(iii) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities as part of its initial offering outside the United States except in accordance with the restrictions set forth in Annex D hereto.

(c) Each Initial Purchaser acknowledges and agrees that the Company and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Section 6, counsel for the Company and counsel for the Initial Purchasers may rely upon the accuracy of the representations and warranties of the Initial Purchasers, and compliance by each Initial Purchaser with its agreements, contained in paragraph (b) above (including Annex D hereto), and each Initial Purchaser hereby consents to such reliance.

(d) The Company acknowledges and agrees that each Initial Purchaser may offer and sell Securities to or through any affiliate of an Initial Purchaser which is also a QIB within the meaning of Rule 144A.

(e) Payment for the Securities shall be made by wire transfer in immediately available funds to the account specified by the Company to the Initial Purchasers in the case of the Underwritten Securities, at the Hong Kong offices of Davis Polk & Wardwell LLP at 10:00 A.M. New York City time on September 12, 2016, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Initial Purchasers and the

Company may agree upon in writing or, in the case of the Option Securities, on the date and at the time and place specified by the Initial Purchasers in the written notice of the Initial Purchasers' election to purchase such Option Securities. The time and date of such payment for the Underwritten Securities is referred to herein as the "**Closing Date**" and the time and date for such payment for the Option Securities, if other than the Closing Date, is herein referred to as the "**Additional Closing Date**."

Payment for the Securities to be purchased on the Closing Date or the Additional Closing Date, as the case may be, shall be made against delivery of such Securities to be purchased represented by one or more global notes to the nominee of The Depository Trust Company (the "**DTC**"), for the respective accounts of the Initial Purchasers, with any transfer taxes payable in connection with the sale of such Securities, if applicable, duly paid by the Company.

(f) The Company acknowledges and agrees that each Initial Purchaser is acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Securities contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, neither of the Initial Purchasers is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Initial Purchasers shall have no responsibility or liability to the Company with respect thereto. Any review by the Initial Purchasers of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Initial Purchasers and shall not be on behalf of the Company.

3. Representations and Warranties of the Company. The Company represents and warrants to the Initial Purchasers that:

(a) *Preliminary Offering Memorandum*. The Preliminary Offering Memorandum, as of its date, did not contain any 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; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in any Preliminary Offering Memorandum, it being understood and agreed that the only such information furnished by such Initial Purchaser consists of the information described as such in Section 7(b) hereof.

(b) *Time of Sale Information*. The Time of Sale Information, at the Time of Sale, did not contain any 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; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in such Time of Sale Information, it being understood and agreed that the only such information furnished by such Initial Purchaser consists of the information described as such in Section 7 (b) hereof. No statement of material fact included in the Offering Memorandum has been omitted from the Time of Sale Information and no statement of material fact included in the Time of Sale Information that is required to be included in the Offering Memorandum has been omitted therefrom.

(c) *Additional Written Communications; Permitted General Solicitations.* Other than the Preliminary Offering Memorandum and the Offering Memorandum, the Company (including its agents and representatives, other than each Initial Purchaser in its capacity as such) has not made, used, prepared, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to (x) any “written communication” (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Securities (each such communication by the Company or its agents and representatives (other than a communication referred to in clauses (i), (ii) and (iii) below) an “**Issuer Written Communication**”) other than (i) the Preliminary Offering Memorandum, (ii) the Offering Memorandum, (iii) the documents listed on Annex B hereto, including a term sheet substantially in the form of Annex C hereto, which constitute part of the Time of Sale Information, and (iv) each electronic road show and any other written communications other than any Permitted General Solicitation (as defined below) approved in writing in advance by each Initial Purchaser or (y) any general solicitation other than any such solicitation (i) listed on Annex B hereto or (ii) in accordance with Section 4(o) hereof (each such solicitation referred to in clauses (i) and (ii) a “**Permitted General Solicitation**”). Each such Issuer Written Communication or Permitted General Solicitation, when taken together with the Time of Sale Information, did not, and does not, and each such Issuer Written Communication as then amended and supplemented by a further Issuer Written Communication (if applicable), when taken together with the Time of Sale Information, at the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any 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; provided that the Company makes no representation and warranty with respect to any statements or omissions made in each such Issuer Written Communication in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in such Issuer Written Communication, it being understood and agreed that the only such information furnished by such Initial Purchaser consists of the information described as such in Section 7(b) hereof. Furthermore, each such Issuer Written Communication, as of its issue date and as of the Time of Sale, and each such Issuer Written Communication as then amended and supplemented by a further Issuer Written Communication (if applicable), at the Closing Date and as of the Additional Closing Date, as the case may be, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Time of Sale Information or the Offering Memorandum, including any document incorporated by reference therein.

(d) *Offering Memorandum.* As of the date of the Offering Memorandum and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Offering Memorandum does not and will not contain any 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; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in the Offering Memorandum, it being understood and agreed that the only such information furnished by such Initial Purchaser consists of the information described as such in Section 7 (b) hereof.

(e) *Incorporated Documents.* The documents incorporated by reference in the Offering Memorandum and Time of Sale Information, when filed with the U.S. Securities and Exchange Commission (the “**Commission**”), conformed or will conform, as the case may be, in all material respects to the requirements of the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the “**Exchange Act**”)

and such documents did not or will not, as the case may be, contain any 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, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in the Offering Memorandum and Time of Sale Information, it being understood and agreed that the only such information furnished by such Initial Purchaser consists of the information described as such in Section 7(b) hereof.

(f) *Financial Statements.* The financial statements and the related notes thereto of the Company and its consolidated subsidiaries and affiliated entities included or incorporated by reference in the Time of Sale Information and the Offering Memorandum (the “**Company Financial Statements**”) present fairly the financial position of the Company and its consolidated subsidiaries and affiliated entities as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; the financial statements and the related notes thereto of Qunar Cayman Islands Limited (“**Qunar**”) and its consolidated subsidiaries and affiliated entities included or incorporated by reference in the Time of Sale Information and the Offering Memorandum (the “**Qunar Financial Statements**”) present fairly the financial position of Qunar and its consolidated subsidiaries and affiliated entities as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; the Company Financial Statements and the Qunar Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles (“**U.S. GAAP**”) applied on a consistent basis throughout the periods covered thereby; and the other financial information included or incorporated by reference in the Time of Sale Information and the Offering Memorandum has been derived from the accounting records of the Company and its consolidated subsidiaries and affiliated entities and presents fairly the information shown thereby; the pro forma financial statements and the related notes thereto included in the Time of Sale Information and the Offering Memorandum have been prepared in accordance with the Commission’s rules and guidance with respect to pro forma financial statements, and the assumptions underlying such pro forma financial statements are reasonable.

(g) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included or incorporated by reference in the Time of Sale Information and the Offering Memorandum, (i) there has not been any change in the share capital or long-term debt of the Company or any of its Subsidiaries (as defined below), or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, financial position, shareholders’ equity, results of operations or prospects of the Company and its Subsidiaries taken as a whole; (ii) neither the Company nor any of its Subsidiaries has entered into any transaction or agreement that is material to the Company and its Subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its Subsidiaries taken as a whole; and (iii) neither the Company nor any of its Subsidiaries has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority or body of any stock exchange authorities (each, a “**Governmental Agency**”), in each of the foregoing (i), (ii) or (iii), except as otherwise disclosed in the Time of Sale Information and the Offering Memorandum.

(h) *Organization and Good Standing.* The Company, each of its subsidiaries as listed in Schedule 1 hereto (each, a “**Covered Subsidiary**”), each of its affiliated entities as listed in Schedule 1 hereto (each, a “**Covered VIE**”) and each other entity listed in Schedule 1 hereto (each, an “**Other Entity**”, and all the Covered Subsidiaries, Covered VIEs and Other Entities being referred to collectively as the “**Subsidiaries**”) have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to conduct their respective businesses as described in the Time of Sale Information and the Offering Memorandum and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses as described in the Time of Sale Information and the Offering Memorandum, except where the failure to be so qualified or in good standing or to have such power or authority would not, individually or in the aggregate, have a material adverse effect on the business, properties, management, financial position, shareholders’ equity, results of operations or prospects of the Company and its Subsidiaries taken as a whole or on the performance by the Company of its obligations under the Transaction Documents (as defined below) (a “**Material Adverse Effect**”). There are no other “**significant subsidiaries**” (as defined in Rule 1-02 of Regulation S-X under the Exchange Act) of the Company other than the entities listed in Schedule 2.

(i) *VIEs.* All of the issued and outstanding share capital or equity interest of each of the Covered VIEs have been duly authorized and validly issued, and are owned directly by directors, officers or family members of officers of the Company, as the case may be, as set forth in and in the amounts listed in the Company’s Annual Report on Form 20-F for the financial year ended December 31, 2015 (the “**Annual Report**”), as updated by the Time of Sale Information, free and clear of any security interest, mortgage, pledge, lien encumbrance, claim and equity other than as set forth in the Annual Report and the Time of Sale Information. Each shareholder of the Covered VIEs is a citizen of the People’s Republic of China, excluding Taiwan, Hong Kong SAR and Macau SAR.

(j) *Contractual Arrangement.* The description of the corporate structure of the Company and the various contractual arrangements among the Company or its Covered Subsidiaries, Other Entities, Covered VIEs, and shareholders of the Covered VIEs (each contract for such contractual arrangements, a “**Corporate Structure Contract**” and collectively the “**Corporate Structure Contracts**”), set forth in the Annual Report as updated by the Time of Sale Information, is true and accurate in all material respects and nothing has been omitted from such description which would make it misleading in any material respect. There is no other agreement, contract or document relating to the corporate structure or the operation of the Company and the Subsidiaries, to the extent material to the Company, not disclosed in the Annual Report, as updated by the Time of Sale Information. Each Corporate Structure Contract is in full force and effect and none of the parties thereto is in breach or default in the performance of any of the terms or provisions of such Corporate Structure Contract. None of the parties to any of the Corporate Structure Contracts has sent or received any communication regarding termination of, or intention not to renew, any of the Corporate Structure Contracts, and no such termination or non-renewal has been threatened or is being contemplated by any of the parties thereto.

(k) *Control.* The Company (i) possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the Covered VIEs, through, among other things, its rights to direct their shareholders as to the exercise of their voting rights; and (ii) is not aware of any development (including, without limitation, developments with respect to the contractual arrangements involving the Covered VIEs and accounting policies and operations of

the Covered VIEs) that could reasonably cause the Company to be unable to consolidate the operating and financial results of any of the Covered VIEs.

(l) *Material Contracts.* Neither the Company nor any of its Subsidiaries has sent or received any written communication regarding termination of, or intent not to renew, any of the material contracts or agreements which are specifically referred to or described in the Time of Sale Information and the Offering Memorandum, or specifically referred to or described in, or filed as an exhibit to, the Annual Report, and no such termination or non-renewal has been threatened by the Company, any of its Subsidiaries or, to the Company's knowledge after due inquiry, any other party to any such contract or agreement.

(m) *Capitalization.* The Company has an authorized capitalization as set forth in the Time of Sale Information and the Offering Memorandum under the heading "Capitalization;" all the outstanding share capital or equity interests of the Company and each Subsidiary have been duly and validly authorized and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as disclosed in the Annual Report and except as described in or expressly contemplated by the Time of Sale Information and the Offering Memorandum, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any Ordinary Shares, ADSs or any other class of share capital of the Company or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any share capital of the Company, any such convertible or exchangeable securities or any such rights, warrants or options; the share capital of the Company conforms in all material respects to the description thereof contained in the Time of Sale Information and the Offering Memorandum; and, except Beijing JointWisdom Information Technology Co., Ltd. (formerly known as China Software Hotel Information System Co., Ltd.), whose shares are subject to transfer restrictions under the PRC laws and regulations and relevant listing rules, all the outstanding share capital or equity interests of each Covered Subsidiary are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

(n) *Share Options.* With respect to the options (the "**Share Options**") granted pursuant to the share incentive plans of the Company and its Subsidiaries, (i) each grant of a Share Option was duly authorized no later than the date on which the grant of such Share Option was by its terms to be effective by all necessary corporate action, including, as applicable, approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required shareholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, and (ii) each such grant was properly accounted for in accordance with U.S. GAAP in the financial statements (including the related notes) of the Company and disclosed in the Company's filings with the Commission in accordance with the Exchange Act and all other applicable laws. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company of granting, Share Options prior to, or otherwise coordinate the grant of Share Options with, the release or other public announcement of material information regarding the Company or its subsidiaries or their results of operations or prospects.

(o) *Due Authorization.* The Company has the full right, power and authority to execute and deliver this Agreement, the Indenture, the Securities (collectively, the "**Transaction Documents**") and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of each of the

Transaction Documents and the consummation by it of the transactions contemplated thereby has been duly and validly taken.

(p) *The Indenture.* The Indenture has been duly authorized by the Company and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability (collectively, the "**Enforceability Exceptions**").

(q) *Purchase Agreement.* This Agreement has been duly authorized, executed and delivered by the Company and, when duly executed and delivered in accordance with its terms by each of the parties hereto, will constitute a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions, and except that rights to indemnity and contribution thereunder may be limited by applicable law and public policy.

(r) *The Securities.* The Securities to be issued and sold by the Company hereunder have been duly authorized by the Company and, when duly executed, authenticated, issued and delivered as provided in the Indenture and paid for as provided herein, will be duly and validly issued and outstanding and will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture.

(s) *The Deposit Agreement and the Restricted Issuance Agreement.* The Deposit Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery by the Depository, constitutes a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject to the Enforceability Exceptions. The Restricted Issuance Agreement has been duly authorized by the Company, and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject to the Enforceability Exceptions. Upon issuance by the Depository of ADSs and the deposit of the Ordinary Shares to be issued upon conversion of the Securities in respect thereof in accordance with the provisions of the Deposit Agreement and the Restricted Issuance Agreement, such ADSs will be duly and validly issued and the persons in whose names the ADSs are registered will be entitled to the rights and subject to the restrictions specified therein and in the Deposit Agreement and the Restricted Issuance Agreement; and the descriptions of the Deposit Agreement, the Restricted Issuance Agreement and the ADSs contained in the Time of Sale Information and the Offering Memorandum conform in all material respects to the Deposit Agreement and the Restricted Issuance Agreement.

(t) *The Underlying Securities.* Upon issuance and delivery of the Securities in accordance with this Agreement and the Indenture, the Securities will be convertible at the option of the holder thereof into ADSs representing Ordinary Shares in accordance with the terms of the Securities; the Ordinary Shares underlying the ADSs to be issued upon conversion of the Securities may be freely deposited by the Company with the Depository against issuance of ADSs; the maximum number of Ordinary Shares for issuance upon conversion of the Securities, including in connection with a make-whole fundamental change, have been duly reserved and authorized and when issued upon conversion of the Securities in accordance with the terms of the Securities, will be validly issued, fully paid and non-assessable, and the issuance of the Ordinary Shares will not be subject to any preemptive or similar rights; the Rights Agreement has been duly authorized,

executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions; and the Rights have been duly authorized by the Company and, when issued upon issuance of the Underlying Securities, will be validly issued.

(u) *Descriptions of the Transaction Documents.* The description of the Transaction Documents in the Time of Sale Information and the Offering Memorandum conforms in all material respects to the relevant Transaction Document.

(v) *Accurate Disclosure.* The statements in the Time of Sale Information and the Offering Memorandum under the captions “Description of the notes,” “Taxation,” “Description of share capital,” “Description of American depositary shares,” “Enforceability of civil liabilities,” “Summary” and “Risk factors,” insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are true and accurate summaries of such matters described therein in all material respects. The statements set forth in the Annual Report under the captions “Item 4. Information on the Company — B. Business Overview — PRC Government Regulations,” “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources,” “Item 6. Directors, Senior Management and Employees — B. Compensation,” “Item 6. Directors, Senior Management and Employees — C. Board Practices,” “Item 8. Financial Information — Legal Proceedings,” “Item 10. Additional Information — B. Memorandum and Articles of Association” and “Item 10. Additional Information — E. Taxation,” insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are true and accurate summaries of such matters described therein in all material respects.

(w) *Enforceability in the Cayman Islands.* Each of the Transaction Documents is in proper form to be enforceable against the Company in the Cayman Islands in accordance with its terms; to ensure the legality, validity, enforceability or admissibility into evidence in the Cayman Islands of any Transaction Document, it is not necessary that such Transaction Document be filed or recorded with any court or other authority in the Cayman Islands.

(x) *Dividends.* (i) All dividends and other distributions declared and payable on the ADSs and the Ordinary Shares underlying the ADSs to be issued upon conversion of the Securities, may under the current laws and regulations of the Cayman Islands be paid to the Depository in United States dollars and may be freely transferred out of the Cayman Islands, and all such dividends and other distributions made to non-residents of the Cayman Islands will not be subject to withholding or other taxes under the laws and regulations of the Cayman Islands and are otherwise free and clear of any other tax, withholding or deduction in the Cayman Islands and without the necessity of obtaining any consents, approvals, authorizations, orders, registrations, clearances or qualifications of or with any court or Governmental Agency (hereinafter referred to as “**Governmental Authorizations**”) in the Cayman Islands; (ii) Except as described in the Annual Report, Time of Sale Information and the Offering Memorandum, all dividends and other distributions declared and payable on the share capital of any of the Subsidiaries in the PRC, Hong Kong, British Virgin Islands or Taiwan, may under the current laws and regulations of the jurisdiction in which such Subsidiary is incorporated (the “**Home Jurisdiction**”) be freely transferred out of such jurisdiction and may be paid in United States dollars, and all such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of such Subsidiary’s Home Jurisdiction and are otherwise free and clear of any other tax, withholding or deduction in such Home Jurisdiction, and without the necessity of obtaining any Governmental Authorization in such Home Jurisdiction.

(y) *No Violation or Default.* Neither the Company nor any of its Subsidiaries is (i) in violation of its constitutive or organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries is subject; (iii) in violation of any law or statute or any judgment, order, rule, regulation, decree, guideline or notice of any court or arbitrator or Governmental Agency in the PRC, Hong Kong, British Virgin Islands, Taiwan or the Cayman Islands or any other jurisdiction where the Company or such Subsidiary was incorporated or operates, including the violation of any of the above (including foreign investment, acquisition, anti-money laundering, sanctions, anti-corruption, antitrust and anti-monopoly laws) by entering into and the performance of the agreements and the consummation of the transactions as described in the Annual Report, or (iv) in breach of or in default under any approval, consent, waiver, registration, authorization, exemption, permission, endorsement or license granted by any court or Governmental Agency in the PRC, Hong Kong, British Virgin Islands, Taiwan or the Cayman Islands or any other jurisdiction where the Company or such Subsidiary was incorporated or operates, except, in the case of clauses (ii), (iii) and (iv) above, for any such breach, default or violation that would not, individually or in the aggregate, result in a Material Adverse Effect.

(z) *No Conflicts.* The execution, delivery and performance by the Company of each of the Transaction Documents, the issuance and sale of the Securities, the issuance of the ADSs and Ordinary Shares underlying the ADSs upon conversion of the Securities, the deposit of the Ordinary Shares with the Depositary against issuance of the ADSs, the delivery of such ADSs, the compliance by the Company with all of the provisions of the Transaction Documents and the consummation of the transactions contemplated by the Transaction Documents, as well as the consummation of the Concurrent Offerings, will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries is subject, (ii) result in any violation of the provisions of the constitutive or organizational documents of the Company or any of its Subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule, circular or regulation of any court or arbitrator or Governmental Agency having jurisdiction over the Company or any of its Subsidiaries or any of their properties or assets, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, result in a Material Adverse Effect.

(aa) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or Governmental Agency having jurisdiction over the Company or any of its Subsidiaries or any of their properties or assets is required for the execution, delivery and performance by the Company of each of the Transaction Documents, the issuance and sale of the Securities, the issuance of the ADSs and Ordinary Shares underlying the ADSs upon conversion of the Securities, the deposit of the Ordinary Shares with the Depositary against issuance of the ADSs, the delivery of such ADSs, the compliance by the Company with all of the provisions of the Transaction Documents, the Deposit Agreement, the Restricted Issuance Agreement and the Rights Agreement and the consummation of the transactions contemplated by the Transaction Documents, except for such consents, approvals, authorizations, orders,

registrations or qualifications as may be required under applicable state securities laws in connection with the purchase and resale of the Securities by each Initial Purchaser. The certificate of registration with respect to the Securities issued by the PRC National Development and Reform Commission (the “**NDRC**”) in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (国家发展改革委关于推进企业发行外债备案登记制管理改革的通知) (Fa Gai Wai Zi [2015] No 2044) (the “**NDRC Notice**”) remains in full force and effect.

(bb) *Legal Proceedings.* Except as described in the Time of Sale Information and the Offering Memorandum, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its Subsidiaries is a party or to which any property of the Company or any of its Subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of its Subsidiaries, could reasonably be expected to have a Material Adverse Effect; and, to the knowledge of the Company, no such investigations, actions, suits or proceedings are threatened or contemplated by any Governmental Agency or others.

(cc) *Independent Accountants.* PricewaterhouseCoopers Zhong Tian LLP (“**PwC**”) and Ernst & Young Hua Ming LLP (“**Ernst & Young**”), who have certified the financial statements incorporated by reference in the Time of Sale Information and the Offering Memorandum, are each an independent registered public accounting firm with respect to the Company and Qunar, respectively, as required by the Securities Act and the rules and regulations of the Commission thereunder and are independent in accordance with the requirements of the Public Company Accounting Oversight Board (United States).

(dd) *Title to Property.* The Company and its Subsidiaries have good and marketable title, or have valid rights to lease or otherwise use, all items of real and other property and assets that are material to the respective businesses of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects except as described in the Time of Sale Information and the Offering Memorandum or those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its Subsidiaries or (ii) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and any real property and buildings held under lease by each of the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries.

(ee) *Title to Intellectual Property.* (i) the Company and its Subsidiaries, as applicable, own, possess, license or have other rights to use all patents and patent applications, copyrights, trademarks, service marks, trade names (including the “Ctrip” and “Ctrip.com” names and logo), Internet domain names, technology, and/or know-how (including trade secrets and other unpatented and/or unpatentable proprietary rights) (collectively, “**Intellectual Property**”) that are necessary or used in any material respect to conduct their business in the manner in which it is being conducted as set forth in the Annual Report, the Time of Sale Information and the Offering Memorandum; (ii) neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement, violation 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 with would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein.

(ff) *No Undisclosed Relationships.* No material relationship exists between the Company or any of its Subsidiaries, on the one hand, and the directors, officers, shareholders, customers or suppliers of the Company or any of its Subsidiaries, on the other, that is required by the Exchange Act to be described in an annual report and that is not so described in the Annual Report or the Time of Sale Information and the Offering Memorandum.

(gg) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Securities, and the consummation of the Concurrent Offerings and the application of the proceeds therefrom, will not be required to register as an “investment company” within the meaning of the U.S. Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “**Investment Company Act**”).

(hh) *Taxes.* All tax returns required to be filed by the Company and each Subsidiary have been filed, and all taxes and other assessments of a similar nature (whether imposed directly or through withholding) including any interest, additions to tax or penalties applicable thereto due from such entities have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

(ii) *PFIC Status.* The Company was not a “Passive Foreign Investment Company” (“**PFIC**”) within the meaning of Section 1297(a) of the United States Internal Revenue Code of 1986, as amended for the taxable year ended December 31, 2015 and, based on the Company’s current projected income, assets and activities, the Company does not expect to be classified as a PFIC for the current taxable year ending December 31, 2016. The Company has no plan or intention to conduct its business in a manner that would be reasonably expected to result in the Company becoming a PFIC in the future under current laws and regulations.

(jj) *No Stamp or Transaction Taxes.* Except as disclosed in the Time of Sale Information and the Offering Memorandum, no stamp or other issuance, transfer or withholding taxes or duties are payable by or on behalf of each Initial Purchaser to the government of the PRC, the Cayman Islands, Hong Kong, British Virgin Islands, Taiwan or any political subdivision or taxing authority thereof or therein in connection with (i) the issuance of the Securities, (ii) the sale and delivery by the Company of the Securities to or for the account of each Initial Purchaser, (iii) the initial sale and delivery by each Initial Purchaser of the Securities to purchasers thereof, (iv) the issuance and delivery of the Ordinary Shares upon conversion of the Securities and the ADSs representing such Ordinary Shares, (v) the deposit of the Ordinary Shares with the Depository against issuance of the ADSs, or (vi) the execution, delivery and performance of this Agreement and other Transaction Documents.

(kk) *Licenses and Permits.* The Company and its Subsidiaries possess all licenses, certificates, permits, consents, approvals and other authorizations issued by, and have made all declarations and filings with, all appropriate Governmental Agencies that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Time of Sale Information and the Offering Memorandum, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the Time of Sale Information and the Offering Memorandum, neither the Company nor any of its Subsidiaries has received notice of any revocation or modification of any such license, certificate, permit, consent, approval or authorization or has any reasonable basis to believe that any such license, certificate, permit, consent, approval or authorization will not be renewed when expired in the ordinary course.

(ll) *No Labor Disputes.* No labor disturbance by, or dispute with, employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its principal suppliers, except as would not, individually or in the aggregate, have a Material Adverse Effect.

(mm) *Compliance with Environmental Laws.* The Company and its Subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“**Environmental Laws**”), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except in each of the foregoing cases, where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, individually or in the aggregate, have a Material Adverse Effect. There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, individually or in the aggregate, have a Material Adverse Effect.

(nn) *Disclosure Controls.* The Company maintains an effective system of “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and is designed to ensure that material information relating to the Company and its Subsidiaries is made known to the Company’s management as appropriate. The Company has carried out evaluations of the effectiveness of its disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act.

(oo) *Accounting Controls.* The Company maintains systems of “internal control over financial reporting” (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, the principal executive and principal financial officer, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States, including, but not limited to internal accounting controls sufficient to 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 generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. There are no material weaknesses or significant deficiencies in the Company’s internal controls. The Company’s auditors and the Audit Committee of the Board of Directors of the Company have not been advised of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls over financial reporting. Since the date of the latest audited financial statements included or incorporated by reference in the Time of Sale Information and the Offering Memorandum, there has been no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

(pp) *eXtensible Business Reporting Language*. The interactive data in eXtensible Business Reporting Language incorporated by reference in the Time of Sale Information and the Offering Memorandum fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(qq) *Critical Accounting Policies*. The section entitled "Operating and Financial Review and Prospects" in the Company's Annual Report, as updated by the Time of Sale Information, accurately and fully describes (i) 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 and complex judgments ("**critical accounting policies**"); (ii) judgments and uncertainties affecting the application or critical accounting policies; and (iii) the likelihood that materially different amounts would be reported under different conditions or using different assumptions and an explanation thereof; the Company's management has reviewed and agreed with the selection, application and disclosure of critical accounting policies and has consulted with its legal advisers and independent accountants with regard to such disclosure in the Company's Annual Report, as updated by the Time of Sale Information.

(rr) *Liquidity and Off-balance Sheet Transactions*. The section entitled "Operating and Financial Review and Prospects — Liquidity and Capital Resources" in the Company's Annual Report, as updated by the Time of Sale Information, accurately and fully describes (i) 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 (ii) 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 that 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.

(ss) *Insurance*. The Company and its Subsidiaries have insurance covering their respective properties, operations, personnel and businesses as the Company reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate to protect the Company and its Subsidiaries and their respective businesses; and neither the Company nor any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business, in each of the foregoing cases, except where the failure to carry or renew such insurance would not, individually or in the aggregate, have a Material Adverse Effect.

(tt) *No Unlawful Payments*. Neither the Company, any of its Subsidiaries, any director or officer of the Company or any of its Subsidiaries, nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its Subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful or improper expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in

International Business Transactions, the U.K. Bribery Act of 2010 or any other applicable anti-bribery or anti-corruption laws, or the rules and regulations promulgated thereunder; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its Subsidiaries have instituted, and maintain and enforce, policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(uu) *Compliance with Anti-Money Laundering Laws.* The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Agency (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or Governmental Agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company after inquiry, threatened.

(vv) *No Conflicts with Sanctions Laws.* (a) None of the Company, any of its Subsidiaries, directors, officers or employees, or, to the knowledge of the Company, any agent, representative or affiliate of the Company or any of its Subsidiaries, (i) is an individual or entity (“**Person**”) that is, or is owned or controlled by Persons that are: (A) the subject or target of any economic sanctions administered or enforced by the United States Government (including, without limitation, by the U.S. Treasury Department’s Office of Foreign Assets Control and the U.S. Department of State, and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority (collectively, “**Sanctions**”), nor (B) located, organized or resident in a country, region or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea, Sudan and Syria, each a “**Sanctioned Country**”), or (ii) does any business with or involving any Person or the government of any country that is, or any project located in a country that is, the target of Sanctions; (b) the proceeds from the offering of the Securities contemplated hereby will not be used, directly or indirectly, and will not be lent, contributed or otherwise made available to any Subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transactions, whether as Initial Purchasers, advisor, investor or otherwise) of Sanctions; and (c) for the past five years, the Company and its Subsidiaries have not knowingly engaged in and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(ww) *No Restrictions on Subsidiaries.* Other than as described in the Time of Sale Information, no Subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such Subsidiary’s capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary’s properties or assets to the Company or any other Subsidiary of the Company.

(xx) *Holders*. No holder of the Securities after the consummation of the transactions contemplated by this Agreement or any other Transaction Documents is or will be subject to any personal liability in respect of any liability of the Company by virtue only of its holding of any Securities; and except as set forth in the Time of Sale Information and the Offering Memorandum, there are no limitations on the rights of holders of the Securities to hold or transfer their Securities.

(yy) *No Broker's Fees*. The Company is not a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any Initial Purchaser for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Securities.

(zz) *Foreign Issuer*. The Company is a "foreign private issuer" within the meaning of Rule 405 under the Act.

(aaa) *Rule 144A Eligibility*. On the Closing Date, the Securities will not be of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in an automated inter-dealer quotation system as defined pursuant to Rule 144A(d)(3); and each of the Time of Sale Information, as of the Time of Sale, and the Offering Memorandum, as of its date, contains or will contain all the information that, if requested by a prospective purchaser of the Securities, would be required to be provided to such prospective purchaser pursuant to Rule 144A(d)(4) under the Securities Act.

(bbb) *No Integration*. Neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D) has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act.

(ccc) *No General Solicitation or Directed Selling Efforts*. None of the Company or any of its affiliates or any other person acting on its or their behalf (other than the Initial Purchasers, as to which no representation is made) has (i) solicited offers for, or offered or sold, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D other than by means of a Permitted General Solicitation or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act or (ii) engaged in any directed selling efforts within the meaning of Regulation S under the Securities Act ("**Regulation S**"), and all such persons have complied with the offering restrictions requirement of Regulation S.

(ddd) *Securities Law Exemptions*. Assuming the accuracy of the representations and warranties of the Initial Purchasers contained in Section 2(b) (including Annex D hereto) and their compliance with their agreements set forth therein, it is not necessary, in connection with the issuance and sale of the Securities to the Initial Purchasers and the offer, resale and delivery of the Securities by the Initial Purchasers in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum, to register the Securities and the ADSs issuable upon conversion of the Securities and the Ordinary Shares represented by such ADSs under the Securities Act or to qualify the Indenture under the Trust Indenture Act.

(eee) *No Stabilization*. Neither the Company nor any of its Subsidiaries or, to the Company's knowledge, any of their respective directors, officers, affiliates or controlling persons has taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities.

(fff) *Margin Rules.* Neither the issuance, sale and delivery of the Securities nor the application of the proceeds thereof by the Company as described in the Time of Sale Information and the Offering Memorandum will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(ggg) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included or incorporated by reference in the Time of Sale Information and the Offering Memorandum has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(hhh) *Statistical and Market Data.* Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included or incorporated by reference in the Time of Sale Information and the Offering Memorandum is not based on or derived from sources that are reliable and accurate in all material respects.

(iii) *Sarbanes-Oxley Act.* There is not and there has not been any failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated by the Commission and the Nasdaq Global Select Market in connection therewith, including Section 402 related to loans and Sections 302 and 906 related to certifications.

(jjj) *No Ratings.* There are no securities or preferred stock of or guaranteed by the Company or any of its Subsidiaries that are rated by a "nationally recognized statistical rating organization," as such term is defined under Section 3(a)(62) under the Exchange Act.

(kkk) *Validity of Choice of Law.* The choice of laws of the State of New York as the governing law of this Agreement, the Indenture, the Deposit Agreement, the Restricted Issuance Agreement and any other Transaction Documents, if applicable, is a valid choice of law under the laws of the Cayman Islands and the PRC and will be honored by courts in the Cayman Islands and, to the extent permitted under the PRC civil law and rules of civil procedures (which do not involve a re-examination of the merits of the claim), will be honored by the courts in the PRC to the extent not inconsistent with the description in the Offering Memorandum under the heading "Enforceability of civil liabilities. The Company has the power to submit, and pursuant to Section 15 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 has validly and irrevocably waived any objection to the laying of venue of any suit, action or proceeding brought in such court, and the Company has the power to designate, appoint and authorize, and pursuant to Section 15 of this Agreement, has legally, validly, effectively and irrevocably designated, appointed an authorized agent for service of process in any action arising out of or relating to this Agreement, the Deposit Agreement, the Restricted Issuance 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 15 hereof.

(lll) *No Immunity.* Neither the Company, or any Subsidiary nor any of their respective properties, assets or revenues has any right of immunity under Cayman Islands, PRC, New York state or United States federal 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, PRC, New York state 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, the Deposit Agreement, the Restricted Issuance Agreement and the Securities; and, to the extent that the Company, or any Subsidiary or any of their respective 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 its 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 15 of this Agreement.

(mmm) *Judgment.* Any final judgment for a fixed 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, the Deposit Agreement the Restricted Issuance Agreement and the Securities would be recognized and enforced 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.

4. Further Agreements of the Company. The Company covenants and agrees with each Initial Purchaser that:

(a) *Delivery of Copies.* The Company will deliver to each Initial Purchaser as many copies of the Preliminary Offering Memorandum, any other Time of Sale Information, any Issuer Written Communication and the Offering Memorandum (including all amendments and supplements thereto) as each Initial Purchaser may reasonably request.

(b) *Offering Memorandum, Amendments or Supplements.* Before finalizing the Offering Memorandum or making or distributing any amendment or supplement to any of the Time of Sale Information or the Offering Memorandum or filing with the Commission any document that will be incorporated by reference therein, the Company will furnish to each Initial Purchaser and counsel for the Initial Purchasers a copy of the proposed Offering Memorandum or such amendment or supplement or document to be incorporated by reference therein for review, and will not distribute any such proposed Offering Memorandum, amendment or supplement or file any such document with the Commission to which the Initial Purchasers reasonably object.

(c) *Additional Written Communications.* Before making, preparing, using, authorizing, approving or referring to any Issuer Written Communication, the Company will furnish to the Initial Purchasers and counsel for the Initial Purchasers a copy of such written communication for review and will not make, prepare, use, authorize, approve or refer to any such written communication to which the Initial Purchasers reasonably object.

(d) *Notice to the Initial Purchasers.* The Company will advise the Initial Purchasers promptly, and confirm such advice in writing, (i) of the issuance by any Governmental Agency of any order preventing or suspending the use of any of the Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum or the initiation or threatening of any proceeding for that purpose; (ii) of the occurrence of any event at

any time prior to the completion of the initial offering of the Securities as a result of which any of the Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum as then amended or supplemented would include any 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 existing when such Time of Sale Information, Issuer Written Communication, Permitted General Solicitation or the Offering Memorandum is delivered to a purchaser, not misleading; and (iii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Securities for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order preventing or suspending the use of any of the Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation or the Offering Memorandum or suspending any such qualification of the Securities and, if any such order is issued, will obtain as soon as possible the withdrawal thereof.

(e) *Ongoing Compliance of the Offering Memorandum and Time of Sale Information.* (i) If at any time prior to the completion of the initial offering of the Securities (A) any event shall occur or condition shall exist as a result of which the Offering Memorandum as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, not misleading or (B) it is necessary to amend or supplement the Offering Memorandum to comply with law, the Company will immediately notify the Initial Purchasers thereof and forthwith prepare and, subject to paragraph (b) above, furnish to the Initial Purchasers such amendments or supplements to the Offering Memorandum (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in the Offering Memorandum as so amended or supplemented (or including such document to be incorporated by reference therein) will not, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, be misleading or so that the Offering Memorandum will comply with law and (ii) if at any time prior to the Closing Date (A) any event shall occur or condition shall exist as a result of which any of the Time of Sale Information as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (B) it is necessary to amend or supplement any of the Time of Sale Information to comply with law, the Company will immediately notify the Initial Purchasers thereof and forthwith prepare and, subject to paragraph (b) above, furnish to the Initial Purchasers such amendments or supplements to any of the Time of Sale Information (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in any of the Time of Sale Information as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading.

(f) *Blue Sky Compliance.* The Company will qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of the Securities; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Clear Market.* For a period of 90 days after the date of the offering of the Securities, the Company will not (i) 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, or file with the Commission a registration statement under the Securities Act relating to, any Ordinary Shares or ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares or ADSs or any such other securities, whether any such 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, without the prior written consent of the Initial Purchasers, other than the Securities to be sold hereunder, the securities to be sold under the Concurrent Offerings, the grant of incentive shares by the Company to its employees, directors and/or consultants pursuant to the Company's existing share incentive plans, any Ordinary Shares or ADSs issued upon the exercise of options granted under existing employee share incentive plans, or any Ordinary Shares issued, and ADSs delivered representing such Ordinary Shares, upon any conversion of the Securities.

(h) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Securities as described in the Time of Sale Information and the Offering Memorandum under the heading "Use of proceeds."

(i) *No Stabilization.* The Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Securities and will not take any action prohibited by Regulation M under the Exchange Act in connection with the distribution of the Securities contemplated hereby.

(j) *Underlying Securities.* The Company will keep available, free of pre-emptive rights, Ordinary Shares for the purpose of enabling the Company (i) to satisfy its obligation to issue the maximum number of Underlying Securities that may be due upon conversion of the Securities including the maximum number of additional Underlying Securities that may be due in connection with a make-whole fundamental change.

(k) *Supplying Information.* While the Securities remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act, furnish to holders of the Securities, prospective purchasers of the Securities designated by such holders and securities analysts, in each case upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(l) *DTC.* The Company will assist the Initial Purchasers in arranging for the Securities to be eligible for clearance and settlement through DTC.

(m) *No Resales by the Company.* The Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act ("**Rule 144**")) to, resell any of the Securities or the Underlying Securities which constitute "restricted securities" under Rule 144 that were initially sold pursuant to Rule 144A and have been reacquired by any of them other than pursuant to an effective registration statement or valid exemption under the Securities Act which results in the Securities or the Underlying Securities registered thereon being freely tradable upon sale pursuant to such registration statement or exemption.

(n) *No Integration.* Neither the Company nor any of its affiliates (as defined in Rule 501(b) of Regulation D) will, directly or through any agent, sell, offer for sale, solicit offers to buy

or otherwise negotiate in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act.

(o) *No General Solicitation or Directed Selling Efforts.* None of the Company or any of its affiliates or any other person acting on its or their behalf (other than the Initial Purchasers, as to which no covenant is given) will (i) solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D without the prior written consent of the Initial Purchasers or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act or (ii) engage in any directed selling efforts within the meaning of Regulation S, and all such persons will comply with the offering restrictions requirement of Regulation S.

(p) *Taxes.* The Company will indemnify and hold harmless the Initial Purchasers against any documentary, stamp or similar issuance tax, including any interest and penalties, on the creation, issuance and sale of the Securities and on the execution and delivery of this Agreement and other Transaction Documents. All payments to be made by the Company hereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the Company is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made.

(q) *Post-Closing NDRC Filing.* The Company shall (i) file or cause to be filed with the NDRC or its local branch information of the offering of the Securities after the Closing Date or the Additional Closing Date, as applicable, in accordance with and within the time period prescribed by the NDRC Notice, and (ii) comply with all applicable PRC laws and regulations in relation to the NDRC registration pursuant to the NDRC Notice.

5. Certain Agreements of the Initial Purchasers. Each Initial Purchaser hereby represents and agrees that it has not and will not use, authorize the use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (a) the Preliminary Offering Memorandum and the Offering Memorandum, (b) a written communication that contains no “issuer information” (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Offering Memorandum or the Offering Memorandum, (c) any written communication listed on Annex B or prepared pursuant to Section 4(c) above (including any electronic road show), (d) any written communication prepared by such Initial Purchaser and approved by the Company in advance in writing or (e) any written communication relating to or that contains the terms of the Securities and/or other information that was included (including through incorporation by reference) in the Preliminary Offering Memorandum or the Offering Memorandum.

6. Conditions of Initial Purchasers’ Obligations. The obligation of each Initial Purchaser to purchase the Underwritten Securities on the Closing Date or the Option Securities on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of the

Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

(b) *No Material Adverse Change.* No event or condition of a type described in Section 3(g) (*No Material Adverse Change representation*) hereof shall have occurred or shall exist, which event or condition is not described in the Time of Sale Information (excluding any amendment or supplement thereto) and the Offering Memorandum (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representative makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum.

(c) *Officers' Certificate.* The Initial Purchasers shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, a certificate of the chief financial officer or chief accounting officer of the Company and the chief executive officer (i) confirming that such officers have carefully reviewed the Time of Sale Information and the Offering Memorandum and, to the best knowledge of such officers, the representations set forth in Sections 3(a) and 3(b) hereof are true and correct as of the Closing Date or the Additional Closing Date, as the case may be, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct as of the Closing Date or the Additional Closing Date, as the case may be, and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date or the Additional Closing Date, as the case may be and (iii) to the effect set forth in paragraph (b) above.

(d) *Comfort Letters.* On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, PwC and Ernst & Young shall have furnished to the Initial Purchasers, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference in the Time of Sale Information and the Offering Memorandum; provided, that the letter delivered on the Closing Date or the Additional Closing Date, as the case may be, shall use a "cut-off" date no more than three business days prior to such Closing Date or such Additional Closing Date, as the case may be.

(e) *Opinions and 10b-5 Statement of U.S. Counsel for the Company.* Skadden, Arps, Slate, Meagher & Flom LLP, special U.S. counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinions and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-1 hereto.

(f) *Opinions of Cayman Islands Counsel for the Company.* Maples and Calder, Cayman Islands counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinions, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-2 hereto.

(g) *Opinion of PRC Counsel for the Company.* Commerce & Finance Law Offices, PRC counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion, dated the Closing Date or the Additional Closing Date, as the case

may be, and addressed to the Company, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-3 hereto.

(h) *Opinion of Hong Kong Counsel for the Company.* Li & Partners, Hong Kong counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-4 hereto.

(i) *Opinion of Taiwan Counsel for the Company.* Tsar & Tsai Law Firm, Taiwan counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-5 hereto.

(j) *Opinion of British Virgin Islands Counsel for the Company.* Maples and Calder, British Virgin Islands counsel for the Company, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-6 hereto.

(k) *Opinion of Counsel for the Depositary.* Emmet, Marvin & Martin LLP, counsel for the Depositary, shall have furnished to the Initial Purchasers, at the request of the Company, their written opinion, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Annex A-7 hereto.

(l) *Opinion and 10b-5 Statement of Counsel for the Initial Purchasers.* The Initial Purchasers shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion and 10b-5 statement of Davis Polk & Wardwell, counsel for the Initial Purchasers, with respect to such matters as the Initial Purchaser may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(m) *Opinion of PRC Counsel for the Initial Purchasers.* The Initial Purchasers shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion of Jingtian & Gongcheng, PRC counsel for the Initial Purchasers, with respect to such matters as the Initial Purchasers may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(n) *No Legal Impediment to Issuance.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any Governmental Agency that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Securities; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Securities.

(o) *DTC.* The Securities shall be eligible for clearance and settlement through DTC.

(p) *Lock-up Agreements.* The “lock-up” agreements, each substantially in the form of Exhibit A hereto, between you and Baidu, Inc., James Jianzhang Liang, Min Fan, Jane Jie Sun, Jenny Wenjie Wu, Xiaofan Wang, Neil Nanpeng Shen, Qi Ji, Gabriel Li, JP Gan, Robin Yanhong Li and Tony Yip, relating to sales and certain other dispositions of Ordinary Shares or ADSs or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date or Additional Closing Date, as the case may be.

(q) *CFO Certificate.* The Initial Purchasers shall have received on and as of the date of this Agreement, the Closing Date or the Additional Closing Date, as the case may be, a certificate of the chief financial officer of the Company substantially in the form of Exhibit B hereto.

(r) *Transaction Documents.* On or prior to the Closing Date, the Company shall have duly executed and delivered the Transaction Documents dated as of the Closing Date.

(s) *Authorization.* The Company shall have duly executed and delivered the Transaction Documents and duly authorized the Time of Sale Information and the Offering Memorandum.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

7. Indemnification and Contribution.

(a) *Indemnification of the Initial Purchasers.* The Company agrees to indemnify and hold harmless each Initial Purchaser, its affiliates, and its respective directors and officers and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, the breach of or failure to perform any of its representations, warranties or undertakings under this Agreement, or any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication, any road show as defined in Rule 433(h) under the Securities Act (a “**road show**”), any Permitted General Solicitation, or the Offering Memorandum (or any amendment or supplement thereto) or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use therein, it being understood and agreed that the only such information furnished by each Initial Purchaser consists of the information described as such in subsection (b) below.

(b) *Indemnification of the Company.* Each Initial Purchaser agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon,

any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in the Preliminary Offering Memorandum, any of the other Time of Sale Information, any Issuer Written Communication or the Offering Memorandum (or any amendment or supplement thereto), it being understood and agreed upon that the only such information furnished by each Initial Purchaser consists of the following information in the Offering Memorandum furnished on behalf of each Initial Purchaser: the name of the Initial Purchaser set forth in the first paragraph and the first paragraph under the title "Price stabilization and short positions; repurchase of ADSs," in each case under the caption "Plan of Distribution."

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to either paragraph (a) or (b) above, such person (the "**Indemnified Person**") shall promptly notify the person against whom such indemnification may be sought (the "**Indemnifying Person**") in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under paragraph (a) or (b) above, except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under paragraph (a) or (b) above. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for each Initial Purchaser, its affiliates, directors and officers and any control persons of such Initial Purchaser shall be designated in writing by such Initial Purchaser and any such separate firm for the Company, its directors, its officers and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such

request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in paragraphs (a) and (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Initial Purchasers, on the other, from the offering of the Securities 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) but also the relative fault of the Company, on the one hand, and the Initial Purchasers, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Initial Purchasers, on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Securities and the total discounts and commissions received by each Initial Purchaser in connection therewith, as provided in this Agreement, bear to the aggregate offering price of the Securities. The relative fault of the Company, on the one hand, and the Initial Purchasers, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by an Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) *Limitation on Liability.* The Company and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall any Initial Purchaser be required to contribute any amount in excess of the amount by which the total discounts and commissions received by such Initial Purchaser with respect to the offering of the Securities exceeds the amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute pursuant to this Section 7 are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

8. Effectiveness of Agreement. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

9. Termination. This Agreement may be terminated in the absolute discretion of the Initial Purchasers, by notice to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date or, in the case of the Option Securities, prior to the Additional Closing Date (a) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange or the Nasdaq Global Market; (b) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (c) a general moratorium on commercial banking activities shall have been declared by U.S. federal or New York State authorities or the relevant authorities in the Cayman Islands, Hong Kong, the British Virgin Islands or the PRC; or (d) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Initial Purchasers, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Offering Memorandum.

10. Defaulting Initial Purchaser. (a) If, on the Closing Date, any Initial Purchaser defaults on its obligation to purchase the Securities that it has agreed to purchase hereunder on such date, the non-defaulting Initial Purchaser may in its discretion arrange for the purchase of such Securities by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Initial Purchaser, the non-defaulting Initial Purchaser does not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Initial Purchaser to purchase such Securities on such terms. If other persons become obligated or agree to purchase the Securities of a defaulting Initial Purchaser, either the non-defaulting Initial Purchaser or the Company may postpone the Closing Date or the Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Time of Sale Information, the Offering Memorandum or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Time of Sale Information or the Offering Memorandum that effects any such changes. As used in this Agreement, the term "Initial Purchaser" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 10, purchases Securities that a defaulting Initial Purchaser agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser by the non-defaulting Initial Purchaser and the Company as provided in paragraph (a) above, the aggregate number of Securities that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, does not exceed one-eleventh of the aggregate number of Securities to be purchased on such date, then the Company shall have the right to require each non-defaulting Initial Purchaser to purchase the number of Securities that such Initial Purchaser agreed to purchase hereunder on such date plus such Initial Purchaser's pro rata share (based on the number of Securities that such Initial Purchaser agreed to purchase on such date) of the Securities of such defaulting Initial Purchaser for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser by the non-defaulting Initial Purchaser and the Company as provided in paragraph (a) above, the aggregate number of Securities that remain unpurchased on the Closing Date, as the case may be, exceeds one-eleventh of the aggregate amount of Securities to be purchased on such date, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchaser. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, except that the Company will continue to be liable for the payment of expenses as set forth in Section 11 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any non-defaulting Initial Purchaser for damages caused by its default.

11. Payment of Expenses. (a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Securities and any taxes payable in that connection; (ii) the costs incident to the preparation and printing of the Preliminary Offering Memorandum, any other Time of Sale Information, any Issuer Written Communication, any Permitted General Solicitation and the Offering Memorandum (including any amendments and supplements thereto) and the distribution thereof; (iii) the costs of reproducing and distributing each of the Transaction Documents; (iv) the fees and expenses of the Company's counsel and independent accountants; (v) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the laws of such jurisdictions as the Initial Purchaser may designate and the preparation, printing and distribution of a Blue Sky Memorandum; (vi) [*reserved*]; (vii) the fees and expenses of the Trustee and any paying agent (including related fees and expenses of any counsel to such parties); (viii) all expenses and application fees incurred in connection with the approval of the Securities for book-entry transfer by DTC; (ix) all expenses incurred by the Company in connection with any "road show" presentation to potential investors; and (x) all expenses and fees related to the listing of the Underlying Securities on the Exchange. For the avoidance of doubt, subject to Section 11(b), the Company will not pay any costs and expenses incurred by or on behalf of the Initial Purchasers, including without limitation any fees, disbursements or expenses of any counsel to the Initial Purchasers, any disbursements or expenses of the representatives, agents, officers and directors of the Initial Purchasers for or in connection with the transactions contemplated by this Agreement, and any road show presentation or other presentation to potential investors.

(b) If (i) the Company for any reason fails to tender the Securities for delivery to the Initial Purchasers, (ii) the Initial Purchasers decline to purchase the Securities because any of the conditions set forth in Section 6 have not been satisfied, or (iii) if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company agrees to reimburse the Initial Purchasers for all out-of-pocket costs and expenses (including the fees and expenses of counsel) reasonably incurred by the Initial Purchasers in connection with this Agreement and the offering contemplated hereby.

12. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this

Agreement or any provision contained herein. No purchaser of Securities from the Initial Purchaser shall be deemed to be a successor merely by reason of such purchase.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Initial Purchasers contained in this Agreement or made by or on behalf of the Company or the Initial Purchasers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Initial Purchasers.

14. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City, Cayman Islands, Hong Kong or PRC; (c) the term “subsidiary” has the meaning set forth in Rule 405 under the Securities Act; and (d) the term “significant subsidiary” has the meaning set forth in Rule 1-02 of Regulation S-X under the Exchange Act.

15. Miscellaneous. (a) *Notices*. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Initial Purchasers shall be given to (i) J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: +1-212-622-8358); Attention: Equity Syndicate Desk and (ii) Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom (fax: +44-20-7056-4984), Attention: Convertible Debt Syndicate Desk. Notices to the Company shall be given to it at 968 Jin Zhong Road, Shanghai 200335, People’s Republic of China (fax: +(8621) 5251-0000); Attention: Chief Financial Officer.

(b) *Governing Law*. This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) *Counterparts*. This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(d) *Amendments or Waivers*. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(e) *Headings*. The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

(f) *Submission to Jurisdiction; Appointment of Agent for Service*. Each of the parties hereto irrevocably (i) agrees that any legal suit, action or proceeding against the Company brought by any Initial Purchaser or by any person who controls such Initial Purchaser arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in any New York Court, (ii) waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding and (iii) submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. The Company has appointed Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, as its authorized agent (the “**Authorized Agent**”) upon whom process may be served in any such action arising out of or based on this Agreement or the

transactions contemplated hereby which may be instituted in any New York Court by the Initial Purchasers or by any person who controls any of the Initial Purchasers, expressly consents to the jurisdiction of any such court in respect of any such action, and waives any other requirements of or objections to personal jurisdiction with respect thereto. Such appointment shall be irrevocable. The Company represents and warrants that the Authorized Agent has agreed to act as such agent for service of process and agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Company shall be deemed, in every respect, effective service of process upon the Company.

(g) *Waiver of Jury Trial.* The Company hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

(h) *Judgment Currency.* In respect of any judgment or order given or made for any amount due hereunder that is expressed and paid in a currency (the “**judgment currency**”) other than United States dollars, the Company will indemnify each Initial Purchaser against any loss incurred by such Initial Purchaser as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which such Initial Purchaser is able to purchase United States dollars with the amount of the judgment currency actually received by such Initial Purchaser. The foregoing indemnity shall constitute a separate and independent obligation of the Company and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term “rate of exchange” shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

(i) *BRRD Provisions.* Notwithstanding any other term of this Agreement or any other agreements, arrangements, or understandings between Morgan Stanley and the Counterparty, the Counterparty acknowledges, accepts, and agrees to be bound by: (i) the effect of the exercise of the UK bail-in power by the relevant UK resolution authority in relation to any Liability of Morgan Stanley to the Counterparty under this Agreement, that may include and result in any of the following, or some combination thereof: (A) the reduction of all, or a portion, of the Liability; (B) the conversion of all, or a portion, of the Liability into shares, other securities or other obligations of Morgan Stanley or another person (and the issue to or conferral on the Counterparty of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Agreement; (C) the cancellation of the Liability; and (D) the amendment or alteration of the amounts due in relation to the Liability, including any interest, if applicable, thereon, or the dates on which any payments are due, including by suspending payment for a temporary period; and (ii) the variation of the terms of this Agreement, if necessary, to give effect to the exercise of the UK bail-in power by the relevant UK resolution authority. For the purposes of this Section 15(i), the “**UK bail-in power**” is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (“**BRRD**”) as amended from time to time, including but not limited to the United Kingdom Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which: (i) any obligation of Morgan Stanley (or other affiliate of such entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period); and (ii) any right in a contract governing an obligation of

Morgan Stanley may be deemed to have been exercised, “**Counterparty**” means any party to this Agreement to whom Morgan Stanley owes a Liability under or in connection with this Agreement from time to time, and “**Liability**” has the same meaning as in such laws, regulations, rules or requirements.

[Signature page follows.]

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

CTRIP.COM INTERNATIONAL, LTD.

By /s/ Xiaofan Wang

Name: Xiaofan Wang

Title: Chief Financial Officer

[Signature Page – Purchase Agreement]

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

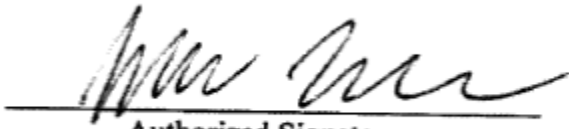
Very truly yours,

CTRIP.COM INTERNATIONAL, LTD.

By _____
Name:
Title:

Accepted as of the date above first written.

J.P. MORGAN SECURITIES LLC

By: 
Authorized Signatory

MORGAN STANLEY & CO. INTERNATIONAL PLC

By: _____
Authorized Signatory

[Signature Page – Purchase Agreement]

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

CTRIP.COM INTERNATIONAL, LTD.

By _____
Name:
Title:

Accepted as of the date above first written.

J.P. MORGAN SECURITIES LLC

By: _____
Authorized Signatory

MORGAN STANLEY & CO. INTERNATIONAL PLC

By:  _____
Authorized Signatory

[Signature Page – Purchase Agreement]

Schedule 1

<u>Initial Purchasers</u>	<u>Principal Amount</u>	<u>Over-allotment Amount</u>
J.P. Morgan Securities LLC	\$476,280,000	(Note 1)
Morgan Stanley & Co. International plc	\$423,720,000	(Note 1)
Total	<u>\$900,000,000</u>	<u>\$75,000,000</u>

Note 1: If the over-allotment option is exercised, the respective amounts of Option Securities to be purchased by each Initial Purchaser shall be agreed by the Company and the Initial Purchasers at the time of exercise.

Schedule 1-1

Subsidiaries

1. C-Travel International Limited, a Cayman Islands company
2. Ctrip.com (Hong Kong) Limited, a Hong Kong company
3. Ctrip Computer Technology (Shanghai) Co., Ltd., a PRC company
4. Ctrip Travel Information Technology (Shanghai) Co., Ltd., a PRC company
5. Ctrip Travel Network Technology (Shanghai) Co., Ltd., a PRC company
6. Ctrip Information Technology (Nantong) Co., Ltd., a PRC company
7. Beijing JointWisdom Information Technology Co., Ltd. (formerly known as China Software Hotel Information System Co., Ltd.), a PRC company
8. ezTravel Co., Ltd., a Taiwan company
9. HKWOT (BVI) Limited, a BVI company

Affiliated Entities

1. Beijing Ctrip International Travel Agency Co., Ltd., a PRC company
2. Shanghai Ctrip Commerce Co., Ltd., a PRC company
3. Guangzhou Ctrip Travel Agency Co., Ltd., a PRC company
4. Shanghai Huacheng Southwest International Travel Agency Co., Ltd. (formerly Shanghai Huacheng Southwest Travel Agency Co., Ltd.), a PRC company
5. Shanghai Ctrip International Travel Agency Co., Ltd. (formerly Shanghai Ctrip Charming International Travel Agency Co., Ltd.), a PRC company
6. Shenzhen Ctrip Travel Agency Co., Ltd., a PRC company
7. Chengdu Ctrip Travel Service Co Ltd., a PRC company
8. Chengdu Ctrip International Travel Service Co., Ltd., a PRC company
9. Ctrip Insurance Agency Co., Ltd., a PRC company
10. Beijing Qu Na Information Technology Co., Ltd., a PRC company (Note)

Other Entities

1. Qunar Cayman Islands Limited, a Cayman Islands company (Note)
2. Beijing Qunar Software Technology Company Limited, a PRC company (Note)

Note

Beijing Qunar Software Technology Company Limited (“**Qunar WFOE**”), a subsidiary of Qunar, has Contractual Arrangements with Beijing Qu Na Information Technology Co., Ltd. (“**Qunar VIE**”) and its shareholders such that Qunar Beijing is treated as a variable interest entity of Qunar, and Qunar consolidates the financial results of Qunar Beijing and its subsidiaries. The Company has consolidated the financial statements of Qunar since December 31, 2015. With respect to Section 3(k)(i) only, the definition of Covered VIE shall exclude Qunar VIE.

Form of Opinion of U.S. Counsel for the Company

1. The Underwriting Agreement has been duly executed and delivered by the Company to the extent such execution and delivery are governed by the laws of the State of New York.
2. The Deposit Agreement has been duly executed and delivered by the Company to the extent such execution and delivery are governed by the laws of the State of New York and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms under the laws of the State of New York.
3. Upon the issuance by the Depositary of the Securities in uncertificated form against the deposit of the underlying Shares by the Company in respect thereof in accordance with the provisions of the Deposit Agreement, such Securities will be duly and validly issued and the persons in whose names such Securities are registered will be entitled to the rights of holders specified in the Deposit Agreement.
4. Neither the execution and delivery by the Company of the Transaction Agreements nor the consummation by the Company of the deposit of the Shares with the Depositary and the issuance and sale of the Securities contemplated thereby violates any law, rule or regulation of the State of New York or the United States of America.
5. Neither the execution and delivery by the Company of the Transaction Agreements nor the consummation by the Company of the deposit of the Shares with the Depositary and the issuance and sale of the Securities contemplated thereby requires the consent, approval, licensing or authorization of, or any filing, recording or registration with, any governmental authority under any law, rule or regulation of the State of New York or the United States of America except for those consents, approvals, licenses and authorizations already obtained and those filings, recordings and registrations already made.
6. The submission by the Company to the personal jurisdiction of the New York Courts as set forth in Section [16(e)] of the Underwriting Agreement and Section 7.8 of the Deposit Agreement is valid, binding and enforceable against the Company. The waiver by the Company of any objection to the venue of a proceeding in any New York Court as set forth in Section [16(e)] of the Underwriting Agreement is valid, binding and enforceable against the Company. The appointment by the Company of the Agent for Service of Process as its authorized agent pursuant to Section [16(e)] of the Underwriting Agreement and Section 7.8 of the Deposit Agreement is valid, binding and enforceable against the Company under the laws of the State of New York. Service of process effected on the Agent for Service of Process, as agent for the Company, will be effective service on the Company in connection with any action under the Underwriting Agreement or the Deposit Agreement to which the Company has consented to jurisdiction in a New York Court.
7. The statements in the Prospectus and the Disclosure Package under the caption “Description of American Depositary Shares,” insofar as such statements purport to summarize certain provisions of the Deposit Agreement, fairly summarize such provisions in all material respects.

8. [The Company is not and, solely after giving effect to the offering and sale of the Firm ADSs and the application of the proceeds thereof as described in the Disclosure Package and the Prospectus, will not be an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.]

Annex A-1-A-2

Form of Negative Assurance Letter of U.S. Counsel to the Company

- (i) The Registration Statement, at the Effective Time (as defined below), the Prospectus, as of the date of the Prospectus Supplement, and the F-6 Registration Statement, at the time it became effective, appeared on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the Rules and Regulations (except that in each case we do not express any view as to the financial statements, schedules and other financial information included or incorporated by reference therein or excluded therefrom) and (ii) no facts have come to our attention that have caused us to believe that the Registration Statement, at the Effective Time, or the F-6 Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as of the date of the Prospectus Supplement and as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits 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 (except that in each case we do not express any view as to the financial statements, schedules and other financial information included or incorporated by reference therein or excluded therefrom, the report of management's assessment of the effectiveness of internal controls over financial reporting or the auditors' report on the effectiveness of the Company's internal controls over financial reporting, or the statements contained in the exhibits to the Registration Statement and the F-6 Registration Statement). In addition, on the basis of the foregoing, no facts have come to our attention that have caused us to believe that the Disclosure Package, as of the Applicable Time (as defined below), contained an untrue statement of a material fact or omitted 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 (except that we do not express any view as to the financial statements, schedules and other financial information included or incorporated by reference therein or excluded therefrom, the report of management's assessment of the effectiveness of internal controls over financial reporting or the auditors' report on the effectiveness of the Company's internal controls over financial reporting, or the statements contained in the exhibits to the Registration Statement).

Form of Tax Opinion of U.S. Counsel to the Company

[reserved]

Annex A-1-C-1

**Form of Opinion of Cayman Islands Counsel for the Company
with respect to the Securities**

- 1.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing under the laws of the Cayman Islands.
- 1.2 The Company has all the requisite power and authority under the Memorandum and Articles to enter into, execute and perform its obligations under the Transaction Documents and the Notes including the issue and offer of the Notes pursuant to the Transaction Documents.
- 1.3 The execution and delivery of the Transaction Documents do not, and the issue and offer of the Notes by the Company and the performance by the Company of its obligations thereunder will not, conflict with or result in a breach of any of the terms or provisions of the Memorandum and Articles or any law, public rule or regulation applicable to the Company currently in force in the Cayman Islands.
- 1.4 The execution, delivery and performance of the Transaction Documents have been authorised by and on behalf of the Company and, upon the execution and unconditional delivery of the Transaction Documents by [*an Authorized Person*] (as defined in the Resolutions) for and on behalf of the Company, the Transaction Documents will have been duly executed and delivered on behalf of the Company and will constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms.
- 1.5 The Company has the authorized and issued share capital as set forth in the Section headed “Capitalization” in the Time of Sale Information and the Offering Memorandum, and all of the issued shares of the Company have been duly authorised and are validly issued, fully paid and non-assessable, are not subject to any pre-emptive or similar rights under Cayman Islands law or the Memorandum and Articles and conform to the description thereof contained in the Time of Sale Information and the Offering Memorandum.
- 1.6 The Notes have been duly authorised by the Company and when the Notes are signed in facsimile or manually by a director on behalf of the Company and, if appropriate, authenticated in the manner set forth in the Indentures and delivered against due payment therefor will be duly executed, issued and delivered and will constitute the legal, valid and binding obligations of the Company enforceable in accordance with their respective terms.
- 1.7 The issue and allotment of Shares and ADSs upon conversion of the Notes have been duly authorised and will not violate, conflict with or result in a breach of any of the terms or provisions of the Memorandum and Articles or any law, public rule or regulation applicable to the Company in the Cayman Islands currently in force in the Cayman Islands. When Shares are issued upon conversion of the Notes in accordance with the terms of the Notes and the Indentures, and entered as fully paid on the register of members (shareholders) of the Company, such Shares will be legally issued and allotted, fully paid and non-assessable, and will not be subject to any pre-emptive or similar rights under Cayman Islands law or the Memorandum and Articles.
- 1.8 So far as the law of the Cayman Islands is concerned, the Transaction Documents are in proper form under the laws of the Cayman Islands for the enforcement thereof against the Company, subject in so far as such enforcement may be limited as more particularly set forth in paragraph 4.1 below.

- 1.9 The statements in the Time of Sale Information and the Offering Memorandum under the headings “Enforceability of Civil Liabilities”, “Risk Factors”, “Description of the Notes”, “Description of Share Capital”, “Taxation”, “Plan of Distribution” and “Transfer Restrictions” are accurate in so far as such statements are summaries of or relate to Cayman Islands law.
- 1.10 The summaries of the Memorandum and Articles and of relevant Cayman Islands company law contained in the Time of Sale Information and the Offering Memorandum are true, accurate and complete in the context in which they appear.
- 1.11 No authorisations, consents, approvals, licences, validations or exemptions are required by law from any governmental authorities or agencies or other official bodies in the Cayman Islands in connection with:
- (a) the issue of the Time of Sale Information and the Offering Memorandum;
 - (b) the execution, creation or delivery of the Transaction Documents by and on behalf of the Company;
 - (c) subject to the payment of the appropriate stamp duty, enforcement of the Transaction Documents against the Company;
 - (d) the offering, execution, authentication, allotment, issue or delivery of the Notes;
 - (e) the performance by the Company of its obligations under the Notes and the Transaction Documents;
 - (f) the issue and delivery of ADSs upon conversion of the Notes;
 - (g) the issue and allotment of Shares represented by the ADSs upon conversion of the Notes and the deposit of such Shares with the Depositary against the issue by the Depositary of such ADSs; or
 - (h) the payment of the principal and interest and any other amounts under the Notes.
- 1.12 No taxes, fees or charges (other than stamp duty) are payable (either by direct assessment or withholding) to the government or other taxing authority in the Cayman Islands under the laws of the Cayman Islands in respect of:
- (a) the execution or delivery of the Transaction Documents or the Notes;
 - (b) the enforcement of the Transaction Documents or the Notes;
 - (c) payments made under, or pursuant to, the Transaction Documents;
 - (d) the issue and sale of the Notes by the Company pursuant to the terms of the Purchase Agreement;
 - (e) the sale and delivery by the Initial Purchasers of the Notes to purchasers thereof;
 - (f) the issue and delivery of ADSs upon conversion of the Notes, and the issue and allotment of Shares represented by the ADSs upon conversion of the Notes and the deposit of such Shares with the Depositary against the issue by the Depositary of such ADSs; or

(g) the payment of dividends and other distributions declared and payable on the Shares or the ADSs.

The Cayman Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax.

- 1.13 The courts of the Cayman Islands will observe and give effect to the choice of the Relevant Law as the governing law of the Transaction Documents and the Notes.
- 1.14 The submission by the Company in the Transaction Documents to the jurisdiction of any New York State court or United States federal court (each a “**New York Court**”), the appointment of Law Debenture Corporate Services Inc. to accept as an agent for service of process in such jurisdiction and the waiver by the Company of any objection to the venue of a proceeding in a New York Court, pursuant to the Transaction Documents in any action or proceedings based on or arising under the Transaction Documents, is legal, valid and binding on the Company assuming that the same is true under the governing law of the Transaction Documents and under the laws, rules and procedures applying in the New York Courts.
- 1.15 The obligations of the Company under the Transaction Documents and the Notes rank and will rank at least pari passu with all its other present and future unsecured obligations (other than those preferred by law).
- 1.16 Based solely on our search of the Register of Writs and Other Originating Process (the “**Court Register**”) maintained by the Clerk of the Court of the Grand Court of the Cayman Islands from the date of incorporation of the Company to the close of business (Cayman Islands time) on [●] 2016 (the “**Litigation Search**”), the Court Register disclosed no writ, originating summons, originating motion, petition (including any winding-up petition), counterclaim nor third party notice (“**Originating Process**”) nor any amended Originating Process pending before the Grand Court of the Cayman Islands, in which the Company is identified as a defendant or respondent.
- 1.17 Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the Relevant Jurisdiction, a judgment obtained in such jurisdiction will be recognised and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment:
- (a) is given by a foreign court of competent jurisdiction;
 - (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given;
 - (c) is final;
 - (d) is not in respect of taxes, a fine or a penalty; and
 - (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.
- 1.18 It is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of the Transaction Documents or the Notes that any document be filed, recorded or enrolled with any governmental authority or agency or any official body in the Cayman Islands.

- 1.19 The indemnification and contribution provisions set out in section [●] of the Purchase Agreement do not contravene the public policy or laws of the Cayman Islands.
- 1.20 All dividends and other distributions declared and payable on the Shares may under the current laws and regulations of the Cayman Islands be paid to the Depositary or its designee as the registered holder of the Shares, and where they are to be paid from the Cayman Islands are freely transferable out of the Cayman Islands and there are no restrictions under Cayman Islands law which would prevent the Company from paying dividends to shareholders in U.S. Dollars or any other currency.
- 1.21 There is no exchange control legislation under Cayman Islands law and accordingly there are no exchange control regulations imposed under Cayman Islands law.
- 1.22 The Company can sue and be sued in its own name under the laws of the Cayman Islands.
- 1.23 The Company is not entitled to any immunity under the laws of the Cayman Islands whether characterized as sovereign immunity or otherwise for any legal proceedings in the Cayman Islands to enforce or to collect upon the Transaction Documents.
- 1.24 The Initial Purchasers will not be treated as resident, domiciled or carrying on or transacting business or subject to taxation in the Cayman Islands or in violation of any law thereof solely by reason of the negotiation, preparation or execution of the Transaction Documents, as applicable or the entering into of or the enforcement of their rights under the Transaction Documents, as applicable.
- 1.25 The Initial Purchasers will not be required to be licensed, qualified or otherwise entitled to carry on business in the Cayman Islands in order to enforce their rights under, or as a consequence of the execution, delivery and performance of the Transaction Documents.
- 1.26 There are no reporting obligations in the Cayman Islands under the Companies Law (2013 Revision) on holders of the Notes or the Shares to be issued upon conversion of the Notes solely as a result of being holders of such Notes or Shares.

**Form of Opinion of Cayman Islands Counsel for the Company
with respect to C-Travel International Limited**

- 1.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing under the laws of the Cayman Islands.
- 1.2 Based solely on our review of the Register of Members, the Issuer is the sole registered holder of shares in the Company.
- 1.3 All dividends and other distributions declared and payable on the shares of the Company may under the current laws and regulations of the Cayman Islands be paid to the Issuer as the registered holder of the shares, and where they are to be paid from the Cayman Islands are freely transferable out of the Cayman Islands and there are no restrictions under Cayman Islands law which would prevent the Company from paying dividends to shareholders in U.S. Dollars or any other currency.
- 1.4 There is no exchange control legislation under Cayman Islands law and accordingly there are no exchange control regulations imposed under Cayman Islands law.
- 1.5 The statements about the Company in the Time of Sale Information and the Offering Memorandum are accurate in so far as such statements are summaries of or relate to Cayman Islands law.
- 1.6 Based solely on our search of the Register of Writs and Other Originating Process (the “**Court Register**”) maintained by the Clerk of the Court of the Grand Court of the Cayman Islands from the date of incorporation of the Company to the close of business (Cayman Islands time) on [●] 2016 (the “**Litigation Search**”), the Court Register disclosed no writ, originating summons, originating motion, petition (including any winding-up petition), counterclaim nor third party notice (“**Originating Process**”) nor any amended Originating Process pending before the Grand Court of the Cayman Islands, in which the Company is identified as a defendant or respondent.

Form of Opinion of PRC Counsel for the Company

1. Each of the PRC Subsidiaries has been duly incorporated and is validly existing with limited liability under the PRC Laws and their respective business license is in full force and effect. The registered capital of each of the PRC Subsidiaries has been fully paid in accordance with the relevant PRC Laws and its articles of association. All of the equity interests in each of the PRC Subsidiaries (i) are legally owned by its respective shareholder as indicated in the Schedule I hereto, (ii) are fully paid in accordance with relevant PRC Laws and its articles of association, and (iii) to the best of our knowledge after due inquiry are free and clear of all mortgages, pledges, and all liens, encumbrances, security interests, equities or claims or any third-party right, except the shares of Beijing JointWisdom Information Technology Co., Ltd., as a listed company at New Third Board, owned by Ctrip Computer Technology (Shanghai) Co., Ltd. are subject to selling restriction in accordance with PRC Laws, listing rules and its articles of association. All Governmental Authorizations required under PRC Laws for the ownership by the respective shareholder as indicated in the Schedule I hereto of their equity interests in each of the PRC Subsidiaries have been duly obtained. To the best of our knowledge after due inquiry, there are no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, nor any agreements or other obligations to issue or other rights to convert any obligation into, any equity interest in any PRC Subsidiaries. The articles of association of each of the PRC Subsidiaries comply with the requirements of applicable PRC Laws and are in full force and effect.
2. Each of the VIEs has been duly incorporated and is validly existing with limited liability under the PRC Laws and their respective business license is in full force and effect. The registered capital of each of the VIEs has been fully paid in accordance with the relevant PRC Laws and its articles of association. All of the equity interests in each of the VIEs (i) are legally owned by its respective shareholders as indicated in the Schedule II, (ii) are fully paid in accordance with the relevant PRC Laws and its articles of association, and (iii) to the best of our knowledge after due inquiry, are free and clear of all mortgages, pledges, and all liens, encumbrances, security interests, equities or claims or any third-party right, except for the pledges created under the Material Contracts. All Government Authorizations required under PRC Laws for the ownership by the respective shareholders of their equity interest in each of the VIEs have been duly obtained. To the best of our knowledge after due inquiry, there are no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, nor any agreements or other obligations to issue or other rights to convert any obligation into, any equity interest in any VIEs, except for the options under the Material Contracts. The articles of association of each of the VIEs comply with the requirements of applicable PRC Laws and are in full force and effect.
3. Except as described in the Preliminary Offering Memorandum and the Final Offering Memorandum, the ownership structure, business and contractual arrangements of each of the PRC Entities as set forth in the Preliminary Offering Memorandum and the Final Offering Memorandum are in compliance with existing PRC Laws and no consent, approval or license other than those already obtained is required under the existing PRC Laws for the establishment of such ownership structures.
4. Each of the Material Contracts was duly authorized, executed and delivered by the parties thereto, constitutes legal, valid and binding obligations of such parties, and is enforceable against each such party in accordance with its terms, except as disclosed in the Preliminary Offering Memorandum and the Final Offering Memorandum. Except as disclosed in the Preliminary Offering Memorandum and the Final Offering Memorandum, to ensure the legality, validity, enforceability

of the Material Contracts in the PRC, it is not necessary that any such document be filed or recorded with any PRC Government Agency. Each of the Material Contracts does not, and the execution and delivery thereof by the PRC Entities thereto, or the performance by each of the PRC Entities thereto of its obligations thereunder, or the consummation by each of the PRC Entities thereto of the transactions contemplated therein, will not (i) to the best of our knowledge, conflict with or result in a breach or violation of any terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument governed by the PRC Laws to which any of the PRC Entities to the Material Contracts is a party or by which or to which any of PRC Entites or their respective properties or assets is bound or subject; (ii) result in any violation of the provisions of PRC Entities' articles of association or business license or any Governmental Authorization; or (iii) result in any violation of any PRC Laws.

5. All Governmental Authorizations required under the PRC Laws in connection with the transactions as contemplated by the Material Contracts 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 except that the performance and implementation of the equity pledge agreements and exclusive call option agreements may be required to be filed with and approved by the Governmental Authority, and, to the best of our knowledge after due inquiry, no such Governmental Authorization has been withdrawn or is subject to any condition precedent which has not been fulfilled or performed.
6. Each of the PRC Entities has full corporate right, power and authority and has all Governmental Authorizations of and from, and has made all necessary declarations and filings with, all Governmental Agencies to own, lease, license and use its material properties, vehicles and other assets and conduct its business in the manner presently conducted and as described in the Preliminary Offering Memorandum and the Final Offering Memorandum, except where a lack of any such Governmental Authorization or failure to make any such declaration or filing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and such Governmental Authorizations contain no materially burdensome restrictions or conditions not described in the Preliminary Offering Memorandum and the Final Offering Memorandum. To the best of our knowledge after due inquiry, none of the PRC Entities has received any notification of proceedings relating to the modification, suspension or revocation of any such Governmental Authorizations, and nothing has come to our attention that makes us reasonably believe that any Governmental Agency is considering modifying, suspending or revoking, or not renewing, any such Governmental Authorizations. To the best of our knowledge after due inquiry, each of the PRC Entities conducts its business in accordance with, and is not in violation of, its articles of association, business license, and Governmental Authorizations or any PRC Laws to which it is subject or by which it is bound, expected to which may result in, individually or in the aggregate, Material Adverse Effect. Nothing has come to our attention that makes us reasonably believe that any of the PRC Entities is in breach or violation of, or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument and governed by PRC Laws to which it is a party or by which it or any of its properties may be bound, expected to have, individually or in the aggregate, a Material Adverse Effect.
7. The business engaged by the PRC Entities as described in the Preliminary Offering Memorandum and Final Offering Memorandum has received all required Governmental Authorizations, except where a lack of any such Governmental Authorization or failure to make any such declaration or filing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and is in compliance with PRC Laws and their respective articles and associations in all material respects.

8. Each of the PRC Entities has valid title to its real properties as listed in Schedule V, to the best of our knowledge after due inquiry, free and clear of any liens, charges, encumbrances, equities, claims, defects, options or restrictions, except as described in the Time of Sale Information and the Offering Memorandum or those that a) do not materially interfere with the use made and proposed to be made of such property by each of PRC Entities or b) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.
9. Each lease agreement as listed in Schedule IV to which any PRC Entity is a party is duly executed and constitutes a legal, valid and binding obligation of such PRC Entity, and to the best of our knowledge after due inquiry the leasehold interests of each PRC Entity are free from liens, charges, encumbrances, equities, claims defects, options or restrictions and are fully protected by the terms of the lease agreements, which are valid, binding and enforceable in accordance with their respective terms under the PRC Laws, except for certain lease agreements have not been registered with local competent authorities, which will not have a Material Adverse Effect.
10. Each of the PRC Entities owns or possesses valid licenses in full force and effect or otherwise has the legal right to use, or can acquire on reasonable terms, the Intellectual Property Rights as listed in Schedule VI.
11. To the best of our knowledge after due inquiry, none of the PRC Entities is infringing, misappropriating or violating any Intellectual Property Rights of any third party in the PRC, and no Intellectual Property Right is subject to any outstanding decree, order, injunction, judgment or ruling restricting the use of such Intellectual Property Right in the PRC that would impair the validity or enforceability of such Intellectual Property Right, nor has any of the PRC Entities received any notice of any claim of infringement or conflict with any such rights of any third parties, which would be reasonably expected to have a Material Adverse Effect .
12. Subject to satisfaction of applicable government registration and approval requirements for the proceeds proposed to fund the PRC Entities, the application of the net proceeds to be received by the Company from the Offering as contemplated by the Preliminary Offering Memorandum and the Final Offering Memorandum will not (i) contravene any provision of applicable PRC laws, rules or regulations, or the articles of association or other constitutive or organizational documents or business license of any of the PRC Entities; or (ii) to the best of our knowledge after due inquiry, contravene the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument governed by PRC Laws to which any of the PRC Entities is a party or by which it or any of its properties is bound, or any judgment, order or decree of any of the Governmental Agencies.
13. All dividends and other distributions declared and payable upon the equity interests in each of the PRC Subsidiaries that are wholly foreign owned enterprises in accordance with its articles of associations and the PRC Laws may be converted into foreign currency and freely transferred out of the PRC without the necessity of obtaining any Governmental Authorizations in the PRC except such as have been obtained, subject to compliance with the PRC Laws generally applicable to all foreign invested-enterprises in the PRC; and except as disclosed in the Preliminary Offering Memorandum and the Final Offering Memorandum, all such dividends and other distributions are not and will not be subject to any other taxes or deductions under the applicable PRC Laws.
14. To the best of our knowledge after due inquiry, there are no legal, arbitration or governmental proceedings in progress or pending or threatened in the PRC to which any of the Group Companies is a party or of which any property of any Group Company is the subject which, if determined

adversely to such Group Company, would have a Material Adverse Effect.

15. To the best of our knowledge after due inquiry, no labor dispute, work stoppage, slow down or other conflict with the employees of any of the PRC Entities exists, or is imminent or threatened subject which, if determined adversely to such Group Company, would have a Material Adverse Effect.
16. To the best of our knowledge after due inquiry, there are no pending or threatened administrative or regulatory investigations or proceedings relating to any PRC tax laws against any Group Companies.
17. The statements in the Preliminary Offering Memorandum and the Final Offering Memorandum under [“Offering Circular Summary”, “Risk Factors”, “Taxation” and “Enforceability of Civil Liabilities,” and the statements in the Annual Report under “Operating and Financial Review and Prospects,” “Information on the Company”, “Directors, Senior Management and Employees” and “Major Shareholders and Related Party Transactions”] to the extent that they constitute matters of PRC Laws or summaries of legal matters of the PRC or legal conclusions in respect of the PRC Laws, or summarize the terms and provisions of the agreements governed by PRC Laws, are correct and accurate in all material respects, and nothing has been omitted from such statements which would make the same misleading in any material respect.
18. The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “**M&A Rule**”), which became effective on September 8, 2006 and was issued by six PRC regulatory agencies, including the Ministry of Commerce (the “**MOFCOM**”), the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the “**CSRC**”) and the State Administration of Foreign Exchange (“**SAFE**”), and any amendment, official clarifications, guidance, interpretations or implementation rules in connection with or related to the M&A Rules did not and do not apply to the issuance and sale of the Securities or the consummation of the transactions contemplated by any of the Transaction Documents.
19. As confirmed by the Company and disclosed in the Preliminary Offering Memorandum and the Final Offering Memorandum, the Company has notified holders of ordinary shares of the Company who the Company knows are PRC residents to register with the local SAFE branch as required under the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Outbound Investment and Financing and Inbound Investment via Special Purpose Vehicles, issued by the SAFE.
20. Except as described in the Preliminary Offering Memorandum and the Final Offering Memorandum, no stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Initial Purchasers (except for those who are PRC residents) to the government of the PRC or to any political subdivision or taxing authority thereof or therein in connection with (i) the issuance, sale and delivery by the Company of the Securities to or for the respective accounts of the Initial Purchasers, (ii) the sale and delivery outside of the PRC of the Securities by the Initial Purchasers, (iii) the conversion of the Securities into Ordinary Shares to be represented by ADSs, (iv) the deposit by the Company of Ordinary Shares with the Depository against issuance of the corresponding ADSs or (v) the execution and delivery of any Transaction Documents or the performance by any of the parties thereto of their respective obligations thereof.

21. The issuance and deposit of the Conversion Shares and the issuance and delivery of Conversion ADSs representing such Conversion Shares as provided in the Transaction Documents does not give rise to any PRC tax liability that is or may become payable by the Depositary or its Custodian.
22. Each of the PRC Subsidiaries which is a foreign-invested company has duly completed all material Governmental Authorizations required under the applicable PRC laws concerning foreign exchange.
23. The irrevocable submission of the Company to the jurisdiction of any New York court, the waiver by the Company of any objection to the venue of a proceeding in a New York court, the waiver and agreement not to plead an inconvenient forum, the waiver of sovereign immunity and the agreement of the Company that the Transaction Documents shall be construed in accordance with and governed by the laws of the State of New York do not contravene PRC laws and will be respected by PRC courts. Service of process effected in the manner set forth in the Transaction Documents will be effective, insofar as PRC Laws are concerned, to confer valid personal jurisdiction over the Company, subject to compliance with the PRC Civil Procedure Law if the service of process is conducted in the PRC. Any judgment obtained in a New York court arising out of or in relation to the obligations of the Company under the Transaction Documents will be recognized in PRC courts subject to compliance with applicable provisions of the PRC Laws, including but not limited to the PRC Civil Procedure Law, and the limitations and/or uncertainties described under the caption "Enforceability of Civil Liabilities" in the Preliminary Offering Memorandum and the Final Offering Memorandum.
24. The indemnification and contribution provisions set forth in [Section 7] of the Purchase Agreement and Section 5.8 of the Deposit Agreement do not contravene any PRC Laws. To ensure the legality, validity, enforceability or admissibility in evidence of the Purchase Agreement and the Deposit Agreement in the PRC, it is not necessary that any such document be filed or recorded with any Governmental Agencies or that any stamp or similar tax be paid on or in respect of any such document provided that any such documents are not executed within the PRC.
25. As a matter of PRC Laws, none of the PRC Entities or their properties, assets or revenues has any right of immunity in the PRC, on the ground of sovereign immunity, 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 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 with respect to their respective obligations, liabilities or any other matter under or arising out of or in connection with the Transaction Documents.
26. The issuance and deposit of the Conversion Shares and the issuance and delivery of Conversion ADSs representing such Conversion Shares as provided in the Transaction Documents will not violate any PRC Laws or require any Governmental Authorizations that has not been given or made or that is not in full force and effect, and the issue and sale of the Securities and the execution and delivery by the Company of, and the performance by the Company of its obligations under, the Purchase Agreement and the conversion of the Securities into Ordinary Shares to be represented by ADSs and the deposit with the Depositary of any Ordinary Shares against the issuance of the corresponding ADSs, do not and will not conflict with 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 known to us and governed by the PRC Laws to which any of the PRC Entities is a party or by which any of the PRC Entities is bound or to which any of the property or assets of any of the PRC Entities is subject, which may result in a Material Adverse

Effect, nor will such action result in any violation of the provisions of the articles of association, business license or any other constituent documents of any of the PRC Entities or any PRC Laws. Subject to the filing with the National Development and Reform Commission (the “**NDRC**”) according to the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances (國家發展改革委關於推進企業發行外債備案登記制度改革的通知) (the “**NDRC Notice**”), no Governmental Authorization of or with any Governmental Agencies in the PRC is required for the issue and sale of the Securities under the Purchase Agreement, the conversion of the Securities into Ordinary Shares to be represented by ADSs, the deposit with the Depository of any Ordinary Shares against the issuance of the corresponding ADSs and the execution and delivery of, and the consummation of the transactions contemplated by the Transaction Documents. The pre-closing registration with the NDRC has been completed by the Company in accordance with the NDRC Notice, and the pre-closing registration remains in full force and effect.

27. The post-closing filing with the NDRC within ten working days upon the completion of the issuance of the Securities under the NDRC Notice is not a condition to the legality, validity or enforceability of the Securities or the Transaction Documents, and provided that the Company will timely and duly submit all the documents deemed by the NDRC as necessary for satisfaction of the relevant requirements under the NDRC Notice, we do not foresee any material legal obstacle to the completion of the post-closing filing with the NDRC.
28. As a matter of PRC Laws, no holder of any of the Securities and any of the ADSs of the Company will be subject to liability in respect of any liability of any of the PRC Entities, and no holder of any of the Securities and any of the ADSs of the Company who is not a PRC resident will be subject to a requirement to be licensed or otherwise qualified to do business or be deemed domiciled or resident in the PRC, by virtue only of the holding of such Securities and/or ADS. There are no limitations under PRC Laws on the rights of holders of the Securities and/or ADS who are not PRC residents to hold, vote or transfer their Securities or ADS nor any statutory pre-emptive rights or transfer restrictions applicable to the Securities, ADS or Ordinary Shares.
29. There are no material PRC fees or taxes that are applicable to any of the PRC Entities as a consequence of completion of the Offering that have not been described in the Preliminary Offering Memorandum and the Final Offering Memorandum.
30. It is not necessary in order to enable the Initial Purchasers to exercise or enforce their rights under the Purchase Agreement in the PRC or by reason of the entry into and/or the performance of the Purchase Agreement for the Initial Purchasers to be licensed, qualified, authorized or entitled to do business in the PRC. The entry into, and performance or enforcement of each of the Transaction Documents in accordance with its respective terms will not subject any Initial Purchaser to any requirement to be licensed or otherwise qualified to do business in the PRC, nor will any Initial Purchaser be deemed to be resident, domiciled, carrying on business through an establishment or place in the PRC or in breach of any PRC Laws by reason of entry into, performance or enforcement of the Transaction Documents.
31. There are no reporting obligations under PRC Laws on holders of the Securities who are not PRC residents by virtue of holding of the Securities.
32. The description of PRC tax laws and regulations in general and as applicable to the PRC Entities in the Preliminary Offering Memorandum and the Final Offering Memorandum are true and accurate in all material respects. The preferential tax treatments received by any of the PRC Entities, are correctly and accurately described in the Preliminary Offering Memorandum and the Final Offering Memorandum in all material respects.

33. To the best of our knowledge after due inquiry, except for the guarantees provided for the interest of PRC Entities in the ordinary course of business and disclosed in the Preliminary Offering Memorandum and the Final Offering Memorandum, there are no outstanding guarantees or contingent payment obligations by any of the PRC Entities in respect of indebtedness of third parties material to the PRC Entities.
34. To the best of our knowledge after due inquiry, none of the PRC Entities has taken any action nor have any steps been taken or legal or administrative proceedings been commenced or threatened for the winding up, dissolution, bankruptcy or liquidation, or for the appointment of a liquidation committee or similar officers in respect of the assets of any of the PRC Entities, or for the suspension, withdrawal, revocation or cancellation of any of their respective business license.
35. Although we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Offering Memorandum, except as otherwise stated in our opinions set forth herein, nothing has come to our attention that has caused us to believe that insofar as PRC Laws or PRC legal matters are concerned, (1) the Preliminary Offering Memorandum (other than the financial statements and related notes therein, as to which we express no opinion), as of their respective effective date or as of the closing date of the Offering, contained or contains any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or (2) the Final Offering Memorandum (other than the financial statements and related notes therein, as to which we express no opinion), as of the Time of Sale or as of the closing date of the Offering, contained any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**Form of Opinion of Hong Kong Counsel for the Company
with respect to the Hong Kong Subsidiary**

1. Due Incorporation

The Company was duly incorporated on 11 June 1999 as a private company with limited liability.

Pursuant to the sole shareholder's resolutions of the Company dated 26 May 2016 and filed with the Companies Registry on 23 June 2016, the legal status of the Company has changed from private company limited by shares to public company limited by shares and the altered Articles of Association (as defined in Schedule 2 hereof) have been adopted.

The Company is validly existing under the laws of Hong Kong and remains on the Register of Companies maintained by the Companies Registry in Hong Kong.

2. Corporate Power

The Company has the capacity and powers to own the assets and to carry on the businesses as conducted by it and the Articles of Association does not contain any restriction against the Company owning such assets or carrying on such businesses.

The Company holds a valid Business Registration Certificate issued by the Commissioner of Inland Revenue which certificate is required under the laws of Hong Kong for carrying on business in Hong Kong.

3. Share Capital and Ownership

The total number of issued Shares is 65,000 and the total amount of the issued share capital is US\$65,000. The Shares have been duly and validly authorized and issued and are owned by Ctrip.com International.

4. No violation

Based solely on the Directors' Certificate, the board of directors of the Company confirms that the Company is not in violation of the Articles of Association or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any license, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or of any law, public rule or regulation applicable to the Company in Hong Kong currently in force or of any existing order or decree of any governmental authority or agency or any official body in Hong Kong.

5. Offering Documents

The execution and delivery by Ctrip.com International of each of the Offering Documents, the deposit of the ordinary shares of Ctrip.com International by Ctrip.com International with the Depositary (hereinafter defined in paragraph 3 of Schedule 1 hereof) against the issuance of the American Depositary Shares ("ADSs"), and the offering of the Securities by Ctrip.com International pursuant to the Offering Documents do not, and will not, cause the Company to

violate (i) the Articles of Association, or (ii) any statute or provision of the laws of Hong Kong or any order, rule or regulation known to us of any Hong Kong government agency having jurisdiction over the Company.

6. Dividends

No taxes or charges are payable under the current laws of Hong Kong in respect of the payment of dividends and other distributions declared and payable on the shares of the Company, and all such dividends and other distributions may be paid without the necessity of obtaining any governmental authorization or approval in Hong Kong.

7. Disclosure

The statements in the Offering Memorandum (hereinafter defined in paragraph 2 of Schedule 1 hereof) under the section headed “Risk factors” and “Taxation — People’s Republic of China Taxation” regarding the current effective tax treaty between China and Hong Kong on withholding tax payable on dividends, insofar as such statements constitute summaries of the legal matters to which the Company is a party referred to therein, in each case to the extent, and only to the extent, governed by the laws of Hong Kong, are materially true and correct and fairly present the information and summarize the matters referred to therein and not misleading in any material respect.

8. Winding up Petition and Civil Litigation

As revealed from the Winding Up Search on the Company, there is no record of the presentation of any winding up petition against the Company. The directors of the Company have confirmed in the Directors’ Certificate that there is no resolution to wind-up the Company has been proposed (or is intended to be proposed) or passed; there is no receiver or manager has been appointed to take control or possession of any part of assets or undertakings of the Company; and there is no proposal or scheme of compromise or arrangement with any of its creditors.

As revealed from the record of the Civil Litigation Checks, the Company was involved in High Court Action No. HCA 2069/2015 (the “**Claim**”) as the defendant in relation to intellectual property related matters which was discontinued pursuant to the consent order dated 14 December 2015 and the parties thereto were ordered to bear its own costs of the Claim. Save and except for the Claim, the Company is not involved any civil litigation proceedings either as plaintiff or as defendant; and there is no judgment against the Company. The directors of the Company have confirmed in the Directors’ Certificate that save and except for the Claim, there is no legal or arbitration proceedings pending or threatened against the Company or any facts likely to give rise to any legal or arbitration proceedings against the Company.

**Form of Opinion of Taiwan Counsel for the Company
with respect to the Taiwan Subsidiaries**

1. Each of the Company and the Subsidiary has been duly incorporated and is validly existing as a corporation limited by shares organized under the laws of the ROC with legal right, power and capacity to own, use, lease and operate its properties and conduct its business in the ROC in the manner described in their respective articles of incorporation and their respective corporate amendment registration filed with the ROC Ministry of Economic Affairs; and the articles of incorporation of the Company and the Subsidiary comply, in all material respects, with the requirements of applicable laws, statute and regulations of the ROC and are in full force and effect;
2. (A) The Company has an authorized capitalization of NT\$ 380,000,000 with an issued and outstanding capital of NT\$ 228,354,830, which is divided into 22,835,483 common shares, and (B) the Subsidiary has an authorized capitalization of NT\$ 200,000,000 with an issued and outstanding capital of NT\$ 148,000,000, which is divided into 14,800,000 common shares, all of which are wholly owned by the Company; and all of the issued and outstanding shares of capital stock of the Company and the Subsidiary have been duly and validly authorized and issued and are fully paid and non-assessable. To our knowledge after due inquiry, none of the outstanding issued shares of the Company was issued in violation of the pre-emptive or similar rights under ROC law of any shareholder of the Company. For the purposes of this opinion, the term “non-assessable” in relation to shares of capital stock of the Company under ROC law means that no calls for further payment can be made upon such capital stock or upon any holders of such capital stock solely by reason of their ownership thereof;
3. To our knowledge after due inquiry, as of the date hereof, C-Travel is (1) the registered holder of 19.09% issued and outstanding shares of the Company; and (2) the beneficial owner of 78.20% of the issued and outstanding shares of the Company through a trust arrangement established under the Trust Deed. To our knowledge after due inquiry, those shares held by C-Travel, directly or indirectly, are free and clear of all liens and encumbrances of any third party;
4. The execution, delivery and performance of the Documents for the consumption of transactions contemplated therein do not violate the laws of the ROC;
5. To our knowledge after due inquiry, (A) there are no legal or governmental proceedings in the ROC courts pending to which the Company is a party or of which any property of the Company is the subject, the result of which, if determined unfavorable against the Company, would have any material adverse effect, or any development involving a prospective material adverse effect, in or affecting the general affairs, management, financial position, shareholders’ equity or results of operations of the Issuer, C-Travel, the Company and their subsidiaries, taken as a whole (a “**Material Adverse Effect**”), and (B) no such proceedings in the ROC courts that would have Material Adverse Effect are threatened;
6. To our knowledge after due inquiry, the Company (A) is not in violation of its articles of incorporation, (B) is not in default in the performance or observance of obligation, agreement,

covenant or condition contained in any contract, license, indenture, mortgage, deed of trust, loan or credit agreement, lease or other material agreement or instrument to which it is a party or by which it or any of its assets or properties may be bound or subject, and (C) is not in violation or contravention of any ROC law or statute or any order, rule or regulation of any ROC Governmental Agency having jurisdiction over the Company, which in each case, the violation would have a Material Adverse Effect;

7. To our knowledge after due inquiry, (A) each of the Company and the Subsidiary has all licenses, permits, authorizations and approvals from all ROC Governmental Agencies that are necessary to own, lease, license and use its properties and conduct its businesses as described in their respective articles of incorporation of the Company and the Subsidiary and their respective corporate amendment registration filed with the ROC Ministry of Economic Affairs, (B) such licenses, permits, authorizations and approvals contain no unreasonably burdensome restrictions or conditions that would have a Material Adverse Effect, (C) none of the Company and Subsidiary is in violation of the provisions of all such licenses, permits, authorizations, and approvals in all material respects, and (D) no ROC Governmental Agency is threatening to modify, suspend or revoke any such licenses, permits, authorizations and approvals;
8. The Company is not currently prohibited from paying any dividends or stock distributions to the shareholders of the Company, all dividends declared and payable may be converted into foreign currency that may be freely transferred out of the ROC under the current ROC laws, and such dividends are not subject to any withholding or other taxes under the current ROC laws, except for the ROC withholding income tax currently at the rate of 20% of the gross amount payable; and
9. To our knowledge after due inquiry, the Company does not have (A) any strike, labor dispute, slowdown or stoppage or other conflict with its employees, and (B) any union representation dispute currently existing concerning its employees, that, in each case, would have a Material Adverse Effect.

**Form of Opinion of British Virgin Islands Counsel for the Company
with respect to HKWOT (BVI) Limited**

- 1.1 The Company is a company limited by shares registered under the BVI Business Companies Act, 2004 (the “**Act**”), in good standing at the Registry of Corporate Affairs and validly existing under the laws of the British Virgin Islands, and possesses the capacity to sue and be sued in its own name.
- 1.2 Based solely on our review of the Register of Members, C-Travel International Limited is the sole registered holder of shares in the Company.
- 1.3 All dividends and other distributions declared and payable on the shares of the Company may under the current laws and regulations of the British Virgin Islands be paid to the Issuer as the registered holder of the shares, and where they are to be paid from the British Virgin Islands are freely transferable out of the British Virgin Islands and there are no restrictions under British Virgin Islands law which would prevent the Company from paying dividends to shareholders in U.S. Dollars or any other currency.
- 1.4 There is no exchange control legislation under British Virgin Islands law and accordingly there are no exchange control regulations imposed under British Virgin Islands law.
- 1.5 The statements about the Company in the Time of Sale Information and the Offering Memorandum are accurate in so far as such statements are summaries of or relate to British Virgin Islands law.
- 1.6 Based solely on our inspection of the High Court Registry from the date of incorporation of the Company there were no actions or petitions pending against the Company in the High Court of the British Virgin Islands as at the time of our searches on [•] 2016.
- 1.7 On the basis of our searches conducted at the Registry of Corporate Affairs and at the High Court Registry, no currently valid order or resolution for the winding-up of the Company and no current notice of appointment of a receiver over the Company, or any of its assets, appears on the records maintained in respect of the Company. It is a requirement that notice of appointment of a receiver made under section 118 of the Insolvency Act 2003 be registered with the Registry of Corporate Affairs under section 118 of the Insolvency Act 2003. However, it should be noted that there is no mechanism to file with the Registry of Corporate Affairs notice of an appointment of a receiver made under foreign legislation.
- 1.8 On the basis of our search conducted at the Registry of Corporate Affairs, no register of mortgages, charges and other encumbrances was filed by the Company pursuant to section 111A of the International Business Companies Act, 1984 (the “**IBC Act**”) prior to its re-registration under the Act. Furthermore, no charge created by the Company has been registered pursuant to section 163 of the Act.

Form of Opinion of Counsel for the Depositary

- (i) The Deposit Agreement has been duly authorized, executed and delivered by the Depositary and constitutes a valid and binding agreement of the Depositary enforceable against the Depositary in accordance with its terms, except as enforcement of it may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general application relating to or affecting creditors' rights and by general principles of equity.
- (ii) Upon delivery by the Depositary of the ADSs against the deposit of the Shares in accordance with the provisions of the Deposit Agreement, the ADSs will be validly issued and will entitle the holders of the ADSs to the rights specified in the Deposit Agreement.
- (iii) The legal entity for the issuance of ADSs filed a registration statement for the ADSs on Form F-6 (the "ADS Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), the ADS Registration Statement has become effective under the Securities Act and, to our knowledge, no stop order suspending the effectiveness of either of the ADS Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act and the rules and regulations thereunder. As of its effective date, the ADS Registration Statement complied as to form, in all material respects, with the requirements of the Securities Act and the rules and regulations adopted by the Securities and Exchange Commission thereunder.

a. Time of Sale Information

1. Term sheet containing the terms of the Securities, substantially in the form of Annex C.

b. Permitted General Solicitation

2. Launch press release issued on September 6, 2016.
3. Pricing press release issued on September 7, 2016.

[Below]

Annex C-1

PRICING TERM SHEET

Dated September 6, 2016

Ctrip.com International, Ltd.
1.25% Convertible Senior Notes due 2022
Interest Payable March 15 and September 15
Convertible into American depository shares, each currently representing 0.125
of an ordinary share

The information in this pricing term sheet supplements Ctrip.com International, Ltd. 's preliminary offering memorandum, dated September 6, 2016 (the "Preliminary Offering Memorandum"), and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum. In all other respects, this term sheet is qualified in its entirety by reference to the Preliminary Offering Memorandum. Terms used herein but not defined herein shall have the respective meanings as set forth in the Preliminary Offering Memorandum. All references to dollar amounts are references to U.S. dollars. Ctrip.com International, Ltd. has increased the size of the offering to \$900,000,000 (or \$975,000,000 if the initial purchasers exercise their over-allotment option in full). The final offering memorandum relating to the offering will reflect conforming changes relating to such increase in the size of the offering.

Issuer:	Ctrip.com International, Ltd. ("Ctrip")
Ticker / Exchange:	CTRP / The NASDAQ Global Select Market ("NASDAQ")
Title of securities:	1.25% Convertible Senior Notes due 2022 (the "Notes")
Aggregate principal amount offered:	US\$900,000,000, the entire issuance of which was offered pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act").
Over-allotment option:	Ctrip has granted the initial purchasers the right to purchase, exercisable within a 30-day period, up to an additional US\$75,000,000 aggregate principal amount of the Notes, solely to cover over-allotments.
Interest:	The Notes will bear interest at a rate equal to 1.25% per annum from September 12, 2016.
Conversion premium:	Approximately 42.5% above US\$45.96, which is the public offering price of Ctrip's American depository shares ("ADS"), each representing as of the date of this pricing term sheet 0.125 of an ordinary share of Ctrip, par value US\$0.01 per ordinary share, being offered in an underwritten offering pursuant to a separate prospectus supplement and accompanying prospectus.
Initial conversion price:	Approximately US\$65.49 per ADS.
Initial conversion rate:	15.2688 ADSs per US\$1,000 principal amount of the Notes.
Interest payment dates:	March 15 and September 15 of each year.
Maturity date:	September 15, 2022, unless earlier repurchased, redeemed or converted.
Joint book-running managers:	J.P. Morgan Securities LLC and Morgan Stanley & Co. International plc
Trade date:	September 7, 2016

Settlement date: September 12, 2016

CUSIP: 22943F AL4

ISIN: US22943FAL40

Use of proceeds: Ctrip estimates that the net proceeds from this offering of Notes will be approximately US\$883 million (or US\$956 million if the initial purchasers exercise their over-allotment option in full), after deducting discounts and commissions of the initial purchasers.

Ctrip intends to use the net proceeds from this offering of Notes and the Concurrent Notes Private Placement, as well as the net proceeds from the concurrent ADS offering and the Concurrent Shares Private Placements, for organic growth of Ctrip's business, acquisitions of and investments in complementary businesses and assets and other general corporate purposes.

Concurrent ADS offering: Concurrently with this offering of Notes, Ctrip made a public offering of 28,500,000 ADSs (or up to 32,775,000 ADSs if the underwriters of that concurrent offering exercise their overallotment option thereunder to purchase additional ADSs in full) at an offering price of US\$45.96 per ADS, in an underwritten offering pursuant to a separate prospectus supplement and accompanying prospectus.

The closing of this offering of Notes is not conditioned upon the closing of the concurrent offering of ADSs, and the closing of the concurrent offering of ADSs is not conditioned upon the closing of this offering of Notes.

In the preliminary prospectus supplement for the concurrent offering of ADSs, Ctrip proposed to offer 22,500,000 ADSs and grant the underwriters in the concurrent offering of ADSs an option to purchase up to an aggregate 3,375,000 additional ADSs. The number of ADSs offered by Ctrip in the concurrent offering of ADSs has increased to 28,500,000 ADSs, and Ctrip has granted the underwriters in the concurrent offering of ADSs an option to purchase up to 4,275,000 ADSs. Additional information on the impact of the increase in the number of ADSs offered on net proceeds of the concurrent offering of ADSs and Ctrip's capitalization table has been included in an issuer free writing prospectus related to the concurrent offering of ADSs.

Concurrent notes private placement: Concurrently with, and subject to, the completion of this offering of Notes, The Priceline Group Inc. ("Priceline") has also agreed to purchase from Ctrip US\$25 million aggregate principal amount of Ctrip's convertible notes due 2022 (the "Concurrent Notes Private Placement"). The Concurrent Notes Private Placement is being made pursuant to an exemption from registration with the the U.S. Securities and Exchange Commission (the "SEC") under Section 4(a) (2) of the Securities

Act.

Concurrent shares private placement:	Concurrently with, and subject to, the completion of the concurrent offering of ADSs, Baidu Inc. and Priceline have agreed to purchase from Ctrip US\$100 million and US\$25 million, respectively, of Ctrip's ordinary shares at a price per share equal to the public offering price adjusted to reflect the ADS-to-ordinary share ratio (the "Concurrent Share Private Placements"). The Concurrent Shares Private Placements to Baidu Inc. and Priceline are being made pursuant to exemptions from registration with the SEC under Regulation S and Section 4(a)(2) of the Securities Act, respectively.
Repurchase of Notes by Ctrip at the option of the holder:	Holder of the Notes have the right to require Ctrip to repurchase for cash all or part of their Notes on September 15, 2019 at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, <i>plus</i> accrued and unpaid interest to, but excluding, the repurchase date.
Optional redemption for changes in the tax laws of the relevant taxing jurisdiction:	<p>If Ctrip has, or on the next interest payment date would, become obligated to pay any additional amounts (other than <i>de minimis</i> amounts) as a result of (i) any change or amendment on or after the date of the Preliminary Offering Memorandum in the laws or any rules or regulations of a relevant taxing jurisdiction, or (ii) any change on or after the date of the Preliminary Offering Memorandum in an interpretation, administration or application of such laws, rules or regulations, as further described under "Description of the notes—Optional redemption for changes in the tax laws of the relevant taxing jurisdiction" of the Preliminary Offering Memorandum. Ctrip may, at its option, redeem all but not part of the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest, if any, to, but not including, the redemption date and any additional amounts with respect to such redemption price.</p> <p>Upon Ctrip's giving a notice of redemption, a holder may elect not to have its Notes redeemed, in which case such holder would not be entitled to receive the additional amounts referred to in "Description of the notes—Additional amounts" in the Preliminary Offering Memorandum after the redemption date.</p>
Fundamental change:	If Ctrip undergoes a "fundamental change" (as defined under "Description of the notes—Fundamental change permits holders to require us to repurchase notes" in the Preliminary Offering Memorandum), subject to certain conditions, holders may require Ctrip to repurchase for cash all or part of their Notes in principal amounts of US\$1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the Notes to be repurchased, <i>plus</i> accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Additional amounts:

All payments and deliveries made by, or on behalf of, Ctrip or any successor to Ctrip under or with respect to the Notes, including, but not limited to, payments of principal (including, if applicable, the repurchase price and the fundamental change repurchase price), payments of interest and deliveries of ADSs (together with payments of cash for any fractional ADS, if applicable) upon conversion, will be made without withholding or deductions, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required by certain jurisdictions, Ctrip will pay such additional amounts as may be necessary to ensure that the net amount received by the beneficial owner after such withholding or deduction (and after deducting any taxes on the additional amounts) shall equal the amounts that would have been received by such holder had no such withholding or deduction been required, subject to certain exceptions set forth under “Description of the notes—Additional amounts” in the Preliminary Offering Memorandum.

Adjustment to ADSs delivered upon conversion upon a make-whole fundamental change or Ctrip’s election to redeem the Notes upon a change in tax law:

The following table sets forth the number of additional ADSs to be received per US\$1,000 principal amount of Notes that are converted in connection with (i) a “make-whole fundamental change” as described in the Preliminary Offering Memorandum, based on the ADS price and effective date of the make-whole fundamental change or (ii) Ctrip’s election to redeem the Notes upon a change in tax law as if the applicable redemption reference date were the “effective date” and the applicable “ADS price”:

Effective Date	ADS price											
	\$45.96	\$50.00	\$55.00	\$65.49	\$70.00	\$75.00	\$80.00	\$100.00	\$125.00	\$150.00	\$175.00	\$200.00
September 12, 2016	6.4892	5.3524	4.2638	2.7381	2.2913	1.8948	1.5781	0.8037	0.3749	0.1797	0.0827	0.0328
September 15, 2017	6.4892	5.3090	4.1600	2.5831	2.1329	1.7391	1.4293	0.6949	0.3084	0.1405	0.0603	0.0210
September 15, 2018	6.4892	5.2024	3.9751	2.3601	1.9173	1.5380	1.2449	0.5728	0.2382	0.1011	0.0393	0.0111
September 15, 2019	6.4892	4.7312	3.5458	2.0756	1.6646	1.3120	1.0411	0.4394	0.1651	0.0631	0.0207	0.0035
September 15, 2020	6.4892	4.7312	3.3785	1.8129	1.3956	1.0500	0.7956	0.2842	0.0917	0.0303	0.0073	0.0001
September 15, 2021	6.4892	4.7312	3.1235	1.3842	0.9666	0.6507	0.4421	0.1132	0.0311	0.0089	0.0008	0.0000
September 15, 2022	6.4892	4.7312	2.9130	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact ADS prices and effective dates may not be set forth in the table above, in which case:

- If the ADS price is between two ADS prices in the table or the effective date is between two effective dates in the table, the number of additional ADSs will be determined by a straight-line interpolation between the number of additional ADSs set forth for the higher and lower ADS prices and the earlier and later effective dates, as applicable, based on a 365-day year.
- If the ADS price is greater than US\$200.00 per ADS (subject to adjustment in the same manner as the ADS prices set forth in the column headings of the table above), no additional ADSs will be added to the conversion rate.

- If the ADS price is less than US\$45.96 per ADS (subject to adjustment in the same manner as the ADS prices set forth in the column headings of the table above), no additional ADSs will be added to the conversion rate.

Notwithstanding the foregoing, in no event will the conversion rate per US\$1,000 principal amount of the Notes exceed 21.7580 ADSs, subject to adjustment in the same manner as the conversion rate as set forth under “Description of the notes—Conversion rights—Conversion rate adjustments” in the Preliminary Offering Memorandum.

Additional Information

The following information in the Preliminary Offering Memorandum is hereby supplemented, amended and modified as follows (page references are to page numbers in the Preliminary Offering Memorandum). Any conforming and/or duplicative amendments or modifications within the Preliminary Offering Memorandum as a result of the following amendments or modifications have not been repeated in this Pricing Term Sheet.

(1) Amend the third sentence in the risk factor “Consolidation of the results of operations of Qunar with ours may negatively impact our financial performance and results of operations” beginning on page 22 as follows:

Qunar has historically incurred net loss and it recorded a net loss of RMB1,775 million (US\$267 million) for the six months ended June 30, 2016, and a significant portion of our net loss is attributable to Qunar’s net loss for this period.

(2) Amend the second sentence in the risk factor “We recorded a significant amount of goodwill and indefinite lived intangible assets in connection with our strategic acquisitions and investments, and we may incur material impairment charges to our goodwill and indefinite lived intangible assets if the recoverability of these assets become substantially reduced.” beginning on page 25 as follows:

As of June 30, 2016, our goodwill was RMB46.4 billion (US\$7.0 billion) and our indefinite lived intangible assets were RMB9.7 billion (US\$1.5 billion), compared to RMB2.5 billion and RMB651 million, respectively, as of June 30, 2015.

(3) Amend the paragraph titled “Net Loss” on page 67 as follows:

Net Loss/Income. Net loss was RMB2.1 billion (US\$316 million) in the six months ended June 30, 2016, and net income was RMB17 million in the six months ended June 30, 2015. For the six months ended June 30, 2016, the consolidation of Qunar contributed RMB1.8 billion to our net loss.

(4) Amend the first sentence in the penultimate paragraph on page 71 as follows:

Operating lease obligations for the years 2016, 2017, 2018, 2019, 2020 and 2021 are RMB321 million, RMB129 million, RMB38 million, RMB16 million, RMB2 million and RMB1 million, respectively.

General

This communication is intended for the sole use of the person to whom it is provided by the sender.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy securities nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such state.

The Notes, any ADSs deliverable upon conversion of the Notes and the ordinary shares represented thereby have not been, and will not be, registered under the Securities Act or any state securities laws. Accordingly, the Notes are being offered and sold only to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act. The Notes are

not transferable except in accordance with the restrictions described under “Transfer restrictions” in the Preliminary Offering Memorandum.

[Remainder of Page Intentionally Blank]

Restrictions on Offers and Sales Outside the United States

In connection with offers and sales of Securities outside the United States:

(a) Each Initial Purchaser acknowledges that the Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

(b) Each Initial Purchaser represents, warrants and agrees that:

(i) it has offered and sold the Securities, and will offer and sell the Securities, (A) as part of its distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering of the Securities and the Closing Date, only in accordance with Regulation S under the Securities Act (“**Regulation S**”) or Rule 144A or any other available exemption from registration under the Securities Act;

(ii) none of it, its affiliates and any other person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and all such persons have complied and will comply with the offering restrictions requirement of Regulation S; and

(iii) at or prior to the confirmation of sale of any Securities sold in reliance on Regulation S, such Initial Purchaser will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration that purchase Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Securities and the date of original issuance of the Securities, except in accordance with Regulation S or Rule 144A or any other available exemption from registration under the Securities Act. Terms used above have the meanings given to them by Regulation S.

Terms used in paragraph (a) and this paragraph (b) and not otherwise defined in this Agreement have the meanings given to them by Regulation S.

(c) Each Initial Purchaser represents, warrants and agrees that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Guarantors; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

(d) The Initial Purchasers acknowledge that no action has been or will be taken by the Company that would permit a public offering of the Securities, or possession or distribution of any of the Time of Sale Information, the Offering Memorandum, any Issuer Written Communication or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

FORM OF LOCK-UP AGREEMENT

LOCK-UP AGREEMENT

September [•], 2016

J.P. MORGAN SECURITIES LLC
383 Madison Avenue
New York, New York 10179
United States of America

MORGAN STANLEY & CO. INTERNATIONAL PLC
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Re: **Ctrip.com International, Ltd.** – Offering of [•]% Convertible Senior Notes due [September 15, 2022], and concurrent offering of American Depositary Shares

Ladies and Gentlemen:

The undersigned understands that J.P. Morgan Securities LLC and Morgan Stanley & Co. International plc (the “**Initial Purchasers**”) propose to enter into a Purchase Agreement (the “**Purchase Agreement**”) with Ctrip.com International, Ltd., an exempted company limited by shares incorporated in the Cayman Islands (the “**Company**”), providing for the purchase and resale (the “**Notes Offering**”) by the Initial Purchasers of [•]% Convertible Senior Notes due [•] of the Company (the “**Notes**”) pursuant to Regulation S and Rule 144A under the Securities Act of 1933 (the “**Securities Act**”), as amended. Concurrent with the offering of the Notes, the Company is offering to the public (the “**Equity Offering**”, and together with the Notes Offering, the “**Combined Offering**”) ordinary shares, with a par value of US\$0.01 per share, of the Company (the “**Ordinary Shares**”) in the form of American Depositary Shares (the “**ADSs**”, and together with the Notes, the “**Securities**”) pursuant to an Underwriting Agreement (the “**Underwriting Agreement**”, and together with the Purchase Agreement, the “**Agreements**”) between the Company and the Initial Purchasers. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Agreements, as applicable.

In consideration of the Initial Purchasers’ agreement to purchase and make the Combined Offering of the Securities, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of the Initial Purchasers, the undersigned will not, and shall procure any entities controlled by the undersigned not to, during the period commencing on the date hereof and ending 90 days after the date of the final offering memorandum and prospectus supplement relating to the Combined Offering, (1) 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, or participate in the filing of a registration statement with the Securities and Exchange Commission (the “**SEC**”) relating to, any Ordinary Shares or ADSs, or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs (including without limitation, Ordinary Shares or ADSs or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a share option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition of such securities, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares or ADSs or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Ordinary Shares or ADSs or such other securities, in cash or otherwise or (3) make any demand for or exercise any

right with respect to the registration of any shares of Ordinary Shares or ADSs or any security convertible into or exercisable or exchangeable for Ordinary Shares or ADSs.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Lock-Up Agreement.

Notwithstanding the foregoing, the undersigned may (a) transfer Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs (collectively, “**Covered Securities**”) as a bona fide gift or gifts, (b) transfer Covered Securities to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, (c) transfer Covered Securities upon death by will or intestacy to the undersigned’s immediate family, or (d) distribute Covered Securities to stockholders of the undersigned, if the undersigned is a corporation; provided that, in the case of any gift, disposition, transfer or distribution pursuant to sub-clauses (a) through (d), (i) each donee, transferee or distributee shall sign and deliver a lock-up letter substantially in the form of this letter, and (ii) no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) shall be required or shall be voluntarily made in connection with any such transaction; provided further that, in the case of any gift, disposition, transfer or distribution pursuant to sub-clauses (a) through (d), any such transaction shall not be for value. Additionally, any Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs acquired by the undersigned in the open market after the date of the Combined Offering will not be subject to the restrictions in this Lock-Up Agreement, provided that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with the subsequent sales of such securities. For purposes of this Lock-Up Agreement, “**immediate family**” shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representative of the undersigned.

The undersigned understands that, if the Agreements do not become effective, or if the Agreements (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, the undersigned shall be released from all obligations under this Lock-Up Agreement. The undersigned understands that the Initial Purchasers are entering into the Agreements and proceeding with the Combined Offering in reliance upon this Lock-Up Agreement.

This Lock-Up Agreement and any claim, controversy or dispute arising under or related to this Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[Signature page follows]

[NAME OF LOCKUP PARTY]

FORM OF CHIEF FINANCIAL OFFICER'S CERTIFICATE

CTRIP.COM INTERNATIONAL, LTD.

CHIEF FINANCIAL OFFICER'S CERTIFICATE

[date]

The undersigned, Chief Financial Officer of Ctrip.Com International, Ltd., (collectively with its consolidated subsidiaries and affiliated entities, the “**Company**”), pursuant to Section 6(q) of the Purchase Agreement, dated [•], 2016 (the “**Purchase Agreement**”), among the Company and J.P. Morgan Securities LLC and Morgan Stanley & Co. International plc as the initial purchasers (the “**Initial Purchasers**”), hereby certifies that:

1. I am providing this certificate to the Initial Purchasers in connection with the Company's offer and sale of [•]% Convertible Senior Notes due 2022 (the “**Offering**”) as described in the Time of Sale Information and the Offering Memorandum.
2. I am familiar with the accounting, operations, records systems and internal controls of the Company. I have participated in the preparation of the Time of Sale Information and the Offering Memorandum.
3. I have reviewed the Company's accounting and operating records for the period from June 30, 2016 to the date hereof.
4. To my knowledge after due inquiry, for the period from June 30, 2016 to the date hereof, there was no decrease, as compared with the corresponding period in the preceding year, in total consolidated net revenues of the Company.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement. This certificate is to assist the Initial Purchasers in conducting and documenting their investigation of the affairs of the Company in connection with the Offering and shall not be used for other purposes.

(Signature Page Follows)

Exhibit B-1

IN WITNESS WHEREOF, I have signed this Chief Financial Officer's Certificate as of the date first written above.

CTRIP.COM INTERNATIONAL, LTD.

Name: Xiaofan Wang

Title: Chief Financial Officer

[Signature Page to Chief Financial Officer's Certificate]

Exhibit B-2

CTrip.com International, Ltd.

AND

THE BANK OF NEW YORK MELLON,

as Trustee

INDENTURE

Dated as of September 12, 2016

1.25% Convertible Senior Notes due 2022

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INDENTURE dated as of September 12, 2016 between CTRIP.COM INTERNATIONAL, LTD., a Cayman Islands exempted company, as issuer (the “**Company**,” as more fully set forth in Section 1.01) and THE BANK OF NEW YORK MELLON, a national banking association, as trustee (the “**Trustee**,” as more fully set forth in Section 1.01).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issuance of its 1.25% Convertible Senior Notes due 2022 (the “**Notes**”), initially in an aggregate principal amount not to exceed US\$900,000,000 (as increased by an amount equal to the aggregate principal amount of any additional Notes purchased by the Initial Purchasers pursuant to the exercise of their option to purchase additional Notes as set forth in the Purchase Agreement), and in order to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Form of Note, the certificate of authentication to be borne by each Note, the Form of Notice of Conversion, the Form of Fundamental Change Repurchase Notice, the Form of Repurchase Notice and the Form of Assignment and Transfer to be borne by the Notes are to be substantially in the forms hereinafter provided; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee, as in this Indenture provided, the valid, binding and legal obligations of the Company, and this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issuance hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the Holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. The words “herein,” “hereof,” “hereunder,” and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

“**Additional ADSs**” shall have the meaning specified in Section 14.03(a).

“**Additional Amounts**” shall have the meaning specified in Section 4.07(a).

“**Additional Interest**” means all amounts, if any, payable pursuant to Section 4.06(d), Section 4.06 (e) and Section 6.03, as applicable.

“**ADS**” means an American Depositary Share, issued pursuant to the Deposit Agreement, representing 0.125 of an Ordinary Share of the Company as of the date of this Indenture, and deposited with the ADS Custodian.

“**ADS Custodian**” means The Bank of New York Mellon, with respect to the ADSs delivered pursuant to the Deposit Agreement, or any successor entity thereto.

“**ADS Depository**” means The Bank of New York Mellon (formerly, The Bank of New York), as depository for the ADSs.

“**ADS Price**” shall have the meaning specified in Section 14.03(b).

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing. For purposes of this Indenture and the Notes, each of the Chairman of the Board of Directors, the Chief Executive Officer of the Company, the Chief Operating Officer of the Company and the Chief Financial Officer of the Company shall be Affiliates of the Company.

“**Agents**” means the Paying Agent, the Transfer Agent, the Note Registrar and the Conversion Agent.

“**BNY Mellon Group**” shall have the meaning specified in Section 7.02(i).

“**Board of Directors**” means the board of directors of the Company or a committee of such board duly authorized to act for it hereunder.

“**Board Resolution**” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“**Business Day**” means, with respect to any Note, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the State of New York or the Cayman Islands are authorized or obligated by law or executive order to close.

“**Capital Stock**” means, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

“**Change in Tax Law**” shall have the meaning specified in Section 16.01.

“**Clause A Distribution**” shall have the meaning specified in Section 14.04(c).

“**Clause B Distribution**” shall have the meaning specified in Section 14.04(c).

“**Clause C Distribution**” shall have the meaning specified in Section 14.04(c).

“**close of business**” means 5:00 p.m. (New York City time).

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Commission**” means the U.S. Securities and Exchange Commission.

“**Common Equity**” of any Person means ordinary share capital or common stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

“**Company**” shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article 11, shall include its successors and assigns.

“**Company Notice**” shall have the meaning specified in Section 15.01(a).

“**Company Order**” means a written order of the Company, signed by an Officer of the Company and delivered to the Trustee.

“**Conversion Agent**” shall have the meaning specified in Section 4.02.

“**Conversion Date**” shall have the meaning specified in Section 14.02(c).

“**Conversion Obligation**” shall have the meaning specified in Section 14.01.

“**Conversion Rate**” shall have the meaning specified in Section 14.01.

“**Corporate Trust Office**” means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, 21st Floor West, Floor 4E, New York, NY 10286, USA, Attention: Global Corporate Trust, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor trustee (or such other address as such successor trustee may designate from time to time by notice to the Holders and the Company).

“**Default**” means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

“**Defaulted Amounts**” means any amounts on any Note (including, without limitation, the Repurchase Price, the Fundamental Change Repurchase Price, principal and interest) that are payable but are not punctually paid or duly provided for.

“**Deposit Agreement**” means the deposit agreement dated as of December 8, 2003, as amended and restated as of August 11, 2006, and as further amended and restated as of December 3, 2007, by and among the Company, the ADS Depositary, and the owners and beneficial owners of the ADSs delivered thereunder or, if amended or supplemented as provided therein, as so amended or supplemented.

“**Depositary**” means, with respect to each Global Note, the Person specified in Section 2.05(c) and Section 2.05(e) as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, “**Depositary**” shall mean or include such successor.

“**Distributed Property**” shall have the meaning specified in Section 14.04(c).

“**Effective Date**” shall have the meaning specified in Section 14.03(c).

“**Event of Default**” shall have the meaning specified in Section 6.01.

“**Ex-Dividend Date**” means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Company or, if applicable, from the seller of the ADSs on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Expiring Rights**” means any rights, options or warrants to purchase Ordinary Shares or ADSs that expire on or prior to the Maturity Date.

“**FATCA**” shall have the meaning specified in Section 4.07(a)(i)(E).

“**Form of Assignment and Transfer**” shall mean the “Form of Assignment and Transfer” attached as Attachment 4 to the Form of Note attached hereto as Exhibit A.

“**Form of Fundamental Change Repurchase Notice**” shall mean the “Form of Fundamental Change Repurchase Notice” attached as Attachment 2 to the Form of Note attached hereto as Exhibit A.

“**Form of Notice of Conversion**” shall mean the “Form of Notice of Conversion” attached as Attachment 1 to the Form of Note attached hereto as Exhibit A.

“**Form of Repurchase Notice**” shall mean the “Form of Repurchase Notice” attached as Attachment 3 to the Form of Note attached hereto as Exhibit A.

“**Fractional ADS**” shall have the meaning specified in Section 14.02(a).

“**Fundamental Change**” shall be deemed to have occurred at the time after the Notes are originally issued if any of the following occurs:

(a) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, other than the Company, its Subsidiaries and the employee benefit plans of the Company and its Subsidiaries, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of the Company’s ordinary share capital (including ordinary share capital held in the form of ADSs) representing more than 50% of the voting power of the Company’s ordinary share capital;

(b) the consummation of (A) any recapitalization, reclassification or change of the Ordinary Shares or the ADSs (other than changes resulting from a subdivision or combination) as a result of which the Ordinary Shares or the ADSs would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Company pursuant to which the Ordinary Shares or the ADSs will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, to any Person other than one of the Company’s Subsidiaries; *provided, however*, that a transaction described in clause (B) in which the holders of all classes of the Company’s ordinary share capital (including ordinary share capital held in the form of ADSs) immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or

(d) the ADSs (or other Common Equity or ADSs in respect of Common Equity underlying the Notes) cease to be listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors);

provided, however, that a transaction or transactions described in clause (a) or (b) above shall not constitute a Fundamental Change, if at least 90% of the consideration received or to be received by holders of the ADSs, excluding cash payments for Fractional ADSs, in connection with such transaction or transactions consists of shares of Common Equity or ADSs in respect of Common Equity that are listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions the Notes become convertible into such consideration, excluding cash payments for Fractional ADSs.

“**Fundamental Change Company Notice**” shall have the meaning specified in Section 15.02(c).

“**Fundamental Change Repurchase Date**” shall have the meaning specified in Section 15.02(a).

“**Fundamental Change Repurchase Notice**” shall have the meaning specified in Section 15.02(b)(i).

“**Fundamental Change Repurchase Price**” shall have the meaning specified in Section 15.02(a).

“**Global Note**” shall have the meaning specified in Section 2.05(b).

“**Holder**,” as applied to any Note, or other similar terms (but excluding the term “beneficial holder”), shall mean any Person in whose name at the time a particular Note is registered on the Note Register.

“**Indenture**” means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

“**Initial Purchasers**” means J.P. Morgan Securities LLC and Morgan Stanley & Co. International plc.

“**Interest Payment Date**” means each March 15 and September 15 of each year, beginning on March 15, 2017.

“**Last Reported Sale Price**” of the ADSs on any date means the closing sale price per ADS (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the ADSs are traded. If the ADSs are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the “**Last Reported Sale Price**” shall be the last quoted bid price for the ADSs in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the ADSs are not so quoted, the “**Last Reported Sale Price**” shall be the average of the mid-point of the last bid and ask prices for the ADSs on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose.

“**Make-Whole Fundamental Change**” means any transaction or event described in clause (a), (b) or (d) of the definition of Fundamental Change (determined after giving effect to any exceptions to or exclusions from such definition, including in the *proviso* immediately succeeding clause (d) of the definition thereof, but without regard to the *proviso* in clause (b) of the definition thereof).

“**Maturity Date**” means September 15, 2022.

“**Merger Event**” shall have the meaning specified in Section 14.07(a).

“**Note**” or “**Notes**” shall have the meaning specified in the first paragraph of the recitals of this Indenture.

“**Notes Fungibility Date**” means the date, if any, following the Resale Restriction Termination Date on which all of the Rule 144A Notes and all of the Regulation S Notes are no longer Restricted Securities, do not bear the restrictive legend required by Section 2.05(c), are fungible for U.S. securities law purposes and are assigned an identical, unrestricted CUSIP number.

“**Note Register**” shall have the meaning specified in Section 2.05(a).

“**Note Registrar**” shall have the meaning specified in Section 2.05(a).

“**Notice of Conversion**” shall have the meaning specified in Section 14.02(b).

“**Offering Memorandum**” means the preliminary offering memorandum dated September 6, 2016, as supplemented by the pricing term sheet dated September 6, 2016, relating to the offering and sale of the Notes.

“**Officer**” means, with respect to the Company, the President, the Chief Executive Officer, the Treasurer, the Secretary, any Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title “Vice President”).

“**Officers’ Certificate**,” when used with respect to the Company, means a certificate that is delivered to the Trustee and that is signed by (a) two Officers of the Company or (b) one Officer of the Company and one of any Assistant Treasurer, any Assistant Secretary or the Controller of the Company. Each such certificate shall include the statements provided for in Section 17.06 if and to the extent required by the provisions of such Section. One of the Officers giving an Officers’ Certificate pursuant to Section 4.09 shall be the principal executive, financial or accounting officer of the Company.

“**open of business**” means 9:00 a.m. (New York City time).

“**Opinion of Counsel**” means an opinion in writing signed by legal counsel and in a form reasonably acceptable to the Trustee, who may be an employee of or counsel to the Company, or other counsel acceptable to the Trustee, that is delivered to the Trustee. Each such opinion shall include the statements provided for in Section 17.06 if and to the extent required by the provisions of such Section 17.06.

“**Ordinary Shares**” means ordinary shares of the Company, par value US\$0.01 per ordinary share, at the date of this Indenture, subject to Section 14.07.

“**outstanding**,” when used with reference to Notes, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except:

- (a) Notes theretofore canceled by the Trustee or accepted by the Trustee for cancellation;

(b) Notes, or portions thereof, that have become due and payable and in respect of which monies in the necessary amount shall have been deposited with the Trustee or with any Paying Agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent);

(c) Notes that have been paid pursuant to Section 2.06 or Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.06 unless proof satisfactory to the Trustee is presented that any such Notes are held by protected purchasers in due course;

(d) Notes converted pursuant to Article 14 and required to be cancelled pursuant to Section 2.08;

(e) Notes redeemed pursuant to Article 16; and

(f) Notes repurchased by the Company pursuant to the third sentence of Section 2.10.

“**Paying Agent**” shall have the meaning specified in Section 4.02.

“**Person**” means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

“**Physical Notes**” means permanent certificated Notes in registered form issued in denominations of US\$1,000 principal amount and multiples thereof.

“**Predecessor Note**” of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.06 in lieu of or in exchange for a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note that it replaces.

“**Purchase Agreement**” means that certain Purchase Agreement, dated as of September 7, 2016, among the Company and the Initial Purchasers.

“**Record Date**” means, with respect to any dividend, distribution or other transaction or event in which the holders of the Ordinary Shares (directly or in the form of ADSs) (or other applicable security) have the right to receive any cash, securities or other property or in which the Ordinary Shares (directly or in the form of ADSs) (or such other security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of security holders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors, statute, contract or otherwise).

“**Redemption Date**” shall have the meaning specified in Section 16.01.

“**Redemption Reference Date**” shall have the meaning specified in Section 14.03(g).

“**Redemption Reference Price**” shall have the meaning specified in Section 14.03(g).

“**Redemption Price**” shall have the meaning specified in Section 16.01.

“**Reference Property**” shall have the meaning specified in Section 14.07(a).

“**Regular Record Date**,” with respect to any Interest Payment Date, shall mean the March 1 or September 1 (whether or not such day is a Business Day) immediately preceding the applicable March 15 or September 15 Interest Payment Date, respectively.

“**Regulation S**” means Regulation S under the Securities Act or any successor to such regulation.

“**Regulation S Notes**” means the Notes initially offered and sold outside the United States pursuant to Regulation S.

“**Relevant Jurisdiction**” shall have the meaning specified in Section 4.07(a).

“**Relevant Taxing Jurisdiction**” shall have the meaning specified in Section 4.07(a).

“**Repurchase Date**” shall have the meaning specified in Section 15.01(a).

“**Repurchase Expiration Time**” shall have the meaning specified in Section 15.01(a).

“**Repurchase Notice**” shall have the meaning specified in Section 15.01(a).

“**Repurchase Price**” shall have the meaning specified in Section 15.01(a).

“**Resale Restriction Termination Date**” shall have the meaning specified in Section 2.05(c).

“**Responsible Officer**” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“**Restricted Securities**” shall have the meaning specified in Section 2.05(c).

“**Rule 144A**” means Rule 144A as promulgated under the Securities Act.

“**Rule 144A Notes**” means the notes initially offered and sold pursuant to Rule 144A.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Significant Subsidiary**” means a Subsidiary of the Company that meets the definition of “significant subsidiary” in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act.

“**Spin-Off**” shall have the meaning specified in Section 14.04(c).

“**Subsidiary**” means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

“**Successor Company**” shall have the meaning specified in Section 11.01(a).

“**Trading Day**” means a day on which (i) trading in the ADSs (or other security for which a closing sale price must be determined) generally occurs on The NASDAQ Global Select Market or, if the ADSs (or such other security) are not then listed on The NASDAQ Global Select Market, on the principal other U.S. national or regional securities exchange on which the ADSs (or such other security) are then listed or, if the ADSs (or such other security) are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the ADSs (or such other security) are then traded and (ii) a Last Reported Sale Price for the ADSs (or closing sale price for such other security) is available on such securities exchange or market; *provided* that if the ADSs (or such other security) are not so listed or traded, “**Trading Day**” means a Business Day.

“**transfer**” shall have the meaning specified in Section 2.05(c) and Section 2.05(e), as applicable.

“**Trigger Event**” shall have the meaning specified in Section 14.04(c).

“**Trust Indenture Act**” means the Trust Indenture Act of 1939, as amended, as it was in force at the date of execution of this Indenture; *provided, however*, that in the event the Trust Indenture Act of 1939 is amended after the date hereof, the term “Trust Indenture Act” shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939, as so amended.

“**Trustee**” means the Person named as the “**Trustee**” in the first paragraph of this Indenture until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “**Trustee**” shall mean or include each Person who is then a Trustee hereunder.

“**unit of Reference Property**” shall have the meaning specified in Section 14.07(a).

“**U.S. Person**” shall have the meaning as such term is defined under Regulation S.

“**Valuation Period**” shall have the meaning specified in Section 14.04(c).

Section 1.02. *References to Interest.* Unless the context otherwise requires, any reference to interest on, or in respect of, any Note in this Indenture shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to any of Section 4.06(d), Section 4.06(e) and Section 6.03. Unless the context otherwise requires, any express mention of Additional Interest in any provision hereof shall not be construed as excluding Additional Interest in those provisions hereof where such express mention is not made.

ARTICLE 2

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.01. *Designation and Amount.* The Notes shall be designated as the “1.25% Convertible Senior Notes due 2022.” The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is initially limited to US\$900,000,000 (as increased by an amount equal to the aggregate principal amount of any additional Notes purchased by the Initial Purchasers pursuant to the exercise of their option to purchase additional Notes as set forth in the Purchase Agreement), subject to Section 2.10 and except for Notes authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of other Notes pursuant to Section 2.05, Section 2.06, Section 2.07, Section 10.04, Section 14.02 and Section 15.04.

Section 2.02. *Form of Notes.* The Notes and the Trustee’s certificate of authentication to be borne by such Notes shall be substantially in the respective forms set forth in Exhibit A, the terms and provisions of which shall constitute, and are hereby expressly incorporated in and made a part of this Indenture. To the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Depositary, or as may be required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or designated for issuance or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the Officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage or to indicate any special limitations or restrictions to which any particular Notes are subject.

Each Global Note shall represent such principal amount of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate principal amount of

outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect redemptions, repurchases, cancellations, conversions, transfers or exchanges permitted hereby. Any endorsement of the Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Registrar in such manner and upon instructions given by the Holder of such Notes in accordance with this Indenture. Payment of principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Global Note shall be made to the Holder of such Note on the date of payment, unless a record date or other means of determining Holders eligible to receive payment is provided for herein.

Section 2.03. *Date and Denomination of Notes; Payments of Interest and Defaulted Amounts.* (a) The Notes shall be issuable in registered form without coupons in denominations of US\$1,000 principal amount and integral multiples thereof. Each Note shall be dated the date of its authentication and shall bear interest from the date specified on the face of such Note. Accrued interest on the Notes shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of actual days elapsed over a 30-day month.

(b) The Person in whose name any Note (or its Predecessor Note) is registered on the Note Register at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date. Interest shall be payable at the office or agency of the Company maintained by the Company for such purposes in the Borough of Manhattan, The City of New York, which shall initially be the Corporate Trust Office. The Company shall pay interest (i) on any Physical Notes (A) to Holders holding Physical Notes having an aggregate principal amount of US\$5,000,000 or less, by check mailed (at the Company's expense) to the Holders of these Notes at their address as it appears in the Note Register and (B) to Holders holding Physical Notes having an aggregate principal amount of more than US\$5,000,000, either by check mailed (at the Company's expense) to such Holders or, upon application by such Holder to the Trustee not later than the relevant Regular Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies, in writing, the Trustee to the contrary or (ii) on any Global Note by wire transfer of immediately available funds to the account of the Depositary or its nominee.

(c) Any Defaulted Amounts shall forthwith cease to be payable to the Holder on the relevant payment date but shall accrue interest per annum at the rate per annum borne by the Notes *plus* one percent, subject to the enforceability thereof under applicable law, from, and including, such relevant payment date, and such Defaulted Amounts together with such interest thereon shall be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Amounts to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a special record date for the payment of such Defaulted Amounts, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of the Defaulted Amounts proposed to be paid

on each Note and the date of the proposed payment (which shall be not less than 25 days after the receipt by the Trustee of such notice, unless the Trustee in its sole discretion shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Amounts or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Amounts as in this clause provided. Thereupon the Company shall fix a special record date for the payment of such Defaulted Amounts which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment, and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Company shall promptly notify the Trustee of such special record date and the Trustee, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Amounts and the special record date therefor to be mailed, first-class postage prepaid (at the Company's expense), to each Holder at its address as it appears in the Note Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Amounts and the special record date therefor having been so mailed, such Defaulted Amounts shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (ii) of this Section 2.03(c).

(ii) The Company may make payment of any Defaulted Amounts in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Section 2.04. *Execution, Authentication and Delivery of Notes.* The Notes shall be signed in the name and on behalf of the Company by the manual or facsimile signature of its Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary or any of its Executive or Senior Vice Presidents. With the delivery of this Indenture, the Company is furnishing, and from time to time thereafter may furnish, a certificate substantially in the form of Exhibit B (an "**Authorization Certificate**") identifying and certifying the incumbency and specimen (and/or facsimile) signatures of its active authorized Officers. Until the Trustee receives a subsequent Authorization Certificate, the Trustee shall be entitled to conclusively rely on the last Authorization Certificate delivered to it for purposes of determining the relevant authorized Officers. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by the Trustee.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes, and the Trustee in

accordance with such Company Order shall authenticate and deliver such Notes, without any further action by the Company hereunder.

The Company Order shall specify the amount of Notes to be authenticated (including the initial amount of Rule 144A Notes and the initial amount of Regulation S Notes), the applicable rate at which interest will accrue on such Notes, the date on which the original issuance of such Notes is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes. The Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Company (as set forth in such Company Order).

The Trustee shall have the right to decline to authenticate and deliver any Notes under this Section (a) unless and until it receives from the Company a Company Order instructing it to so authenticate and deliver such Notes; (b) if the Trustee determines that such action may not lawfully be taken; or (c) if the Trustee determines that such action would expose to Trustee to personal liability, unless indemnity and/or security satisfactory to the Trustee against such liability is provided to the Trustee.

Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the form of Note attached as Exhibit A hereto, executed manually or by facsimile by an authorized officer of the Trustee, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

In case any Officer of the Company who shall have signed any of the Notes shall cease to be such Officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Notes had not ceased to be such Officer of the Company; and any Note may be signed on behalf of the Company by such Persons as, at the actual date of the execution of such Note, shall be the Officers of the Company, although at the date of the execution of this Indenture any such Person was not such an Officer.

Section 2.05. Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary.

(a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office or in any other office or agency of the Company designated pursuant to Section 4.02, the “**Note Register**”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. The Trustee is hereby initially appointed the “**Note Registrar**” for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-Note Registrars in accordance with Section 4.02.

Prior to the Notes Fungibility Date, upon surrender for registration of transfer of any Rule 144A Note or Regulation S Note, as the case may be, to the Note Registrar or any co-Note

Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Rule 144A Notes or Regulation S Notes, as the case may be, of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture. Following the Notes Fungibility Date, upon surrender for registration of transfer of any Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and not bearing the restrictive legends required by Section 2.05(c).

Prior to the Notes Fungibility Date, Rule 144A Notes and Regulation S Notes, as the case may be, may be exchanged for other Rule 144A Notes or Regulation S Notes, as the case may be, of any authorized denominations and of a like aggregate principal amount, upon surrender of the Rule 144A Notes or Regulation S Notes, as the case may be, to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Rule 144A Notes or Regulation S Notes, as the case may be, are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Rule 144A Notes or Regulation S Notes, as the case may be, that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding. Following the Notes Fungibility Date, Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount but not bearing the restrictive legend required by Section 2.05(c), upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or for exchange, repurchase or conversion shall (if so required by the Company, the Trustee, the Note Registrar or any co-Note Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and duly executed, by the Holder thereof or its attorney-in-fact duly authorized in writing.

No service charge shall be imposed by the Company, the Transfer Agent, the Note Registrar, any co-Note Registrar or the Paying Agent for any exchange or registration of transfer of Notes, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of new Notes issued upon such exchange or registration of transfer being different from the name of the Holder of the old Notes surrendered for exchange or registration of transfer. The Company shall pay the Depository's fees for issuance of the ADSs.

None of the Company, the Trustee, the Note Registrar or any co-Note Registrar shall be required to exchange or register a transfer of (i) any Notes surrendered for conversion or, if a portion of any Note is surrendered for conversion, such portion thereof surrendered for conversion, (ii) any Notes, or a portion of any Note, surrendered for repurchase (and not

withdrawn) in accordance with Article 15 or (iii) any Notes selected for redemption in accordance with Article 16.

All Notes issued upon any registration of transfer or exchange of Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange.

(b) So long as the Notes are eligible for book-entry settlement with the Depository, unless otherwise required by law, subject to the fourth paragraph from the end of Section 2.05(c) all Notes shall be represented by one or more Notes in global form (each, a “**Global Note**”) registered in the name of the Depository or the nominee of the Depository. The transfer and exchange of beneficial interests in a Global Note that does not involve the issuance of a Physical Note shall be effected through the Depository in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depository therefor. Prior to the Notes Fungibility Date, the Rule 144A Notes shall be represented by one or more Global Notes and the Regulation S Notes shall be represented by one or more separate Global Notes. Following the Notes Fungibility Date, the Rule 144A Notes and the Regulation S Notes may be represented by one or more of the same Global Notes.

(c) Every Note that bears or is required under this Section 2.05(c) to bear the legend set forth in this Section 2.05(c) (together with any ADSs (including the Ordinary Shares represented thereby) delivered upon conversion of the Notes that is required to bear the legend set forth in Section 2.05(d), collectively, the “**Restricted Securities**”) shall be subject to the restrictions on transfer set forth in this Section 2.05

(c) (including the legend set forth below), unless such restrictions on transfer shall be eliminated or otherwise waived by written consent of the Company, and the Holder of each such Restricted Security, by such Holder’s acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.05(c) and Section 2.05(d), the term “**transfer**” encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until the date (the “**Resale Restriction Termination Date**”) that is the later of (1) the date that is one year after the last date of original issuance of the Notes, or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereto, and (2) such later date, if any, as may be required by applicable law, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than ADSs (including the Ordinary Shares represented thereby) issued upon conversion thereof, which shall bear the legend set forth in Section 2.05(d), if applicable) shall bear a legend in substantially the following form (unless such Notes have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 under the Securities Act or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company in writing, with notice thereof to the Trustee):

THIS SECURITY, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON
CONVERSION OF THIS SECURITY AND THE ORDINARY SHARES REPRESENTED THEREBY HAVE
NOT BEEN REGISTERED UNDER THE SECURITIES

ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT AN AFFILIATE OF CTRIP.COM INTERNATIONAL, LTD. (THE “**COMPANY**”), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, TO A U.S. PERSON OUTSIDE THE UNITED STATES AND THEREAFTER OUTSIDE THE UNITED STATES, IN EACH CASE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(E) ABOVE, THE COMPANY, THE DEPOSITARY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO

REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS NOTE OR A BENEFICIAL INTEREST HEREIN.

No transfer of any Note prior to the Resale Restriction Termination Date will be registered by the Note Registrar unless the applicable box on the Form of Assignment and Transfer has been checked.

Any Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of such Note for exchange to the Note Registrar in accordance with the provisions of this Section 2.05, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall be entitled to instruct the Trustee in writing to so surrender any Global Note as to which such restrictions on transfer shall have expired in accordance with their terms for exchange, and, upon such instruction, the Trustee shall so surrender such Global Note for exchange; and any new Global Note so exchanged therefor shall not bear the restrictive legend specified in this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall promptly notify the Trustee upon the occurrence of the Resale Restriction Termination Date and after a registration statement, if any, with respect to the Notes or the ADSs (including the Ordinary Shares represented thereby) issued upon conversion of the Notes has been declared effective under the Securities Act.

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.05(c)), a Global Note may not be transferred as a whole or in part except (i) by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository and (ii) for transfers of portions of a Global Note in certificated form made upon request of a member of, or a participant in, the Depository (for itself or on behalf of a beneficial owner) by written notice given to the Trustee by or on behalf of the Depository in accordance with customary procedures of the Depository and in compliance with this Section 2.05(c).

The Depository shall be a clearing agency registered under the Exchange Act. The Company initially appoints The Depository Trust Company to act as Depository with respect to each Global Note. Initially, each Global Note shall be issued to the Depository, registered in the name of Cede & Co., as the nominee of the Depository, and deposited with the Trustee as custodian for Cede & Co.

If (i) the Depository notifies the Company at any time that the Depository is unwilling or unable to continue as depository for the Global Notes and a successor depository is not appointed within 90 days, (ii) the Depository ceases to be registered as a clearing agency under the

Exchange Act and a successor depository is not appointed within 90 days or (iii) an Event of Default with respect to the Notes has occurred and is continuing and a beneficial owner of any Note requests that its beneficial interest therein be issued as a Physical Note, the Company shall execute, and the Trustee, upon receipt of an Officers' Certificate and a Company Order for the authentication and delivery of Notes, shall authenticate and deliver (x) in the case of clause (iii), a Physical Note to such beneficial owner in a principal amount equal to the principal amount of such Note corresponding to such beneficial owner's beneficial interest and (y) in the case of clause (i) or (ii), Physical Notes to each beneficial owner of the related Global Notes (or a portion thereof) in an aggregate principal amount equal to the aggregate principal amount of such Global Notes in exchange for such Global Notes, and upon delivery of the Global Notes to the Trustee such Global Notes shall be canceled.

Physical Notes issued in exchange for all or a part of the Global Note pursuant to this Section 2.05 (c) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Physical Notes to the Persons in whose names such Physical Notes are so registered.

At such time as all interests in a Global Note have been converted, canceled, repurchased, redeemed or transferred, such Global Note shall be, upon receipt thereof, canceled by the Trustee in accordance with standing procedures and existing instructions of the Depository. At any time prior to such cancellation, if any interest in a Global Note is exchanged for Physical Notes, converted, canceled, repurchased, redeemed or transferred to a transferee who receives Physical Notes therefor or any Physical Note is exchanged or transferred for part of such Global Note, the principal amount of such Global Note shall, in accordance with the standing procedures and existing instructions of the Depository, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Global Note, by the Trustee, to reflect such reduction or increase.

None of the Company, the Trustee, any agent of the Company or any agent of the Trustee shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Note or maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) Until the Resale Restriction Termination Date, any certificate representing ADSs (including the Ordinary Shares represented thereby) issued upon conversion of such Note shall bear a legend in substantially the following form (unless the Note or such ADSs (including the Ordinary Shares represented thereby) has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or such ADS or the Ordinary Shares represented thereby have been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 under the Securities Act or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company with written notice thereof to the Trustee and any transfer agent for the ADSs):

THE AMERICAN DEPOSITARY SHARES EVIDENCED HEREBY AND THE ORDINARY SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT AN AFFILIATE OF CTRIP.COM INTERNATIONAL, LTD. (THE “**COMPANY**”), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE OF THE SERIES OF NOTES UPON THE CONVERSION OF WHICH THIS SECURITY WAS ISSUED OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, TO A U.S. PERSON OUTSIDE THE UNITED STATES AND THEREAFTER OUTSIDE THE UNITED STATES, IN EACH CASE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(E) ABOVE, THE COMPANY, THE DEPOSITARY AND THE TRANSFER AGENT FOR THE COMPANY’S AMERICAN DEPOSITARY SHARES RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER

EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Any such ADSs as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of the certificates representing such ADSs for exchange in accordance with the procedures of the transfer agent for the ADSs, be exchanged for a new certificate or certificates for a like aggregate number of ADSs, which shall not bear the restrictive legend required by this Section 2.05(d).

(d) Any Note or ADS delivered upon the conversion or exchange of any Note that is repurchased or owned by any Affiliate of the Company may not be resold by such Affiliate unless registered under the Securities Act or resold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act in a transaction that results in such Note or ADS, as the case may be, no longer being a “restricted security” (as defined under Rule 144 under the Securities Act). The Company shall cause any Note that is repurchased or owned by it to be surrendered to the Paying Agent for cancellation in accordance with Section 2.08.

(e) Until the Resale Restriction Termination Date, prior to any sale of Regulation S Notes, the ADSs deliverable upon conversion thereof or the Ordinary Shares represented thereby, to a qualified institutional buyer in compliance with Rule 144A, the Holder thereof shall deliver to the Trustee, Transfer Agent and/or Depository, as the case may be, written confirmation that the prospective purchaser is a Person such Holder reasonably believes is a “qualified institutional buyer” (within the meaning of Rule 144A) that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A.

Section 2.06. *Mutilated, Destroyed, Lost or Stolen Notes.* In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its written request the Trustee shall authenticate and deliver, a new Note, bearing a registration number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company and to the Trustee such security and/or indemnity as may be required by them to save each of them harmless from any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee may authenticate any such substituted Note and deliver the same upon the receipt of such security and/or indemnity as the Trustee and the Company may require. No service charge shall be imposed by the Company, the Transfer Agent, the Note Registrar, any co-Note Registrar or the Paying Agent upon the issuance of any substitute Note, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or

transfer tax required in connection therewith as a result of the name of the Holder of the new substitute Note being different from the name of the Holder of the old Note that became mutilated or was destroyed, lost or stolen. In case any Note that has matured or is about to mature or has been surrendered for required repurchase or is about to be converted in accordance with Article 14 shall become mutilated or be destroyed, lost or stolen, the Company may, in its sole discretion, instead of issuing a substitute Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company and to the Trustee such security and/or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, evidence satisfactory to the Company, and the Trustee evidence of their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement, payment, redemption, conversion or repurchase of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement, payment, redemption, conversion or repurchase of negotiable instruments or other securities without their surrender.

Section 2.07. *Temporary Notes.* Pending the preparation of Physical Notes, the Company may execute and the Trustee shall, upon written request of the Company, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Physical Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be executed by the Company and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the Physical Notes. Without unreasonable delay, the Company shall execute and deliver to the Trustee Physical Notes (other than any Global Note) and thereupon any or all temporary Notes (other than any Global Note) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 4.02 and the Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Physical Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Physical Notes authenticated and delivered hereunder.

Section 2.08. *Cancellation of Notes Paid, Converted, Etc.* The Company shall cause all Notes surrendered for the purpose of payment, repurchase, redemption, registration of transfer or exchange or conversion, if surrendered to any Person other than the Paying Agent (including any of the Company's agents, Subsidiaries or Affiliates), to be delivered and surrendered to the

Trustee for cancellation. All Notes delivered to the Paying Agent shall be canceled promptly by it, and no Notes shall be authenticated in exchange thereof except as expressly permitted by any of the provisions of this Indenture. The Paying Agent shall dispose of canceled Notes in accordance with its customary procedures and, after such disposition, shall deliver a certificate of such cancellation and disposition to the Company, at the Company's written request in a Company Order.

Section 2.09. *CUSIP Numbers.* The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in all notices issued to Holders as a convenience to such Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or on such notice and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers. Prior to the Notes Fungibility Date, the Rule 144A Notes and the Regulation S Notes shall have different "CUSIP" numbers. Following the Notes Fungibility Date, the Rule 144A Notes and the Regulation S Notes shall have the same "CUSIP" number.

Section 2.10. *Additional Notes; Repurchases.* The Company may, without the consent of the Holders and notwithstanding Section 2.01, reopen this Indenture and issue additional Notes hereunder with the same terms as the Notes initially issued hereunder (except for any differences in the issue price, the issue date and interest accrued, if any) in an unlimited aggregate principal amount; *provided* that if any such additional Notes are not fungible with the Notes initially issued hereunder for U.S. federal income tax or securities law purposes, such additional Notes shall have a separate CUSIP number from both the Rule 144A Notes and the Regulation S Notes. Prior to the issuance of any such additional Notes, the Company shall deliver to the Trustee a Company Order, an Officers' Certificate and an Opinion of Counsel, such Officers' Certificate and Opinion of Counsel to cover such matters, in addition to those required by Section 17.06, as the Trustee shall reasonably request. In addition, the Company may, to the extent permitted by law, and directly or indirectly (regardless of whether such Notes are surrendered to the Company), repurchase Notes in the open market or otherwise, whether by the Company or through its Subsidiaries or through a private or public tender or exchange offer or through counterparties to private agreements. The Company shall cause any Notes so repurchased to be surrendered to the Paying Agent for cancellation in accordance with Section 2.08. The Company may also enter into cash-settled swaps or other derivatives with respect to the Notes. For the avoidance of doubt, any Notes underlying such cash-settled swaps or other derivatives shall not be required to be surrendered to the Paying Agent for cancellation in accordance with Section 2.08 and will continue to be considered outstanding for purposes of this Indenture, subject to the provisions of Section 8.04.

ARTICLE 3 SATISFACTION AND DISCHARGE

Section 3.01. *Satisfaction and Discharge.* This Indenture shall upon request of the Company contained in an Officers' Certificate cease to be of further effect, and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when (a) (i) all Notes theretofore authenticated and delivered (other than (x) Notes which have been destroyed, lost or stolen and which have been replaced or paid as

provided in Section 2.06 and (y) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 4.04(d)) have been delivered to the Trustee for cancellation; or (ii) the Company has deposited with the Trustee or delivered to Holders, as applicable, after the Notes have become due and payable, whether on the Maturity Date, the Repurchase Date, any Fundamental Change Repurchase Date, upon conversion or otherwise, cash or cash and ADSs, if any (solely to satisfy the Company's Conversion Obligation, if applicable), sufficient to pay all of the outstanding Notes and all other sums due and payable under this Indenture by the Company; and (b) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06 shall survive.

ARTICLE 4
PARTICULAR COVENANTS OF THE COMPANY

Section 4.01. *Payment of Principal and Interest.* The Company covenants and agrees that it will cause to be paid the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes.

Section 4.02. *Maintenance of Office or Agency.* The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency (which will be the Corporate Trust Office initially) where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase ("**Paying Agent**") or for conversion ("**Conversion Agent**") and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office or the office or agency of the Trustee in the Borough of Manhattan, The City of New York.

The Company may also from time to time designate as co-Note Registrars one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The terms "**Paying Agent**" and "**Conversion Agent**" include any such additional or other offices or agencies, as applicable.

The Company hereby initially designates the Trustee as the Paying Agent, Note Registrar and Conversion Agent and the Corporate Trust Office and the office or agency of the Trustee in the Borough of Manhattan, The City of New York, each shall be considered as one such office or agency of the Company for each of the aforesaid purposes.

Section 4.03. *Appointments to Fill Vacancies in Trustee's Office.* The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.09, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 4.04. *Provisions as to Paying Agent.* (a) If the Company shall appoint a Paying Agent other than the Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes for the benefit of the Holders of the Notes;

(ii) that it will give the Trustee prompt notice of any failure by the Company to make any payment of the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held.

The Company shall, on or before each due date of the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes, deposit with the Paying Agent a sum sufficient to pay such principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) or accrued and unpaid interest and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of any failure to take such action; *provided* that such deposit must be received by the Paying Agent by 10:00 a.m., New York City time, on the relevant due date. The Paying Agent shall not be bound to make any payment until it has received, in immediately available and cleared funds, an amount which shall be sufficient to pay, as applicable, the aggregate amount of principal (including Repurchase Price and Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when such principal or interest shall become due and payable. The Paying Agent shall not be responsible or liable for any delay in making the payment if it does not receive funds before 10:00 a.m. on the payment date.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes, set aside, segregate and hold in trust for the benefit of the Holders of the Notes a sum sufficient to pay such principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) and accrued and unpaid interest so becoming due and will promptly notify the Trustee in writing of any failure to take such action and of any failure by the Company to make any payment of the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay, cause to be paid or deliver to the Trustee all sums or amounts held by the Company in trust or by any Paying Agent as required by this Section 4.04, such sums or amounts to be held by the Trustee upon the trusts herein contained and upon such payment or delivery by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability but only with respect to such sums or amounts.

(d) Any money and ADSs deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, any Note (or, in the case of ADSs, in satisfaction of the Conversion Obligation) and remaining unclaimed for two years after such principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) or interest has become due and payable shall be paid or delivered, as the case may be, to the Company on request of the Company contained in an Officers' Certificate, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money and ADSs, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment or delivery, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The Borough of Manhattan, The City of New York, notice that such money and ADSs remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money and ADSs then remaining will be repaid or delivered to the Company.

Section 4.05. *Existence.* Subject to Article 11, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 4.06. *Rule 144A Information Requirement and Annual Reports.* (a) At any time the Company is not subject to Section 13 or 15(d) of the Exchange Act, the Company shall, so long as any of the Notes, any ADSs deliverable upon conversion thereof or any Ordinary Shares underlying ADSs deliverable upon conversion thereof shall, at such time, constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, promptly provide to the Trustee and shall, upon written request, provide to any Holder, beneficial owner or prospective purchaser of such Notes or the ADSs deliverable upon conversion of such Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to facilitate the resale of such Notes or ADSs pursuant to Rule 144A. The Company shall take such further action as any Holder or beneficial owner of such Notes or such ADSs may reasonably request to the extent from time to time required to enable such Holder or beneficial owner to sell such Notes or ADSs in accordance with Rule 144A, as such rule may be amended from time to time.

(b) The Company shall provide to the Trustee within 15 days after the same are required to be filed with the Commission, copies of any documents or reports that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act

(giving effect to any applicable grace period provided by Rule 12b-25 under the Exchange Act). Any such document or report that the Company files with the Commission via the Commission's EDGAR system shall be deemed to be provided to the Trustee for purposes of this Section 4.06(b) at the time such documents are filed via the EDGAR system.

(c) Delivery of the reports and documents described in subsection (b) above to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officers' Certificate).

(d) If, at any time during the six-month period beginning on, and including, the date that is six months after the last date of original issuance of the Notes, the Company fails to timely file any document or report that it is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace periods thereunder and other than reports on Form 6-K), or the Notes are not otherwise freely tradable by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (as a result of restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes), the Company shall pay Additional Interest on the Notes. Such Additional Interest shall accrue on the Notes at the rate of 0.50% per annum of the principal amount of the Notes outstanding for each day during such period for which the Company's failure to file has occurred and is continuing or the period during which the Notes are not freely tradable, as the case may be. As used in this Section 4.06(d), documents or reports that the Company is required to "file" with the Commission pursuant to Section 13 or 15(d) of the Exchange Act does not include documents or reports that the Company furnishes to the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

(e) If, and for so long as, the restrictive legend on the Notes specified in Section 2.05(c) has not been removed, the Notes are assigned a restricted CUSIP or the Notes are not otherwise freely tradable by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes) as of the 365th day after the last date of original issuance of the Notes, the Company shall pay Additional Interest on the Notes at a rate equal to 0.50% per annum of the principal amount of Notes outstanding until the restrictive legend on the Notes has been removed in accordance with Section 2.05(c), the Notes have been assigned an unrestricted CUSIP and the Notes are freely tradable by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes).

(f) Additional Interest will be payable in arrears on each Interest Payment Date following accrual in the same manner as regular interest on the Notes.

(g) The Additional Interest that is payable in accordance with Section 4.06(d) or Section 4.06(e) shall be in addition to, and not in lieu of, any Additional Interest that may be payable as a result of the Company's election pursuant to Section 6.03. In no event shall

Additional Interest accrue on any day under the terms of this Indenture (taking any Additional Interest payable pursuant to Section 4.06(d) and Section 4.06(e) together with any Additional Interest payable pursuant to Section 6.03) at an annual rate in excess of 0.50%, in the aggregate, for any violation or Default caused by the Company's failure to be current in respect of its Exchange Act reporting obligations.

(h) If Additional Interest is payable by the Company pursuant to Section 4.06(d) or Section 4.06(e), the Company shall deliver to the Trustee an Officers' Certificate to that effect stating (i) the amount of such Additional Interest that is payable and (ii) the date on which such Additional Interest is payable. Unless and until a Responsible Officer of the Trustee receives at the Corporate Trust Office such a certificate, the Trustee may assume without inquiry that no such Additional Interest is payable. If the Company has paid such Additional Interest directly to the Persons entitled to it, the Company shall deliver to the Trustee an Officers' Certificate setting forth the particulars of such payment.

Section 4.07. *Additional Amounts.* (a) All payments and deliveries made by, or on behalf of, the Company or any successor to the Company under or with respect to this Indenture and the Notes, including, but not limited to, payments of principal (including, if applicable, the Repurchase Price and the Fundamental Change Repurchase Price), payments of interest and deliveries of ADSs (together with payments of cash for any Fractional ADS) upon conversion of the Notes, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or any successor to the Company is, for tax purposes, organized or resident or doing business (each, as applicable, a "**Relevant Taxing Jurisdiction**") or through which payment is made or deemed made (together with each Relevant Taxing Jurisdiction, a "**Relevant Jurisdiction**," and in each case, any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. The Trustee shall be entitled to make any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretation thereof. The Company will provide the Trustee with sufficient information so as to enable the Trustee to determine whether or not it is obliged to make such a withholding or deduction. In the event that any such withholding or deduction is so required, the Company or any successor to the Company shall pay to each Holder such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received by the beneficial owner after such withholding or deduction (and after deducting any taxes on the Additional Amounts) shall equal the amounts that would have been received by such beneficial owner had no such withholding or deduction been required; *provided* that no Additional Amounts shall be payable:

- (i) for or on account of:
 - (A) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (1) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant

Jurisdiction, other than merely holding such Note or the receipt of payments thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having had a permanent establishment therein;

(2) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of (including the Repurchase Price and Fundamental Change Repurchase Price, if applicable) and interest on, such Note or the delivery of ADSs (together with payment of cash for any Fractional ADS) upon conversion of such Note became due and payable pursuant to the terms thereof or was made or duly provided for;

(3) the failure of the Holder or beneficial owner to comply with a timely request from the Company or any successor of the Company, addressed to the Holder or beneficial owner, as the case may be, to provide certification, information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction, or to make any declaration or satisfy any other reporting requirement relating to such matters, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

(4) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(B) any estate, inheritance, gift, sale, transfer, excise, personal property or similar tax, assessment or other governmental charge;

(C) any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding from payments under or with respect to the Notes;

(D) any tax required to be withheld or deducted under Sections 1471 to 1474 of the Code (or any amended or successor versions of such Sections) ("FATCA"), any regulations or other official guidance thereunder, any intergovernmental agreement entered into in connection with FATCA, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement; or

(E) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (A), (B), (C) or (D); or

(ii) with respect to any payment of the principal of (including the Repurchase Price and Fundamental Change Repurchase Price, if applicable) and interest on such Note or the delivery of ADSs (together with payment of cash for any Fractional ADS) upon conversion of such Note to a Holder, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of that payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a partner or member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, member or beneficial owner been the Holder thereof.

(b) Any reference in this Indenture or the Notes in any context to the delivery of ADSs (together with payments of cash for any Fractional ADS) upon conversion of the Notes or the payment of principal of (including the Repurchase Price and Fundamental Change Repurchase Price, if applicable) and interest on, any Note or any other amount payable with respect to such Note, shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable with respect to that amount pursuant to this Section 4.07.

(c) If the Company or its successor is required to make any deduction or withholding from any payments with respect to the Notes, it will deliver to the Trustee official tax receipts evidencing the remittance to the relevant tax authorities of the amounts so withheld or deducted.

(d) The foregoing obligations shall survive termination or discharge of this Indenture.

Section 4.08. *Stay, Extension and Usury Laws.* The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.09. *Compliance Certificate; Statements as to Defaults.* The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2016) an Officers' Certificate stating that a review has been conducted of the Company's activities under this Indenture and the Company has fulfilled its obligations hereunder, and whether the authorized Officers thereof have knowledge of any Default by the Company that occurred during the previous year that is then continuing and, if so, specifying each such Default and the nature thereof.

In addition, the Company shall deliver to the Trustee, as soon as possible, and in any event within 30 days after the Company becomes aware of the occurrence of any Default if such Default is then continuing, an Officers' Certificate setting forth the details of such Default, its status and the action that the Company is taking or proposing to take in respect thereof. The Trustee shall have no responsibility to take any steps to ascertain whether any Event of Default or Default has occurred, and until (i) a Responsible Officer of the Trustee has received an Officers' Certificate regarding such an occurrence, or (ii) the Trustee has received notice from the Holders of at least 25% in aggregate principal amount of the Notes then outstanding regarding such an occurrence, the Trustee is entitled to assume, without liability, that no Event of Default or Default has occurred.

Section 4.10. *Further Instruments and Acts.* Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

ARTICLE 5

LISTS OF HOLDERS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. *Lists of Holders.* The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semi-annually, not more than 15 days after each March 1 and September 1 in each year beginning with March 1, 2017, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the Holders as of a date not more than 15 days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note Registrar.

Section 5.02. *Preservation and Disclosure of Lists.* The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to it as provided in Section 5.01 or maintained by the Trustee in its capacity as Note Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01. *Events of Default.* The following events shall be "**Events of Default**" with respect to the Notes:

- (a) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable and the default continues for a period of 30 days;
- (b) default in the payment of principal of any Note when due and payable on the Maturity Date, upon any required repurchase, upon declaration of acceleration or otherwise;

(c) failure by the Company to comply with its obligation to convert the Notes in accordance with this Indenture upon exercise of a Holder's conversion right and such failure continues for a period of five Business Days;

(d) failure by the Company to issue a Fundamental Change Company Notice in accordance with Section 15.02(c) or notice of a Make-Whole Fundamental Change in accordance with Section 14.03(a), in each case, when due and such failure continues for a period of five Business Days;

(e) failure by the Company to comply with its obligations under Article 11;

(f) failure by the Company for 60 days after written notice from the Trustee or by the Trustee at the request of the Holders of at least 25% in aggregate principal amount of the Notes then outstanding has been received by the Company to comply with any of its other agreements contained in the Notes or this Indenture;

(g) default by the Company or any Significant Subsidiary of the Company with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US\$40 million (or the foreign currency equivalent thereof) in the aggregate of the Company and/or any such Significant Subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise;

(h) a final judgment for the payment of US\$40 million (or the foreign currency equivalent thereof) or more (excluding any amounts covered by insurance) rendered against the Company or any Significant Subsidiary of the Company, which judgment is not paid, bonded or otherwise discharged or stayed within 60 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(i) the Company or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or any such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any such Significant Subsidiary or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(j) an involuntary case or other proceeding shall be commenced against the Company or any Significant Subsidiary seeking liquidation, reorganization or other relief with respect to the Company or such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or such Significant Subsidiary or

any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 consecutive days.

Section 6.02. *Acceleration; Rescission and Annulment.* If one or more Events of Default shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), then, and in each and every such case (other than an Event of Default specified in Section 6.01(i) or Section 6.01(j) with respect to the Company or any of its Significant Subsidiaries), unless the principal of all of the Notes shall have already become due and payable, the Trustee may by notice in writing to the Company, or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04, by notice in writing to the Company and to the Trustee may, and the Trustee at the request of such Holders accompanied by security and/or indemnity reasonably satisfactory to the Trustee shall, declare 100% of the principal of, and accrued and unpaid interest on, all the Notes to be due and payable immediately, and upon any such declaration the same shall become and shall automatically be immediately due and payable, notwithstanding anything contained in this Indenture or in the Notes to the contrary. If an Event of Default specified in Section 6.01(i) or Section 6.01(j) with respect to the Company or any of its Significant Subsidiaries occurs and is continuing, 100% of the principal of, and accrued and unpaid interest on, all Notes shall become and shall automatically be immediately due and payable without any action on the part of the Trustee. If an Event of Default occurs and is continuing, all agents of the Company appointed under this Indenture will be required to act on the direction of the Trustee.

The immediately preceding paragraph, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay installments of accrued and unpaid interest upon all Notes and the principal of any and all Notes that shall have become due otherwise than by acceleration (with interest on overdue installments of accrued and unpaid interest to the extent that payment of such interest is enforceable under applicable law, and on such principal at the rate per annum borne by the Notes *plus* one percent) and amounts due to the Trustee pursuant to Section 7.06, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all existing Events of Default under this Indenture, other than the nonpayment of the principal of and accrued and unpaid interest on Notes that shall have become due solely by such acceleration, shall have been cured or waived pursuant to Section 6.09, then and in every such case (except as provided in the immediately succeeding sentence) the Holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all Defaults or Events of Default with respect to the Notes and rescind and annul such declaration and its consequences and such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent Default or Event of Default, or shall impair any right consequent thereon. Notwithstanding anything to the contrary herein, no such waiver or rescission and annulment shall extend to or shall affect any Default or Event of Default resulting from (i) the nonpayment of the principal of, or accrued and unpaid interest on, any Notes, (ii) a failure to repurchase any

Notes when required or (iii) a failure to pay or deliver, as the case may be, the consideration due upon conversion of the Notes.

Section 6.03. *Additional Interest.* Notwithstanding anything in this Indenture or in the Notes to the contrary, to the extent the Company elects, the sole remedy for Event of Default relating to the Company's failure to comply with its obligations as set forth in Section 4.06(b) shall after the occurrence of such an Event of Default consist exclusively of the right to receive Additional Interest on the Notes at a rate equal to:

(a) 0.25% per annum of the principal amount of the Notes outstanding for each day during the period beginning on, and including, the date on which such an Event of Default first occurs and ending on the earlier of (i) the date on which such Event of Default is cured or validly waived and (ii) the 90th day immediately following, and including, the date on which such Event of Default first occurred; and

(b) if such Event of Default has not been cured or validly waived prior to the 91st day immediately following, and including, the date on which such Event of Default first occurred, 0.50% per annum of the principal amount of the Notes outstanding for each day during the period beginning on, and including, the 91st day immediately following, and including, the date on which such an Event of Default first occurred and ending on the earlier of (i) the date on which such Event of Default is cured or validly waived and (ii) the 180th day immediately following, and including, the date on which such Event of Default first occurred.

Interest payable pursuant to this Section 6.03 shall be in addition to, not in lieu of, any Additional Interest payable pursuant to Section 4.06(d) or Section 4.06(e). In no event shall Additional Interest accrue on the Notes on any day under this Indenture (taking any Additional Interest payable pursuant to this Section 6.03 together with any Additional Interest payable pursuant to Section 4.06(d) and Section 4.06(e)) at an annual rate accruing in excess of 0.50%, in the aggregate, for any violation or Default caused by the Company's failure to be current in respect of its Exchange Act reporting obligations. If the Company so elects, such Additional Interest shall be payable in the same manner and on the same dates as regular interest on the Notes. On the 181st day after such Event of Default (if the Event of Default with respect to the Company's obligations under Section 4.06(b) is not cured or waived prior to such 181st day), the Notes will be subject to acceleration as provided in Section 6.02. In the event the Company does not elect to pay Additional Interest following an Event of Default in accordance with this Section 6.03 or the Company elected to make such payment but does not pay the Additional Interest when due, the Notes shall be subject to acceleration as provided in Section 6.02.

In order to elect to pay Additional Interest as the sole remedy during the first 180 days after the occurrence of any Event of Default described in the immediately preceding paragraph, the Company must notify in writing all Holders of the Notes, the Trustee and the Paying Agent of such election prior to the beginning of such 180-day period. Upon the failure to timely give such notice, the Notes shall be immediately subject to acceleration as provided in Section 6.02.

Section 6.04. *Payments of Notes on Default; Suit Therefor.* If an Event of Default described in clause (a) or (b) of Section 6.01 shall have occurred, the Company shall, upon demand of the Trustee acting in its own discretion or at the request of Holders of at least 25% in

aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04 and subject to indemnity and/or security reasonably satisfactory to the Trustee, pay to the Trustee, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest, if any, with interest on any overdue principal and interest, if any, at the rate per annum borne by the Notes at such time *plus* one percent, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 7.06. If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

In the event there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the event of any other judicial proceedings relative to the Company or such other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.04, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and accrued and unpaid interest, if any, in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents and to take such other actions as it may deem necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Holders to make such payments to the Trustee, as administrative expenses, and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for reasonable compensation, expenses, advances and disbursements, including agents and counsel fees, and including any other amounts due to the Trustee under Section 7.06, incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property that the Holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting such Holder or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Holders of the Notes parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver pursuant to Section 6.09 or any rescission and annulment pursuant to Section 6.02 or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Holders, and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Holders, and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.05. *Application of Monies Collected by Trustee.* Any monies collected by the Trustee pursuant to this Article 6 with respect to the Notes shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First, to the payment of all amounts due the Trustee under Section 7.06 and any payments due to the Paying Agent, the Conversion Agent and the Note Registrar;

Second, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest on, the Notes in default in the order of the date due of the payments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon such overdue payments at the rate per annum borne by the Notes at such time (including, without duplication, any additional interest on such overdue payments pursuant to Section 6.04), such payments to be made ratably to the Persons entitled thereto;

Third, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid to the payment of the whole amount (including, if applicable, the payment of the Repurchase Price or Fundamental Change Repurchase Price and any cash due upon conversion) then owing and unpaid upon the Notes for principal and interest,

if any, with interest on the overdue principal and, to the extent that such interest has been collected by the Trustee, upon overdue installments of interest at the rate per annum borne by the Notes at such time *plus* one percent, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal (including, if applicable, the Repurchase Price or Fundamental Change Repurchase Price and the cash due upon conversion) and interest without preference or priority of principal over interest, or of interest over principal or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal (including, if applicable, the Repurchase Price or Fundamental Change Repurchase Price) and accrued and unpaid interest; and

Fourth, to the payment of the remainder, if any, to the Company.

Section 6.06. *Proceedings by Holders.* Except to enforce the right to receive payment of principal (including, if applicable, the Repurchase Price or Fundamental Change Repurchase Price) or interest when due, or the right to receive payment or delivery of the consideration due upon conversion, no Holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless:

(a) such Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as herein provided;

(b) Holders of at least 25% in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder;

(c) such Holders shall have offered to the Trustee such security and/or indemnity reasonably satisfactory to it against any loss, liability or expense to be incurred therein or thereby;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of security and/or indemnity, shall have neglected or refused to institute any such action, suit or proceeding; and

(e) no direction that, in the opinion of the Trustee, is inconsistent with such written request shall have been given to the Trustee by the Holders of a majority of the aggregate principal amount of the Notes then outstanding within such 60-day period pursuant to Section 6.09,

it being understood and intended, and being expressly covenanted by the taker and Holder of every Note with every other taker and Holder and the Trustee that no one or more Holders shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders (except as otherwise provided herein). For the protection and enforcement of

this Section 6.06, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, the right of any Holder to receive payment or delivery, as the case may be, of (x) the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest on, and (z) the consideration due upon conversion of, such Note, on or after the respective due dates expressed or provided for in such Note or in this Indenture, or to institute suit for the enforcement of any such payment or delivery, as the case may be, on or after such respective dates against the Company shall not be impaired or affected without the consent of such Holder.

Section 6.07. *Proceedings by Trustee.* In case of an Event of Default, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.08. *Remedies Cumulative and Continuing.* Except as provided in the last paragraph of Section 2.06, all powers and remedies given by this Article 6 to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of any of the Notes to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provisions of Section 6.06, every power and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 6.09. *Direction of Proceedings and Waiver of Defaults by Majority of Holders.* The Holders of a majority of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to Notes; *provided, however,* that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. The Trustee may refuse to follow any direction that would involve the Trustee in personal liability, or if it is not provided with security and/or indemnity to its reasonable satisfaction. In addition, the Trustee will not be required to expend its own funds under any circumstances. The Holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 may on behalf of the Holders of all of the Notes waive any past Default or Event of Default hereunder and its consequences except (i) a default in the payment of accrued and unpaid interest on, or the principal (including, if applicable,

the Repurchase Price or Fundamental Change Repurchase Price) of, the Notes when due that has not been cured pursuant to the provisions of Section 6.02, (ii) a failure by the Company to pay or deliver, or cause to be delivered, as the case may be, the consideration due upon conversion of the Notes or (iii) a default in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of each Holder of an outstanding Note affected. Upon any such waiver the Company, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 6.09, said Default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.10. *Notice of Defaults and Events of Default.* If a Default or Event of Default occurs and is continuing and is notified in writing to the Trustee, the Trustee shall, within 90 days after the occurrence and continuance of such Default or Event of Default, mail to all Holders (at the Company's expense) as the names and addresses of such Holders appear upon the Note Register, notice of all Defaults known to a Responsible Officer, unless such Defaults shall have been cured or waived before the giving of such notice; *provided* that the Trustee shall not be deemed to have knowledge of any occurrence of a Default or Event unless it has received written notice. Except in the case of a Default in the payment of the principal of (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable), or accrued and unpaid interest on, any of the Notes or a Default in the payment or delivery of the consideration due upon conversion, the Trustee shall be protected in withholding such notice if and so long as the Trustee's board of directors, an executive committee or a committee of Responsible Officers of the Trustee (in its sole discretion) in good faith determines that the withholding of such notice is in the interests of the Holders.

Section 6.11. *Undertaking to Pay Costs.* All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 6.11 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Notes at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or accrued and unpaid interest on any Note (including, but not limited to, the Repurchase Price and the Fundamental Change Repurchase Price with respect to the Notes being repurchased as provided in this Indenture) on or after the due date expressed or provided for in such Note or to any suit for the enforcement of the right to convert any Note in accordance with the provisions of Article 14.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. *Duties and Responsibilities of Trustee.* The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred that has not been cured or waived the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided* that if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of gross negligence and willful misconduct on the part of the Trustee, the Trustee may conclusively and without liability rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority of the aggregate principal amount of the Notes at the time outstanding determined as provided in Section 8.04 relating to the time, method and place of conducting any proceeding for

any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section;

(e) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, entitlement to receive or any other matters relating to payment) or notice effected by the Company or any Paying Agent or any records maintained by any co-Note Registrar with respect to the Notes;

(f) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively and without liability rely on its failure to receive such notice as reason to act as if no such event occurred;

(g) in the absence of written investment direction from the Company, all cash received by the Trustee shall be placed in a non-interest bearing trust account, and in no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon or for losses incurred as a result of the liquidation of any such investment prior to its maturity date or the failure of the party directing such investments prior to its maturity date or the failure of the party directing such investment to provide timely written investment direction, and the Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction from the Company; and

(h) in the event that the Trustee is also acting as Note Registrar, Paying Agent, Conversion Agent or transfer agent hereunder, the rights and protections afforded to the Trustee pursuant to this Article 7 shall also be afforded to such Note Registrar, Paying Agent, Conversion Agent or transfer agent;

(i) the Trustee shall have no duty to inquire, no duty to determine and no duty to monitor as to the performance of the Company's covenants in this Indenture or the financial performance of the Company; the Trustee shall be entitled to assume, until it has received written notice in accordance with this Indenture or it has actual knowledge to the contrary, that the Company is properly performing its duties hereunder; and

(j) the Trustee shall be under no obligation to enforce any of the provisions of this Indenture unless it is instructed by Holders of at least 25% of the aggregate principal amount of outstanding Notes and is provided with security and/or indemnity reasonably satisfactory to it.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 7.02. *Reliance on Documents, Opinions, Etc.* Except as otherwise provided in Section 7.01:

(a) the Trustee may conclusively and without liability rely and shall be fully protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, Note, coupon or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel and require an Opinion of Counsel and any advice of such counsel or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the expense of the Company and shall incur no liability of any kind by reason of such inquiry or investigation;

(e) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, delegates, custodians, nominees or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, delegate, representative, custodian, nominee or attorney appointed by it with due care hereunder;

(f) the permissive rights of the Trustee enumerated herein shall not be construed as duties;

(g) under no circumstances and notwithstanding any contrary provision included herein, neither the Trustee, the Paying Agent, the Conversion Agent nor the Note Registrar shall be responsible or liable for special, indirect, punitive, or consequential damages or loss of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether any of them have been advised of the likelihood of such loss or damage and regardless of the form of action; this provision shall remain in full force and effect notwithstanding the discharge of the Notes, the termination of this Indenture or the resignation, replacement or removal of the Trustee, the Paying Agent, the Conversion Agent and the Note Registrar; and

(h) the Trustee, the Paying Agent, the Conversion Agent and the Note Registrar may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or, to the extent applicable, of New York; furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that

jurisdiction or New York or if, in its opinion based on such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or in New York or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(i) The Company understands that The Bank of New York Mellon Corporation is a global financial organization that operates in and provides services and products to clients through affiliates and subsidiaries located in multiple jurisdictions (the “**BNY Mellon Group**”). The Company also understands that the BNY Mellon Group may centralize in one or more affiliates or subsidiaries certain activities, including, but not limited to, audit, administration, risk management, legal, sales, relationship management, and the storage and analysis of data regarding the Company. Consequently, the Company hereby consents and authorizes the Trustee and each Agent, in the course of performance of its duties as Trustee and Agents hereunder, to disclose to other members of the BNY Mellon Group data regarding the Company pursuant to this Indenture solely to the extent necessary to allow it to perform such duties, it being understood that no such affiliate or subsidiary may use such data for any other purpose without the prior consent of the Company.

Section 7.03. *No Responsibility for Recitals, Etc.* The recitals, statements, warranties and representations contained herein and in the Notes (except in the Trustee’s certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the accuracy or correctness of the same or the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture. Notwithstanding the generality of the foregoing, each Holder shall be solely responsible for making its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Company, and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

Section 7.04. *Trustee, Paying Agents, Conversion Agents or Note Registrar May Own Notes.* The Trustee, any Paying Agent, any Conversion Agent or Note Registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not the Trustee, Paying Agent, Conversion Agent or Note Registrar, and nothing herein shall obligate any of them to account for any profits earned from any business or transactional relationship.

Section 7.05. *Monies and ADSs to Be Held in Trust.* All monies and ADSs received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money and ADSs held by the Trustee in trust or by the Paying Agent hereunder need not be segregated from other funds except to the extent required by law. Neither the Trustee nor the Paying Agent shall be under any liability for interest on any money or ADSs received by it hereunder.

Section 7.06. *Compensation and Expenses of Trustee.* (a) The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to in writing between the Trustee and the Company, and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any of the provisions of this Indenture in any capacity thereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as shall have been caused by its gross negligence or willful misconduct. The Company also covenants to indemnify the Trustee in any capacity under this Indenture and any other document or transaction entered into in connection herewith, and to hold it harmless against, any loss, claim (provided that the Company need not pay for settlement of any such claim made without its consent, which consent shall not be unreasonably withheld), damage, liability or expense incurred without gross negligence or willful misconduct on the part of the Trustee, its officers, directors, agents or employees, as the case may be, and arising out of or in connection with the acceptance or administration of this Indenture or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim of liability in the premises. The obligations of the Company under this Section 7.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a senior claim to which the Notes are hereby made subordinate on all money or property held or collected by the Trustee, except, subject to the effect of Section 6.05, funds held in trust herewith for the benefit of the Holders of particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.06 shall not be subordinate to any other liability or indebtedness of the Company. The indemnity under this Section 7.06(a) is payable upon demand by the Trustee. The obligation of the Company under this Section 7.06 (a) shall survive the satisfaction and discharge of the Notes, the termination of this Indenture and the resignation or removal of the Trustee. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The indemnification provided in this Section 7.06(a) shall extend to the officers, directors, agents and employees of the Trustee. Subject to Section 7.02(e), any negligence or misconduct of any agent, delegate, attorney or representative, in each case, of the Trustee, shall not affect indemnification of the Trustee.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee and its agents incur expenses or render services after an Event of Default specified in Section 6.01(i) or Section 6.01(j) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws. If a Default or Event of Default shall have occurred or if the Trustee finds it expedient or necessary or is requested by the Company and/or the Holders to undertake duties which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Indenture, the Company will pay such additional remuneration as the Company and the Trustee may separately agree in writing.

(b) The Paying Agent, the Conversion Agent and the Note Registrar shall be entitled to the compensation to be agreed upon in writing with the Company for all services rendered by it under this Indenture, and the Company agrees promptly to pay such compensation and to

reimburse the Paying Agent, the Conversion Agent and the Note Registrar for its out-of-pocket expenses (including reasonable fees and expenses of counsel) incurred by it in connection with the services rendered by it under this Indenture. The Company hereby agrees to indemnify the Paying Agent, the Conversion Agent and the Note Registrar and their respective officers, directors, agents and employees and any successors thereto for, and to hold it harmless against, any loss, liability or expense (including reasonable fees and expenses of counsel) incurred without gross negligence or willful misconduct on its part arising out of or in connection with its acting as the Paying Agent, the Conversion Agent and the Note Registrar hereunder. The obligations of the Company under this paragraph (b) shall survive the payment of the Notes, the termination of the Indenture and the resignation or removal of the Paying Agent, the Conversion Agent and the Note Registrar.

Section 7.07. *Officers' Certificate as Evidence.* Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Officers' Certificate shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Eligibility of Trustee.* There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least US\$50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 7.09. *Resignation or Removal of Trustee.* (a) The Trustee may at any time resign by giving 60 days written notice of such resignation to the Company and by mailing notice thereof to the Holders at their addresses as they shall appear on the Note Register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 60 days after the mailing of such notice of resignation to the Holders, the resigning Trustee may appoint a successor trustee on behalf of and at the expense of the Company or it may, upon ten Business Days' notice to the Company and the Holders, petition any court of competent jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide holder of a Note or Notes for at least six months may, subject to the provisions of Section 6.11, on behalf of himself or herself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in either case, the Company may by a Board Resolution remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any Holder who has been a bona fide holder of a Note or Notes for at least six months may, on behalf of himself or herself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate principal amount of the Notes at the time outstanding, as determined in accordance with Section 8.04, may at any time remove the Trustee and nominate a successor trustee that shall be deemed appointed as successor trustee unless within ten days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed or any Holder, upon the terms and conditions and otherwise as in Section 7.09(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.09 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.10.

Section 7.10. Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a senior claim to which the Notes are hereby made subordinate on all money or property held or collected by such trustee as such, except for funds held in trust for the benefit of Holders of particular Notes, to secure any amounts then due to it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.10, each of the Company and the successor trustee, at the written direction and at the expense of the Company shall mail or cause to be mailed notice of the succession of such trustee hereunder to the Holders at their addresses as they shall appear on the Note Register. If the Company fails to mail such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

Section 7.11. *Succession by Merger, Etc.* Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including the administration of this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* that in the case of any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee such corporation or other entity shall be eligible under the provisions of Section 7.08.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; *provided, however*, that the right to adopt the certificate of authentication of any predecessor trustee or to authenticate Notes in the name of any predecessor trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.12. *Trustee's Application for Instructions from the Company.* Any application by the Trustee for written instructions from the Company (other than with regard to any action proposed to be taken or omitted to be taken by the Trustee that affects the rights of the Holders of the Notes under this Indenture) may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer that the Company has indicated to the Trustee should receive such application actually receives such application, unless any such officer shall have consented in writing to any earlier date), unless, prior to taking any such action (or the effective date in the case of any omission), the Trustee shall have received written instructions in accordance with this Indenture in response to such application specifying the action to be taken or omitted.

ARTICLE 8
CONCERNING THE HOLDERS

Section 8.01. *Action by Holders.* Whenever in this Indenture it is provided that the Holders of a specified percentage of the aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 9, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicits the taking of any action by the Holders of the Notes, the Company or the Trustee may fix, but shall not be required to, in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date if one is selected shall be not more than fifteen days prior to the date of commencement of solicitation of such action.

Section 8.02. *Proof of Execution by Holders.* Subject to the provisions of Section 7.01, Section 7.02 and Section 9.05, proof of the execution of any instrument by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the Note Register or by a certificate of the Note Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

Section 8.03. *Who Are Deemed Absolute Owners.* The Company, the Trustee, any Paying Agent, any Conversion Agent and any Note Registrar may deem the Person in whose name a Note shall be registered upon the Note Register to be, and may treat it as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Note Registrar) for the purpose of receiving payment of or on account of the principal of and (subject to Section 2.03) accrued and unpaid interest on such Note, for the purpose of conversion of such Note and for all other purposes; and neither the Company nor the Trustee nor any Paying Agent nor any Conversion Agent nor any Note Registrar shall be affected by any notice to the contrary. All such payments or deliveries so made to any Holder for the time being, or upon its order, shall be valid, and, to the extent of the sums or ADSs so paid or delivered, effectual to satisfy and discharge the liability for monies payable or ADSs deliverable upon any such Note. Notwithstanding anything to the contrary in this Indenture or the Notes following an Event of Default, any Holder of a beneficial interest in a Global Note may directly enforce against the Company, without the consent, solicitation, proxy, authorization or any other action of the Depository or any other Person, such Holder's right to exchange such beneficial interest for a Note in certificated form in accordance with the provisions of this Indenture.

Section 8.04. *Company-Owned Notes Disregarded.* In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes that are owned by the Company, by any

Subsidiary thereof or by any Affiliate of the Company or any Subsidiary thereof shall be disregarded and deemed not to be outstanding for the purpose of any such determination; *provided* that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes in respect of which a Responsible Officer is notified in writing shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 8.04 if the pledgee shall establish its right to so act with respect to such Notes and that the pledgee is not the Company, a Subsidiary thereof or an Affiliate of the Company or a Subsidiary thereof. Within five days of acquisition of the Notes by any of the above described persons or entities, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to Section 7.01, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 8.05. *Revocation of Consents; Future Holders Bound.* At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage of the aggregate principal amount of the Notes specified in this Indenture in connection with such action, any Holder of a Note that is shown by the evidence to be included in the Notes the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note and of any Notes issued in exchange or substitution therefor or upon registration of transfer thereof, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor or upon registration of transfer thereof.

ARTICLE 9 HOLDERS' MEETINGS

Section 9.01. *Purpose of Meetings.* A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 9 for any of the following purposes:

- (a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;
- (b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;
- (c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

Section 9.02. *Call of Meetings by Trustee.* The Trustee may at any time call a meeting of Holders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 8.01, shall be mailed to Holders of such Notes at their addresses as they shall appear on the Note Register. Such notice shall also be mailed to the Company. Such notices shall be mailed not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Notes then outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 9.03. *Call of Meetings by Company or Holders.* In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% of the aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Company or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by mailing notice thereof as provided in Section 9.02.

Section 9.04. *Qualifications for Voting.* To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Notes on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Notes on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05. *Regulations.* Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent

secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each US\$1,000 principal amount of Notes held or represented by him or her; *provided, however,* that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 9.02 or Section 9.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Holders of the Notes, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Section 9.06. *Voting.* The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 9.02. The record shall show the principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07. *No Delay of Rights by Meeting.* Nothing contained in this Article 9 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Notes.

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.01. *Supplemental Indentures Without Consent of Holders.* The Company, when authorized by the resolutions of the Board of Directors, and the Trustee, at the Company's expense and direction, may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

- (a) to cure any ambiguity, omission, defect or inconsistency;
- (b) to provide for the assumption by a Successor Company of the obligations of the Company under this Indenture pursuant to Article 11;
- (c) to add guarantees with respect to the Notes;
- (d) to secure the Notes;
- (e) to add to the covenants or Events of Defaults of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;
- (f) upon the occurrence of any transaction or event described in Section 14.07(a), to (i) provide that the Notes are convertible into Reference Property, subject to Section 14.02, and (ii) effect the related changes to the terms of the Notes described under Section 14.07(a), in each case, in accordance with Section 14.07;
- (g) to make any change that does not adversely affect the rights of any Holder; or
- (h) to conform the provisions of this Indenture or the Notes to the "Description of the Notes" section of the Offering Memorandum.

Upon the written request of the Company, the Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. The Trustee shall be entitled to seek an Opinion of Counsel, at the Company's expense, that any such supplemental indenture is authorized and permitted by the terms of this Indenture and not contrary to law.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company and the Trustee without the consent of the Holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02. *Supplemental Indentures with Consent of Holders.* With the consent (evidenced as provided in Article 8) of the Holders of at least a majority of the aggregate principal amount of the Notes then outstanding (determined in accordance with Article 8 and including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, Notes), the Company, when authorized by the resolutions of the Board of Directors, and the Trustee, at the Company's expense, may from time to time and at any time

enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the Holders; *provided, however*, that, without the consent of each Holder of an outstanding Note affected, no such supplemental indenture shall:

- (a) reduce the amount of Notes whose Holders must consent to an amendment;
- (b) reduce the rate of or extend the stated time for payment of interest on any Note;
- (c) reduce the principal of or extend the Maturity Date of any Note;
- (d) make any change that adversely affects the conversion rights of any Notes;
- (e) reduce the Repurchase Price payable on the Repurchase Date or the Fundamental Change Repurchase Price of any Note or amend or modify in any manner adverse to the Holders the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;
- (f) make any Note payable in a currency other than U.S. dollars;
- (g) change the ranking of the Notes;
- (h) impair the right of any Holder to receive payment of principal and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Note;
- (i) change the Company's obligation to pay Additional Amounts on any Note; or
- (j) make any change in this Article 10 that requires each Holder's consent or in the waiver provisions in Section 6.02 or Section 6.09.

Upon the written request of the Company, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid and subject to Section 10.05, the Trustee shall join with the Company in the execution of such supplemental indenture unless (i) the Trustee has not received an Opinion of Counsel reasonably satisfactory to it that such supplemental indenture is authorized and permitted by the terms of this Indenture and not contrary to law or (ii) such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Holdings do not need under this Section 10.02 to approve the particular form of any proposed supplemental indenture. It shall be sufficient if such Holders approve the substance thereof. After any supplemental indenture becomes effective under Section 10.01 or Section 10.02, the Company shall mail to the Holders a notice briefly describing such supplemental indenture. However, the failure to give such notice to all the Holders, or any defect in the notice, will not impair or affect the validity of the supplemental indenture.

Section 10.03. *Effect of Supplemental Indentures.* Upon the execution of any supplemental indenture pursuant to the provisions of this Article 10, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04. *Notation on Notes.* Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article 10 may, at the Company's expense, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated by the Trustee and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 10.05. *Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee.* In addition to the documents required by Section 17.06, the Trustee shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article 10 and is permitted or authorized by this Indenture and is not contrary to law.

ARTICLE 11 CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01. *Company May Consolidate, Etc. on Certain Terms.* Subject to the provisions of Section 11.02, the Company shall not consolidate with, merge with or into, or sell, convey, transfer or lease all or substantially all of its properties and assets to another Person, unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**"), if not the Company, shall be a corporation organized and existing under the laws of the United States of America, any State thereof, the District of Columbia, the Cayman Islands, the British Virgin Islands, Bermuda or Hong Kong and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture all of the obligations of the Company under the Notes and this Indenture (including, for the avoidance of doubt, the obligation to pay Additional Amounts pursuant to Section 4.07); and

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing under this Indenture.

For purposes of this Section 11.01, the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of one or more Subsidiaries of the Company to another Person, which properties and assets, if held by the Company instead of such Subsidiaries,

would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company to another Person.

Section 11.02. *Successor Corporation to Be Substituted.* In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and accrued and unpaid interest on all of the Notes (including, for the avoidance of doubt, any Additional Amounts), the due and punctual delivery or payment, as the case may be, of any consideration due upon conversion of the Notes (including, for the avoidance of doubt, any Additional Amounts) and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such Successor Company (if not the Company) shall succeed to and, except in the case of a lease of all or substantially all of the Company's properties and assets, shall be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Notes that such Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or transfer (but not in the case of a lease), upon compliance with this Article 11 the Person named as the "Company" in the first paragraph of this Indenture (or any successor that shall thereafter have become such in the manner prescribed in this Article 11) may be dissolved, wound up and liquidated at any time thereafter and, except in the case of a lease, such Person shall be released from its liabilities as obligor and maker of the Notes and from its obligations under this Indenture and the Notes.

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

Section 11.03. *Opinion of Counsel to Be Given to Trustee.* No consolidation, merger, sale, conveyance, transfer or lease shall be effective unless the Trustee shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or lease and any such assumption and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with the provisions of this Article 11.

ARTICLE 12
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 12.01. *Indenture and Notes Solely Corporate Obligations.* No recourse for the payment of the principal of or accrued and unpaid interest on any Note, nor for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Note, nor because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, Officer or director or Subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE 13
INTENTIONALLY OMITTED

ARTICLE 14
CONVERSION OF NOTES

Section 14.01. *Conversion Privilege.* Subject to and upon compliance with the provisions of this Article 14, each Holder of a Note shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is US\$1,000 principal amount or an integral multiple thereof) of such Note at any time prior to the close of business on the Business Day immediately preceding the Maturity Date at an initial conversion rate of 15.2688 ADSs (subject to adjustment as provided in this Article 14, the "**Conversion Rate**") per US\$1,000 principal amount of Notes (subject to the settlement provisions of Section 14.02, the "**Conversion Obligation**").

Section 14.02. *Conversion Procedure; Settlement Upon Conversion.*

(a) Upon conversion of any Note, the Company shall cause to be delivered to the converting Holder, in respect of each US\$1,000 principal amount of Notes being converted, a number of ADSs equal to the Conversion Rate, together with a cash payment, if applicable, in lieu of any ADSs ("**Fractional ADSs**") that would represent a fractional ordinary share (assuming delivery of the maximum number of ADSs due upon conversion that do not represent a fractional ordinary share) in accordance with subsection (j) of this Section 14.02, on the third Business Day immediately following the relevant Conversion Date.

(b) Subject to Section 14.02(e), before any Holder of a Note shall be entitled to convert a Note as set forth above, such Holder shall (i) in the case of a Global Note, comply with the procedures of the Depository in effect at that time and, if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h), and complete, manually sign

and deliver a duly completed irrevocable notice to the Conversion Agent as set forth in the Form of Notice of Conversion (or a facsimile thereof) (a “**Notice of Conversion**”) and (ii) in the case of a Physical Note (1) complete, manually sign and deliver a duly completed irrevocable Notice of Conversion to the Conversion Agent at the office of the Conversion Agent and state in writing therein the principal amount of Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any ADSs to be delivered upon settlement of the Conversion Obligation to be registered, (2) surrender such Notes, duly endorsed to the Company or in blank (and accompanied by appropriate endorsement and transfer documents), at the office of the Conversion Agent, (3) if required, furnish appropriate endorsements and transfer documents and (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h). The Trustee (and if different, the Conversion Agent) shall notify the Company of any conversion pursuant to this Article 14 on the Conversion Date for such conversion. No Notice of Conversion with respect to any Notes may be delivered and no Notes may be surrendered by a Holder for conversion thereof if such Holder has also delivered a Repurchase Notice or Fundamental Change Repurchase Notice to the Company in respect of such Notes and not validly withdrawn such Repurchase Notice or Fundamental Change Repurchase Notice in accordance with Section 15.03. A Notice of Conversion shall be deposited in duplicate at the office of any Conversion Agent on any Business Day from 9:00 a.m. to 3:00 p.m. at the location of the Conversion Agent to which such Notice of Conversion is delivered. Any Notice of Conversion and any Physical Note (if issued) deposited outside the hours specified or on a day that is not a Business Day at the location of the Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent between 9:00 a.m. and 3:00 p.m. on the next Business Day.

If more than one Note shall be surrendered for conversion at one time by the same Holder, the Conversion Obligation with respect to such Notes shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered. None of the agents of the Trustee shall have any responsibility whatsoever with respect to the issuance and delivery of the ADSs to the converting Holder.

(c) A Note shall be deemed to have been converted immediately prior to the close of business on the date (the “**Conversion Date**”) that the Holder has complied with the requirements set forth in subsection (b) above. The Company shall issue or cause to be issued, and deliver to the Conversion Agent or to such Holder, or such Holder’s nominee or nominees, certificates or a book-entry transfer through the Depositary for the full number of ADSs to which such Holder shall be entitled in satisfaction of the Company’s Conversion Obligation.

(d) In case any Note shall be surrendered for partial conversion, the Company shall execute and instruct the Trustee who shall authenticate and deliver to or upon the written order of the Holder of the Note so surrendered a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Note, without payment of any service charge by the converting Holder but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer tax or similar governmental charge required by law or that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such conversion being different from the name of the Holder of the old Notes surrendered for such conversion.

(e) If a Holder submits a Note for conversion, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the delivery of the ADSs upon conversion of the

Notes (or the issuance of the underlying Ordinary Shares), unless the tax is due because the Holder requests such ADSs (or such Ordinary Shares) to be issued in a name other than the Holder's name, in which case the Holder shall pay that tax. The Conversion Agent may refuse to deliver the certificates representing the ADSs (or the Ordinary Shares) being issued in a name other than the Holder's name until the Trustee receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence. The Company shall pay the Depository's fees for issuance of the ADSs.

(f) Except as provided in Section 14.04, no adjustment shall be made for dividends on any ADSs delivered upon the conversion of any Note as provided in this Article 14.

(g) Upon the conversion of an interest in a Global Note, the Trustee shall make a notation on such Global Note as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversion of Notes effected through any Conversion Agent other than the Trustee.

(h) Upon conversion, a Holder shall not receive any separate cash payment for accrued and unpaid interest, if any, except as set forth below. The Company's settlement of the Conversion Obligation shall be deemed to satisfy in full its obligation to pay the principal amount of the Note and accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date. As a result, accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. Notwithstanding the foregoing, if Notes are converted after the close of business on a Regular Record Date, Holders of such Notes as of the close of business on such Regular Record Date will receive the full amount of interest payable on such Notes on the corresponding Interest Payment Date notwithstanding the conversion. Notes surrendered for conversion during the period from the close of business on any Regular Record Date to the open of business on the immediately following Interest Payment Date must be accompanied by funds equal to the amount of interest payable on the Notes so converted; *provided* that no such payment shall be required (1) for conversions following the Regular Record Date immediately preceding the Maturity Date; (2) if the Company has specified a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the corresponding Interest Payment Date (or, if such Interest Payment Date is not a Business Day, the second Business Day immediately succeeding such Interest Payment Date); or (3) to the extent of any Defaulted Amounts, if any Defaulted Amounts exist at the time of conversion with respect to such Note.

(i) The Person in whose name the certificate for any ADSs delivered upon conversion is registered shall be treated as a holder of record of such ADSs as of the close of business on the relevant Conversion Date. Upon a conversion of Notes, such Person shall no longer be a Holder of such Notes surrendered for conversion.

(j) The Company shall not issue any Fractional ADS upon conversion of the Notes and shall instead pay cash in lieu of any Fractional ADS deliverable upon conversion based on the Last Reported Sale Price of the ADSs on the relevant Conversion Date.

Section 14.03. *Increased Conversion Rate Applicable to Certain Notes Surrendered in Connection with Make-Whole Fundamental Changes.* (a) If a Make-Whole Fundamental

Change occurs prior to the Maturity Date and a Holder elects to convert its Notes in connection with such Make-Whole Fundamental Change, the Company shall, under the circumstances described below, increase the Conversion Rate for the Notes so surrendered for conversion by a number of additional ADSs (the “**Additional ADSs**”), as described below. A conversion of Notes shall be deemed for these purposes to be “in connection with” such Make-Whole Fundamental Change if the relevant Notice of Conversion is received by the Conversion Agent from, and including, the Effective Date of the Make-Whole Fundamental Change up to, and including, the second Business Day immediately prior to the related Fundamental Change Repurchase Date (or, in the case of a Make-Whole Fundamental Change that would have been a Fundamental Change but for the *proviso* in clause (b) of the definition thereof, the 35th Trading Day immediately following the Effective Date of such Make-Whole Fundamental Change). The Company shall provide written notification to Holders and the Trustee of the Effective Date of any Make-Whole Fundamental Change and issue a press release announcing such Effective Date no later than five Business Days after such Effective Date.

(b) Upon surrender of Notes for conversion in connection with a Make-Whole Fundamental Change, the Company shall cause to be delivered ADSs, including the Additional ADSs, in accordance with Section 14.02; *provided, however*, that if, at the effective time of a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the Reference Property following such Make-Whole Fundamental Change is composed entirely of cash, for any conversion of Notes following the Effective Date of such Make-Whole Fundamental Change, the Conversion Obligation shall be calculated based solely on the ADS Price for the transaction and shall be deemed to be an amount of cash per US\$1,000 principal amount of converted Notes equal to the Conversion Rate (including any adjustment for Additional ADSs), *multiplied by* such ADS Price.

(c) The number of Additional ADSs, if any, by which the Conversion Rate shall be increased shall be determined by reference to the table below, based on the date on which the Make-Whole Fundamental Change occurs or becomes effective (the “**Effective Date**”) and the price (the “**ADS Price**”) paid (or deemed to be paid) per ADS in the Make-Whole Fundamental Change. If the holders of the ADSs receive in exchange for their ADSs only cash in a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the ADS Price shall be the cash amount paid per ADS. Otherwise, the ADS Price shall be the average of the Last Reported Sale Prices of the ADSs over the five Trading Day period ending on, and including, the Trading Day immediately preceding the Effective Date of the Make-Whole Fundamental Change.

(d) The ADS Prices set forth in the column headings of the table below shall be adjusted as of any date on which the Conversion Rate of the Notes is otherwise adjusted. The adjusted ADS Prices shall equal the ADS Prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the Conversion Rate immediately prior to such adjustment giving rise to the ADS Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional ADSs set forth in the table below shall be adjusted in the same manner and at the same time as the Conversion Rate as set forth in Section 14.04.

(e) The following table sets forth the number of Additional ADSs to be received per US\$1,000 principal amount of Notes pursuant to this Section 14.03 for each ADS Price and Effective Date set forth below:

Effective Date	ADS price											
	\$45.96	\$50.00	\$55.00	\$65.49	\$70.00	\$75.00	\$80.00	\$100.00	\$125.00	\$150.00	\$175.00	\$200.00
September 12, 2016	6.4892	5.3524	4.2638	2.7381	2.2913	1.8948	1.5781	0.8037	0.3749	0.1797	0.0827	0.0328
September 15, 2017	6.4892	5.3090	4.1600	2.5831	2.1329	1.7391	1.4293	0.6949	0.3084	0.1405	0.0603	0.0210
September 15, 2018	6.4892	5.2024	3.9751	2.3601	1.9173	1.5380	1.2449	0.5728	0.2382	0.1011	0.0393	0.0111
September 15, 2019	6.4892	4.7312	3.5458	2.0756	1.6646	1.3120	1.0411	0.4394	0.1651	0.0631	0.0207	0.0035
September 15, 2020	6.4892	4.7312	3.3785	1.8129	1.3956	1.0500	0.7956	0.2842	0.0917	0.0303	0.0073	0.0001
September 15, 2021	6.4892	4.7312	3.1235	1.3842	0.9666	0.6507	0.4421	0.1132	0.0311	0.0089	0.0008	0.0000
September 15, 2022	6.4892	4.7312	2.9130	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact ADS Prices and Effective Dates may not be set forth in the table above, in which case:

(i) if the ADS Price is between two ADS Prices in the table above or the Effective Date is between two Effective Dates in the table, the number of Additional ADSs shall be determined by a straight-line interpolation between the number of Additional ADSs set forth for the higher and lower ADS Prices and the earlier and later Effective Dates, as applicable, based on a 365-day year;

(ii) if the ADS Price is greater than US\$200.00 per ADS (subject to adjustment in the same manner as the ADS Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional ADSs shall be added to the Conversion Rate; and

(iii) if the ADS Price is less than US\$45.96 per ADS (subject to adjustment in the same manner as the ADS Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional ADSs shall be added to the Conversion Rate.

Notwithstanding the foregoing, in no event shall the Conversion Rate per US\$1,000 principal amount of Notes exceed 21.7580 ADSs, subject to adjustment in the same manner as the Conversion Rate pursuant to Section 14.04.

(f) Nothing in this Section 14.03 shall prevent an adjustment to the Conversion Rate pursuant to Section 14.04.

(g) If the Holder elects to convert its Notes in connection with the Company's election to redeem the Notes in respect of a Change in Tax Law pursuant to Section 16.01, the Conversion Rate shall be increased by a number of additional ADSs determined pursuant to this Section 14.03(g). The Company shall settle conversions of Notes as described in Section 14.02 and, for the avoidance of doubt, pay Additional Amounts, if any, with respect to any such conversion.

A conversion shall be deemed to be in connection with the Company's election to redeem the Notes in respect of a Change in Tax Law if such conversion occurs during the period from,

and including, the date the Company provides the related notice of redemption to Holders until the close of business on the Business Day immediately preceding the Redemption Date (or, if the Company fails to pay the Redemption Price, such later date on which the Company pays the Redemption Price).

Simultaneously with providing such notice of redemption, the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time.

The number of additional ADSs by which the Conversion Rate will be increased in the event the Company elects to redeem the Notes in respect of a Change in Tax Law will be determined by reference to the table in clause (e) above based on the Redemption Reference Date and the Redemption Reference Price (each as defined below), but determined for purposes of this Section 14.03(g) as if (x) the Holder had elected to convert its Notes in connection with a Make-Whole Fundamental Change, (y) the applicable "Redemption Reference Date" were the "Effective Date" as specified in clause (c) above and (z) the applicable "Redemption Reference Price" were the "ADS price" as specified in clause (c) above. For this purpose, the date on which the Company delivers notice of redemption is the "**Redemption Reference Date**" and the average of the Last Reported Sale Prices of the ADSs over the five Trading Day immediately preceding, the date the Company delivers such notice of redemption is the "**Redemption Reference Price.**"

Section 14.04. *Adjustment of Conversion Rate.* If the number of Ordinary Shares represented by the ADSs is changed, after the date of this Indenture, for any reason other than one or more of the events described in this Section 14.04, the Company shall make an appropriate adjustment to the Conversion Rate such that the number of Ordinary Shares represented by the ADSs upon which conversion of the Notes is based remains the same.

Notwithstanding the adjustment provisions described in this Section 14.04, if the Company distributes to holders of the Ordinary Shares any cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other assets or property of the Company (but excluding Expiring Rights) and a corresponding distribution is not made to holders of the ADSs, but, instead, the ADSs shall represent, in addition to Ordinary Shares, such cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other assets or property of the Company, then an adjustment to the Conversion Rate described in this Section 14.04 shall not be made until and unless a corresponding distribution (if any) is made to holders of the ADSs, and such adjustment to the Conversion Rate shall be based on the distribution made to the holders of the ADSs and not on the distribution made to the holders of the Ordinary Shares. However, in the event that the Company issues or distributes to all holders of the Ordinary Shares any Expiring Rights, notwithstanding the immediately preceding sentence, the Company shall adjust the Conversion Rate pursuant to Section 14.04(b) (in the case of Expiring Rights entitling holders of the Ordinary Shares for a period of not more than 45 calendar days after the announcement date of such issuance to subscribe for or purchase Ordinary Shares or ADSs) or Section 14.04(c) (in the case of all other Expiring Rights).

For the avoidance of doubt, if any event described in this Section 14.04 results in a change to the number of Ordinary Shares represented by the ADSs, then such a change shall be deemed to satisfy the Company's obligation to effect the relevant adjustment to the Conversion Rate on account of such an event to the extent to which such change reflects what a corresponding change to the Conversion Rate would have been on account of such an event.

The Conversion Rate shall be adjusted from time to time by the Company if any of the following events occurs, except that the Company shall not make any adjustments to the Conversion Rate if Holders of the Notes participate (other than in the case of a share split or share combination), at the same time and upon the same terms as holders of the ADSs and solely as a result of holding the Notes, in any of the transactions described in this Section 14.04, without having to convert their Notes, as if they held a number of ADSs equal to the Conversion Rate, *multiplied by* the principal amount (expressed in thousands) of Notes held by such Holder. Neither the Trustee nor the Conversion Agent shall have any responsibility to monitor the accuracy of any calculation of adjustment of the Conversion Rate and the same shall be conclusive and binding on the Holders, absent manifest error. Notice of such adjustment to the Conversion Rate shall be given by the Company promptly to the Holders, the Trustee and the Paying Agent and Conversion Agent and shall be conclusive and binding on the Holders, absent manifest error.

(a) If the Company exclusively issues Ordinary Shares as a dividend or distribution on the Ordinary Shares, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Record Date for the ADSs of such dividend or distribution, or immediately prior to the open of business on the effective date of such share split or share combination, as applicable;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date or immediately after the open of business on such effective date, as applicable;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the close of business on such Record Date or immediately prior to the open of business on such effective date, as applicable; and

OS_1 = the number of Ordinary Shares outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 14.04(a) shall become effective immediately after the close of business on the Record Date for the ADSs for such dividend or distribution, or

immediately after the open of business on the effective date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this Section 14.04(a) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) If the Company issues to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs) any rights, options or warrants entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per Ordinary Share that is less than the average of the Last Reported Sale Prices of the Ordinary Shares or the ADSs, as the case may be (*divided by*, in the case of the ADSs, the number of Ordinary Shares then represented by one ADS), for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such issuance, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Record Date for the ADSs for such issuance;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the close of business on such Record Date;

X = the total number of Ordinary Shares (directly or in the form of ADSs) deliverable pursuant to such rights, options or warrants; and

Y = the number of Ordinary Shares equal to (i) the aggregate price payable to exercise such rights, options or warrants, *divided by* (ii) the quotient of (a) the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of the issuance of such rights, options or warrants *divided by* (b) the number of Ordinary Shares then represented by one ADS.

Any increase made under this Section 14.04(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the Record Date for the ADSs for such issuance. To the extent that Ordinary Shares or ADSs are not delivered after the expiration of such rights, options or warrants, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of

only the number of Ordinary Shares actually delivered (directly or in the form of ADSs). If such rights, options or warrants are not so issued, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect if such the Record Date for the ADSs for such issuance had not occurred.

For purposes of this Section 14.04(b), in determining whether any rights, options or warrants entitle the holders to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per Ordinary Share that is less than such average of the Last Reported Sale Prices of the Ordinary Shares or the ADSs, as the case may be (*divided by*, in the case of the ADSs, the number of Ordinary Shares then represented by one ADS), for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such issuance, and in determining the aggregate offering price of such Ordinary Shares or ADSs, there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) If the Company distributes shares of its Capital Stock, evidences of its indebtedness, other assets or property of the Company or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs), excluding (i) dividends, distributions or issuances as to which an adjustment was effected pursuant to Section 14.04(a) or Section 14.04 (b), (ii) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to Section 14.04(d), and (iii) Spin-Offs as to which the provisions set forth below in this Section 14.04(c) shall apply (any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights, options or warrants to acquire Capital Stock or other securities of the Company, the “**Distributed Property**”), then the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Record Date for the ADSs for such distribution;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date;

SP_0 = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined by the Board of Directors) of the Distributed Property with respect to each outstanding Ordinary Share (directly or in the form of ADSs) on the Record Date for the ADSs for such distribution.

Any increase made under the portion of this Section 14.04(c) above shall become effective immediately after the close of business on the Record Date for the ADSs for such distribution. If such distribution is not so paid or made, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect if such distribution had not been declared. Notwithstanding the foregoing, if “FMV” (as defined above) is equal to or greater than “SP₀” (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, in respect of each US\$1,000 principal amount thereof, at the same time and upon the same terms as holders of the ADSs receive the Distributed Property, the amount and kind of Distributed Property such Holder would have received if such Holder owned a number of ADSs equal to the Conversion Rate in effect on the Record Date for the ADSs for the distribution.

With respect to an adjustment pursuant to this Section 14.04(c) where there has been a payment of a dividend or other distribution on the Ordinary Shares (directly or in the form of ADSs) of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Company, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange (a “**Spin-Off**”), the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR₀ = the Conversion Rate in effect immediately prior to the end of the Valuation Period;

CR₁ = the Conversion Rate in effect immediately after the end of the Valuation Period;

FMV₀ = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Ordinary Shares (directly or in the form of ADSs) applicable to one Ordinary Share (determined by reference to the definition of Last Reported Sale Price as set forth in Section 1.01 as if references therein to the ADSs were to such Capital Stock or similar equity interest) over the first 10 consecutive Trading Day period after, and including, the Ex-Dividend Date of the Spin-Off (the “**Valuation Period**”); and

MP₀ = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the Valuation Period.

The adjustment to the Conversion Rate under the preceding paragraph shall occur on the last Trading Day of the Valuation Period; *provided* that in respect of any conversion during the Valuation Period, references in the portion of this Section 14.04(c) related to Spin-Offs to 10 Trading Days shall be deemed to be replaced with such lesser number of Trading Days as have

elapsed from, and including, the Ex-Dividend Date of such Spin-Off to, and including, the Conversion Date in determining the Conversion Rate.

For purposes of this Section 14.04(c) (and subject in all respect to Section 14.11), rights, options or warrants distributed by the Company to all holders of the Ordinary Shares (directly or in the form of ADSs) entitling them to subscribe for or purchase shares of the Company's Capital Stock, including Ordinary Shares (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such Ordinary Shares (directly or in the form of ADSs); (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Ordinary Shares (directly or in the form of ADSs), shall be deemed not to have been distributed for purposes of this Section 14.04(c) (and no adjustment to the Conversion Rate under this Section 14.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 14.04(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Record Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 14.04(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued and (y) the Conversion Rate shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per Ordinary Share redemption or purchase price received by a holder or holders of Ordinary Shares (directly or in the form of ADSs) with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Ordinary Shares (directly or in the form of ADSs) as of the date of such redemption or purchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section 14.04(a), Section 14.04(b) and this Section 14.04(c), if any dividend or distribution to which this Section 14.04(c) is applicable also includes one or both of:

(A) a dividend or distribution of Ordinary Shares (directly or in the form of ADSs) to which Section 14.04(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights, options or warrants to which Section 14.04(b) is applicable (the "**Clause B Distribution**"),

then (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 14.04(c) is applicable (the “**Clause C Distribution**”) and any Conversion Rate adjustment required by this Section 14.04(c) with respect to such Clause C Distribution shall then be made, and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 14.04(a) and Section 14.04(b) with respect thereto shall then be made, except that, if determined by the Company (I) the “Record Date” of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Record Date of the Clause C Distribution and (II) any Ordinary Shares (directly or in the form of ADSs) included in the Clause A Distribution or Clause B Distribution shall be deemed not to be “outstanding immediately prior to the close of business on such Record Date or immediately after the open of business on such effective date, as applicable” within the meaning of Section 14.04(a) or “outstanding immediately prior to the close of business on such Record Date” within the meaning of Section 14.04(b).

(d) If any cash dividend or distribution is made to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs), the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Record Date for the ADSs for such dividend or distribution;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date;

SP_0 = the Last Reported Sale Price of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in cash per Ordinary Share the Company distributes to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs).

Any increase pursuant to this Section 14.04(d) shall become effective immediately after the close of business on the Record Date for the ADSs for such dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if “ C ” (as defined above) is equal to or greater than “ SP_0 ” (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each US\$1,000 principal amount of Notes, at the same time and upon the same terms as holders of the ADSs, the amount of cash that such Holder would have received if such Holder

owned a number of ADSs equal to the Conversion Rate on the Record Date for the ADSs for such cash dividend or distribution.

(e) If the Company or any of its Subsidiaries make a payment in respect of a tender or exchange offer for the Ordinary Shares (directly or in the form of ADSs), to the extent that the cash and value of any other consideration included in the payment per Ordinary Share exceeds the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where,

- CR₀ = the Conversion Rate in effect immediately prior to the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
- CR₁ = the Conversion Rate in effect immediately after the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;
- AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for Ordinary Shares or ADSs, as the case may be, purchased in such tender or exchange offer;
- OS₀ = the number of Ordinary Shares outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender or exchange offer);
- OS₁ = the number of Ordinary Shares outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender or exchange offer); and
- SP₁ = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The adjustment to the Conversion Rate under this Section 14.04(e) shall occur at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that in respect of any conversion within the 10 Trading Days immediately following, and including, the expiration date

of any tender or exchange offer, references in this Section 14.04(e) with respect to 10 Trading Days shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the Trading Day next succeeding the expiration date of such tender or exchange offer to, and including, the Conversion Date in determining the Conversion Rate. For the avoidance of doubt, no adjustment to the Conversion Rate under this Section 14.04(e) shall be made if such adjustment would result in a decrease in the Conversion Rate.

(f) [RESERVED]

(g) Except as stated herein, the Company shall not adjust the Conversion Rate for the issuance of Ordinary Shares or ADSs or any securities convertible into or exchangeable for Ordinary Shares or ADSs or the right to purchase Ordinary Shares or ADSs or such convertible or exchangeable securities.

(h) In addition to those adjustments required by clauses (a), (b), (c), (d) and (e) of this Section 14.04, and to the extent permitted by applicable law and subject to the applicable rules of The NASDAQ Global Select Market and any other securities exchange on which any of the Company's securities are then listed, the Company from time to time may increase the Conversion Rate by any amount for a period of at least 20 Business Days if the Board of Directors determines that such increase would be in the Company's best interest, and the Company may (but is not required to) increase the Conversion Rate to avoid or diminish any income tax to holders of the Ordinary Shares or the ADSs or rights to purchase Ordinary Shares or ADSs in connection with a dividend or distribution of Ordinary Shares or ADSs (or rights to acquire Ordinary Shares or ADSs) or similar event.

(i) Notwithstanding anything to the contrary in this Article 14, the Conversion Rate shall not be adjusted:

(i) upon the issuance of any Ordinary Shares or ADSs pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in Ordinary Shares or ADSs under any plan;

(ii) upon the issuance of any Ordinary Shares or ADSs or options or rights to purchase those Ordinary Shares or ADSs pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of the Company's Subsidiaries;

(iii) upon the issuance of any Ordinary Shares or ADSs pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) of this subsection and outstanding as of the date the Notes were first issued;

(iv) solely for a change in the par value of the Ordinary Shares or ADSs; or

(v) for accrued and unpaid interest, if any.

(j) All calculations and other determinations under this Article 14 shall be made by the Company and shall be made to the nearest one-ten thousandth (1/10,000) of an ADS.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee (and the Conversion Agent if not the Trustee) an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume without inquiry that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to each Holder at its last address appearing on the Note Register of this Indenture. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) For purposes of this Section 14.04, the number of Ordinary Shares at any time outstanding shall not include Ordinary Shares held in the treasury of the Company (directly or in the form of ADSs) so long as the Company does not pay any dividend or make any distribution on Ordinary Shares held in the treasury of the Company (directly or in the form of ADSs), but shall include Ordinary Shares issuable in respect of scrip certificates issued in lieu of fractions of Ordinary Shares.

(m) For purposes of this Section 14.04, the "effective date" means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

Section 14.05. *Adjustments of Prices.* Whenever any provision of this Indenture requires the Company to calculate the Last Reported Sale Prices or the ADS Price for purposes of a Make-Whole Fundamental Change over a span of multiple days, the Board of Directors shall make appropriate adjustments to each to account for any adjustment to the Conversion Rate that becomes effective pursuant to Section 14.04, or any event requiring an adjustment to the Conversion Rate pursuant to Section 14.04 where the Record Date, effective date or expiration date, as the case may be, of the event occurs, at any time during the period when such Last Reported Sale Prices or ADS Prices are to be calculated.

Section 14.06. *Ordinary Shares to Be Fully Paid.* The Company shall provide, free from preemptive rights, out of its authorized but unissued Ordinary Shares or Ordinary Shares held in treasury, a sufficient number of Ordinary Shares that corresponds to the number of ADSs due upon conversion of the Notes from time to time as such Notes are presented for conversion (assuming that at the time of computation of such number of Ordinary Shares, all such Notes would be converted by a single Holder).

Section 14.07. *Effect of Recapitalizations, Reclassifications and Changes of the Ordinary Shares.*

(a) In the case of:

(i) any recapitalization, reclassification or change of the Ordinary Shares (other than changes resulting from a subdivision or combination),

- (ii) any consolidation, merger, combination or similar transaction involving the Company,
- (iii) any sale, lease or other transfer to a third party of the consolidated assets of the Company and the Company's Subsidiaries substantially as an entirety or
- (iv) any statutory share exchange,

in each case, as a result of which the ADS would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event, a "**Merger Event**"), then, prior to or at the effective time of such Merger Event, the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture permitted under Section 10.01

(f) providing that, at and after the effective time of such Merger Event, the right to convert each US\$1,000 principal amount of Notes shall be changed into a right to convert such principal amount of Notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of ADSs equal to the Conversion Rate immediately prior to such Merger Event would have owned or been entitled to receive (the "**Reference Property**," with each "**unit of Reference Property**" meaning the kind and amount of Reference Property that a holder of one ADS is entitled to receive) upon such Merger Event; *provided, however*, that at and after the effective time of the Merger Event the number of ADSs otherwise deliverable upon conversion of the Notes in accordance with Section 14.02 shall instead be deliverable in the amount and type of Reference Property that a holder of that number of ADSs would have been entitled to receive in such Merger Event.

If the Merger Event causes the ADSs to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of holder election), then (i) the Reference Property into which the Notes will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of ADSs that affirmatively make such an election, and (ii) the unit of Reference Property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one ADS. The Company shall provide written notice to Holders, the Trustee and the Conversion Agent (if other than the Trustee) of such weighted average as soon as practicable after such determination is made.

Such supplemental indenture described in the second immediately preceding paragraph shall provide for anti-dilution and other adjustments that shall be as nearly equivalent as is practicable to the adjustments provided for in this Article 14 (it being understood that no such adjustments shall be required with respect to any portion of the Reference Property that does not consist of shares of Common Equity (however evidenced) or depositary receipts in respect thereof). If, in the case of any Merger Event, the Reference Property includes shares of stock, securities or other property or assets (including cash or any combination thereof) of a Person other than the Company or the successor or purchasing Person, as the case may be, in such Merger Event, then such other Person shall also execute such supplemental indenture, and such supplemental indenture shall contain such additional provisions to protect the interests of the Holders of the Notes, including the right of Holders to require the Company to repurchase their Notes upon a Fundamental Change pursuant to Section 15.02 and the right of Holders to require

the Company to repurchase their Notes on the Repurchase Date pursuant to Section 15.01, as the Board of Directors shall reasonably consider necessary by reason of the foregoing.

(b) [RESERVED]

(c) The Company shall not become a party to any Merger Event unless its terms are consistent with this Section 14.07. None of the foregoing provisions shall affect the right of a holder of Notes to convert its Notes into ADSs as set forth in Section 14.01 and Section 14.02 prior to the effective date of such Merger Event.

(d) The above provisions of this Section shall similarly apply to successive Merger Events.

Section 14.08. *Certain Covenants.* (a) The Company covenants that all ADSs delivered upon conversion of Notes, and all Ordinary Shares represented by such ADSs, will be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(a) The Company covenants that, if any ADSs to be provided for the purpose of conversion of Notes hereunder, or any Ordinary Shares represented by such ADSs, require registration with or approval of any governmental authority under any federal or state law before such ADSs may be validly issued upon conversion, the Company will, to the extent then permitted by the rules and interpretations of the Commission, secure such registration or approval, as the case may be.

(b) The Company further covenants that if at any time the ADSs shall be listed on any national securities exchange or automated quotation system the Company will list and keep listed, so long as the ADSs shall be so listed on such exchange or automated quotation system, any ADSs deliverable upon conversion of the Notes.

(c) The Company further covenants to take all actions and obtain all approvals and registrations required with respect to the conversion of the Notes into ADSs and the issuance, and deposit into the ADS facility, of the Ordinary Shares represented by such ADSs. The Company also undertakes to maintain, as long as any Notes are outstanding, the effectiveness of a registration statement on Form F-6 relating to the ADSs and an adequate number of ADSs available for issuance thereunder such that ADSs can be delivered in accordance with the terms of this Indenture, the Notes and the Deposit Agreement upon conversion of the Notes. In addition, the Company further covenants to provide Holders with a reasonably detailed description of the mechanics for the delivery of ADSs upon conversion of Notes as set forth in the Deposit Agreement upon request.

Section 14.09. *Responsibility of Trustee.* The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine the Conversion Rate (or any adjustment thereto) or whether any facts exist that may require any adjustment (including any increase) of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or

value (or the kind or amount) of any ADSs, or of any securities, property or cash that may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any ADSs or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion, the accuracy or inaccuracy of any mathematical calculation or formulae under this Indenture, whether by the Company or any Person so authorized by the Company for such purpose under this Indenture or the failure by the Company to comply with any of the duties, responsibilities or covenants of the Company contained in this Article. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 14.07 relating either to the kind or amount of ADSs or securities or property (including cash) receivable by Holders upon the conversion of their Notes after any event referred to in such Section 14.07 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept (without any independent investigation) as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 14.10. *Notice to Holders Prior to Certain Actions.* In case of any:

- (a) action by the Company or one of its Subsidiaries that would require an adjustment in the Conversion Rate pursuant to Section 14.04 or Section 14.11;
- (b) Merger Event; or
- (c) voluntary or involuntary dissolution, liquidation or winding-up of the Company or any of its Subsidiaries;

then, in each case (unless notice of such event is otherwise required pursuant to another provision of this Indenture), the Company shall cause to be filed with the Trustee and the Conversion Agent (if other than the Trustee) and to be mailed to each Holder at its address appearing on the Note Register, as promptly as possible but in any event at least 20 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such action by the Company or one of its Subsidiaries or, if a record is not to be taken, the date as of which the holders of Ordinary Shares or ADSs, as the case may be, of record are to be determined for the purposes of such action by the Company or one of its Subsidiaries, or (ii) the date on which such Merger Event, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Ordinary Shares or ADSs, as the case may be, of record shall be entitled to exchange their Ordinary Shares or ADSs, as the case may be, for securities or other property deliverable upon such Merger Event, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such action by the Company or one of its Subsidiaries, Merger Event, dissolution, liquidation or winding-up.

Section 14.11. *Stockholder Rights Plans.* To the extent that the Company has a rights plan in effect upon conversion of the Notes, each ADS delivered upon such conversion shall be entitled to receive (either directly or in respect of the Ordinary Shares underlying such ADSs) the appropriate number of rights, if any, and the certificates representing the ADSs delivered upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any such stockholder rights plan, as the same may be amended from time to time. However, if, prior to any conversion, the rights have separated from the Ordinary Shares underlying the ADSs in accordance with the provisions of the applicable stockholder rights plan, the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all or substantially all holders of the Ordinary Shares Distributed Property as provided in Section 14.04(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 14.12. *Termination of Depositary Receipt Program.* If the Ordinary Shares cease to be represented by American Depositary Shares issued under a depositary receipt program sponsored by the Company, all references in this Indenture to the ADSs shall be deemed to have been replaced by a reference to the number of Ordinary Shares (and other property, if any) represented by the ADSs on the last day on which the ADSs represented the Ordinary Shares and as if the Ordinary Shares and the other property had been distributed to holders of the ADSs on that day. In addition, all references to the Last Reported Sale Price of the ADSs will be deemed to refer to the Last Reported Sale Price of the Ordinary Shares, and other appropriate adjustments, including adjustments to the Conversion Rate, will be made to reflect such change. In making such adjustments, where currency translations between U.S. dollars and any other currency are required, the exchange rate in effect on the date of determination will apply.

ARTICLE 15 REPURCHASE OF NOTES AT OPTION OF HOLDERS

Section 15.01. *Repurchase at Option of Holders.*

(a) Each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash on September 15, 2019 (the "**Repurchase Date**"), all of such Holder's Notes, or any portion thereof that is an integral multiple of US\$1,000 principal amount, at a repurchase price (the "**Repurchase Price**") that is equal to 100% of the principal amount of the Notes to be repurchased, *plus* accrued and unpaid interest to, but excluding, the Repurchase Date; *provided* that any such accrued and unpaid interest shall be paid not to the Holders submitting the Notes for repurchase on the Repurchase Date but instead to the Holders of such Notes at the close of business on the Regular Record Date immediately preceding the Repurchase Date. Not later than 20 Business Days prior to the Repurchase Date, the Company shall mail a notice (the "**Company Notice**") by first class mail to the Trustee, to the Paying Agent and to each Holder at its address shown in the Note Register of the Note Registrar (and to beneficial owners as required by applicable law). The Company Notice shall include a form of Repurchase Notice to be completed by a holder and shall state:

(i) the last date on which a Holder may exercise its repurchase right pursuant to this Section 15.01 (the "**Repurchase Expiration Time**");

- (ii) the Repurchase Price;
- (iii) the Repurchase Date;
- (iv) the name and address of the Conversion Agent and Paying Agent;
- (v) that the Notes with respect to which a Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Repurchase Notice in accordance with the terms of this Indenture;
- (vi) that the Holder shall have the right to withdraw any Notes surrendered prior to the Repurchase Expiration Time; and
- (vii) the procedures a Holder must follow to exercise its repurchase rights under this Section 15.01 and a brief description of those rights.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided, however*, that, in all cases, the text of such Company Notice shall be prepared by the Company.

Simultaneously with providing the Company Notice, the Company shall publish a notice containing the information included in the Company Notice in a newspaper of general circulation in The City of New York or publish such information on the Company's website or through such other public medium as the Company may use at that time.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.01.

Repurchases of Notes under this Section 15.01 shall be made, at the option of the Holder thereof, upon:

(A) delivery to the Trustee by the Holder of a duly completed notice (the "**Repurchase Notice**") in the form set forth in Attachment 3 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depository's procedures for surrendering interests in global notes, if the Notes are Global Notes, in each case during the period beginning at any time from the open of business on the date that is 20 Business Days prior to the Repurchase Date until the close of business on the second Business Day immediately preceding the Repurchase Date; and

(B) delivery of the Notes, if the Notes are Physical Notes, to the Trustee at any time after delivery of the Repurchase Notice (together with all necessary endorsements) at the Corporate Trust Office of the Trustee, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depository, in each case such delivery being a condition to receipt by the Holder of the Repurchase Price therefor.

Each Repurchase Notice shall state:

- (A) in the case of Physical Notes, the certificate numbers of the Notes to be delivered for repurchase;
- (B) the portion of the principal amount of the Notes to be repurchased, which must be US\$1,000 or an integral multiple thereof; and
- (C) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture;

provided, however, that if the Notes are Global Notes, the Repurchase Notice must comply with appropriate Depository procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Trustee the Repurchase Notice contemplated by this Section 15.01 shall have the right to withdraw, in whole or in part, such Repurchase Notice at any time prior to the close of business on the second Business Day immediately preceding the Repurchase Date by delivery of a duly completed written notice of withdrawal to the Trustee in accordance with Section 15.03.

The Trustee shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

No Repurchase Notice with respect to any Notes may be delivered and no Note may be surrendered for repurchase pursuant to this Section 15.01 by a Holder thereof to the extent such Holder has also delivered a Fundamental Change Repurchase Notice with respect to such Note in accordance with Section 15.02 and not validly withdrawn such Fundamental Change Repurchase Notice in accordance with Section 15.03.

(b) Notwithstanding the foregoing, no Notes may be repurchased by the Company at the option of the Holders on the Repurchase Date if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such Repurchase Date (except in the case of an acceleration resulting from a default by the Company in the payment of the Repurchase Price with respect to such Notes). The Trustee will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a default by the Company in the payment of the Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the procedures of the Depository shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 15.02. *Repurchase at Option of Holders Upon a Fundamental Change.* (a) If a Fundamental Change occurs at any time, each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes, or any portion thereof that is equal to US\$1,000 or an integral multiple of US\$1,000, on the Business Day (the "**Fundamental Change Repurchase Date**") notified in writing by the Company as set forth in Section 15.02(c) that is not less than 20 Business Days or more than 35 Business Days following the date of the Fundamental Change Company Notice at a repurchase price equal to

100% of the principal amount thereof, *plus* accrued and unpaid interest thereon to, but excluding, the Fundamental Change Repurchase Date (the “**Fundamental Change Repurchase Price**”), unless the Fundamental Change Repurchase Date falls after a Regular Record Date but on or prior to the Business Day immediately succeeding the Interest Payment Date to which such Regular Record Date relates (or if such Interest Payment Date is not a Business Day, the second Business Day immediately succeeding such Interest Payment Date), in which case the Company shall instead pay the full amount of accrued and unpaid interest to Holders of record as of such Regular Record Date, and the Fundamental Change Repurchase Price shall be equal to 100% of the principal amount of Notes to be repurchased pursuant to this Article 15.

(b) Repurchases of Notes under this Section 15.02 shall be made, at the option of the Holder thereof, upon:

(i) delivery to the Trustee by a Holder of a duly completed notice (the “**Fundamental Change Repurchase Notice**”) in the form set forth in Attachment 2 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depository’s procedures for surrendering interests in global notes, if the Notes are Global Notes, in each case on or before the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date; and

(ii) delivery of the Notes, if the Notes are Physical Notes, to the Trustee at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements for transfer) at the Corporate Trust Office, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depository, in each case such delivery being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

The Fundamental Change Repurchase Notice in respect of any Notes to be repurchased shall state:

(i) in the case of Physical Notes, the certificate numbers of the Notes to be delivered for repurchase;

(ii) the portion of the principal amount of Notes to be repurchased, which must be US\$1,000 or an integral multiple thereof; and

(iii) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture;

provided, however, that if the Notes are Global Notes, the Fundamental Change Repurchase Notice must comply with appropriate Depository procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Trustee the Fundamental Change Repurchase Notice contemplated by this Section 15.02 shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Trustee in accordance with Section 15.03.

The Trustee shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

No Fundamental Change Repurchase Notice with respect to any Notes may be delivered and no Note may be surrendered by a Holder for repurchase thereof if such Holder has also surrendered a Repurchase Notice in accordance with Section 15.01 and not validly withdrawn such Repurchase Notice in accordance with Section 15.03.

(c) On or before the 20th calendar day after the occurrence of the effective date of a Fundamental Change, the Company shall provide to all Holders and the Trustee a written notice (the “**Fundamental Change Company Notice**”) of the occurrence of the effective date of the Fundamental Change and of the repurchase right at the option of the Holders arising as a result thereof. In the case of Physical Notes, such notice shall be by first class mail or, in the case of Global Notes, such notice shall be delivered in accordance with the applicable procedures of the Depositary. Simultaneously with providing such notice, the Company shall publish a notice containing the information set forth in the Fundamental Change Company Notice in a newspaper of general circulation in The City of New York or publish such information on the Company’s website or through such other public medium as the Company may use at that time. Each Fundamental Change Company Notice shall specify:

- (i) the events causing the Fundamental Change;
- (ii) the date of the Fundamental Change;
- (iii) the last date on which a Holder may exercise the repurchase right pursuant to this Article 15;
- (iv) the Fundamental Change Repurchase Price;
- (v) the Fundamental Change Repurchase Date;
- (vi) the name and address of the Trustee;
- (vii) if applicable, the Conversion Rate and any adjustments to the Conversion Rate;
- (viii) that the Notes with respect to which a Fundamental Change Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Fundamental Change Repurchase Notice in accordance with the terms of this Indenture; and
- (ix) the procedures that Holders must follow to require the Company to repurchase their Notes.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders’ repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.02.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided, however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company.

(d) Notwithstanding the foregoing, no Notes may be repurchased by the Company on any date at the option of the Holders upon a Fundamental Change if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes). The Trustee will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the procedures of the Depositary shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 15.03. *Withdrawal of Repurchase Notice or Fundamental Change Repurchase Notice.* (a) A Repurchase Notice or Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) by means of a duly completed written notice of withdrawal delivered to the Corporate Trust Office in accordance with this Section 15.03 at any time prior to the close of business on the second Business Day immediately preceding the Repurchase Date or prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date, as the case may be, specifying:

- (i) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted,
- (ii) if Physical Notes have been issued, the certificate number of the Note in respect of which such notice of withdrawal is being submitted, and
- (iii) the principal amount, if any, of such Note that remains subject to the original Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, which portion must be in principal amounts of US\$1,000 or an integral multiple of US\$1,000;

provided, however, that if the Notes are Global Notes, the notice must comply with appropriate procedures of the Depositary.

Section 15.04. *Deposit of Repurchase Price or Fundamental Change Repurchase Price.* (a) The Company will deposit with the Trustee (or other Paying Agent appointed by the Company, or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 4.04) on or prior to 10:00 a.m., New York City time, on the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, an amount of money sufficient to repurchase all of the Notes to be repurchased at the appropriate Repurchase Price or Fundamental Change Repurchase Price. Subject to receipt of funds and/or Notes by the Trustee (or other Paying Agent appointed by the Company), payment for Notes surrendered for

repurchase (and not withdrawn in accordance with Section 15.03) will be made on the later of (i) the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, (*provided* the Holder has satisfied the conditions in Section 15.01 or Section 15.02, as the case may be) and (ii) the time of book-entry transfer or the delivery of such Note to the Trustee (or other Paying Agent appointed by the Company) by the Holder thereof in the manner required by Section 15.01 or Section 15.02, as applicable, by mailing checks for the amount payable to the Holders of such Notes entitled thereto as they shall appear in the Note Register; *provided, however*, that payments to the Depository shall be made by wire transfer of immediately available funds to the account of the Depository or its nominee. The Trustee shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be.

(b) If by 10:00 a.m., New York City time, on the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, the Trustee (or other Paying Agent appointed by the Company) holds money sufficient to make payment on all the Notes or portions thereof that are to be repurchased on such Repurchase Date or Fundamental Change Repurchase Date, as the case may be, then, with respect to the Notes that have been properly surrendered for repurchase and not validly withdrawn, on such Repurchase Date or Fundamental Change Repurchase Date, as the case may be, (i) such Notes will cease to be outstanding, (ii) interest will cease to accrue on such Notes (whether or not book-entry transfer of the Notes has been made or the Notes have been delivered to the Trustee or Paying Agent) and (iii) all other rights of the Holders of such Notes will terminate (other than the right to receive the Repurchase Price or Fundamental Change Repurchase Price, as the case may be).

(c) Upon surrender of a Note that is to be repurchased in part pursuant to Section 15.01 or Section 15.02, the Company shall execute and instruct the Trustee who shall authenticate and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the unrepurchased portion of the Note surrendered.

Section 15.05. *Covenant to Comply with Applicable Laws Upon Repurchase of Notes.* In connection with any repurchase offer, the Company will, if required:

(a) comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act;

(b) file a Schedule TO or other required schedule under the Exchange Act; and

(c) otherwise comply with all federal and state securities laws in connection with any offer by the Company to repurchase the Notes;

in each case, so as to permit the rights and obligations under this Article 15 to be exercised in the time and in the manner specified in this Article 15.

ARTICLE 16
OPTIONAL REDEMPTION

Section 16.01. *Optional Redemption for Changes in the Tax Law of the Relevant Taxing Jurisdiction.* Other than as described in this Article 16, the Notes may not be redeemed by the Company at its option prior to maturity. If the Company has, or on the next Interest Payment Date would, become obligated to pay to the Holder of any Note Additional Amounts that are more than a *de minimis* amount, as a result of:

(a) any change or amendment on or after September 6, 2016 (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after such date, after such later date) in the laws or any rules or regulations of a Relevant Taxing Jurisdiction; or

(b) any change on or after September 6, 2016 (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after such date, after such later date) in an interpretation, administration or application of such laws, rules or regulations by any legislative body, court, governmental agency, taxing authority or regulatory or administrative authority of such Relevant Taxing Jurisdiction (including the enactment of any legislation and the announcement or publication of any judicial decision or regulatory or administrative interpretation or determination);

(each, a “**Change in Tax Law**”), the Company may, at its option, redeem all but not part of the Notes (except in respect of certain Holders that elect otherwise as described below) at a “**Redemption Price**” equal to 100% of the principal amount plus accrued and unpaid interest, if any, to, but not including the date on which the Notes are redeemed (the “**Redemption Date**”), including, for the avoidance of doubt, any Additional Amounts with respect to such Redemption Price; *provided* that the Company may only redeem the Notes if: (i) the Company cannot avoid such obligations by taking commercially reasonable measures available to the Company (*provided* that changing the jurisdiction of incorporation of the Company shall be deemed not to be a commercially reasonable measure); and (ii) the Company delivers to the Trustee an opinion of outside legal counsel of recognized standing in the Relevant Taxing Jurisdiction and an Officers’ Certificate attesting to such Change in Tax Law and obligation to pay Additional Amounts.

Notwithstanding anything to the contrary in this Article 16, neither the Company nor any successor Person may redeem any of the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax at a rate of 10% or less solely as a result of the Company or its successor Person being considered a PRC tax resident under the PRC Enterprise Income Tax law.

If the Redemption Date occurs after a Regular Record Date and on or prior to the corresponding Interest Payment Date, the Company shall pay the full amount of accrued and unpaid interest, if any, due on such Interest Payment Date to the record holder of the Notes on the Regular Record Date corresponding to such Interest Payment Date, and the Redemption Price payable to the Holder who presents a Note for redemption shall be equal to 100% of the principal amount of such Note, including, for the avoidance of doubt, any Additional Amounts with respect to such Redemption Price.

The Company shall give Holders of Notes not less than 30 days' but no more than 60 days' notice prior to the Redemption Date. Simultaneously with providing such notice, the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time. The Redemption Date must be a Business Day.

Upon receiving such notice of redemption, each Holder shall have the right to elect to not have its Notes redeemed, in which case the Company shall not be obligated to pay any Additional Amounts on any payment with respect to such Notes solely as a result of such Change in Tax Law that resulted in the obligation to pay such Additional Amounts (whether upon conversion, required repurchase in connection with a Fundamental Change or the Repurchase Date, maturity or otherwise, and whether in ADSs, Reference Property or otherwise) after the Redemption Date (or, if the Company fails to pay the Redemption Price on the Redemption Date, such later date on which the Company pays the Redemption Price), and all future payments with respect to such Notes shall be subject to the deduction or withholding of such Relevant Taxing Jurisdiction and taxes required by law to be deducted or withheld as a result of such Change in Tax Law; *provided* that, notwithstanding the foregoing, if a Holder electing not to have its Notes redeemed converts its Notes in connection with the Company's election to redeem the Notes in respect of such Change in Tax Law pursuant to Section 14.03(g) the Company shall be obligated to pay Additional Amounts, if any, with respect to such conversion.

A Holder electing to not have its Notes redeemed must deliver to the Paying Agent a written notice of election so as to be received by the Paying Agent prior to the close of business on the second Business Day immediately preceding the Redemption Date; *provided* that, a Holder that complies with the requirements for conversion in Section 14.02(b) shall be deemed to have delivered a notice of its election to not have its Notes so redeemed. A Holder may withdraw any notice of election (other than such a deemed notice of election in connection with a conversion) by delivering to the Paying Agent a written notice of withdrawal prior to the close of business on the Business Day immediately preceding the Redemption Date (or, if the Company fail to pay the Redemption Price on the Redemption Date, such later date on which the Company pays the Redemption Price). If no election is made or deemed to have been made, the Holder shall have its Notes redeemed without any further action.

No Notes may be redeemed if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date.

ARTICLE 17 MISCELLANEOUS PROVISIONS

Section 17.01. *Provisions Binding on Company's Successors.* All the covenants, stipulations, promises and agreements of the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 17.02. *Official Acts by Successor Corporation.* Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or Officer of the Company shall and may be done and performed with like force and

effect by the like board, committee or officer of any corporation or other entity that shall at the time be the lawful sole successor of the Company.

Section 17.03. *Addresses for Notices, Etc.* Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Ctrip.com International Ltd., 99 Fu Quan Road, Shanghai 200335, People's Republic of China, Attention: General Counsel. Any notice, direction, request or demand hereunder to or upon the Trustee shall be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the 101 Barclay Street, 21st Floor West, Floor 4E, New York, NY 10286, USA, Facsimile No.: +1 212 815 5802 / 5803, Attention: Global Corporate Trust with a copy to The Bank of New York Mellon, Hong Kong Branch, Level 24, Three Pacific Place, 1 Queen's Road East, Hong Kong, Facsimile No.: +852-2295.3283, Attention: Global Corporate Trust.

So long as and to the extent that the Notes are represented by Global Notes and such Global Notes are held by DTC, notices to owners of beneficial interests in the global notes may be given by delivery of the relevant notice to DTC for communication by it to entitled account holders.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Holder shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Note Register and shall be sufficiently given to it if so mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 17.04. *Governing Law; Jurisdiction.* THIS INDENTURE AND EACH NOTE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE AND EACH NOTE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF).

The Company irrevocably consents and agrees, for the benefit of the Holders from time to time of the Notes and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection with this Indenture or the Notes may be brought in the courts of the State of New York or the courts of the

United States located in the Borough of Manhattan, New York City, New York and, until amounts due and to become due in respect of the Notes have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it 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 Indenture brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 17.05. *Submission to Jurisdiction; Service of Process.* The Company irrevocably appoints Law Debenture Corporate Service Inc. as its authorized agent in the Borough of Manhattan in the City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company by the person serving the same to Ctrip.com International Ltd., 99 Fu Quan Road, Shanghai 200335, People's Republic of China, Attention: Chief Financial Officer, Cindy Xiaofan Wang, shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of five and a half years from the date of this Indenture. If for any reason such agent shall cease to be such agent for service of process, the Company shall forthwith appoint a new agent of recognized standing for service of process in the State of New York and deliver to the Trustee a copy of the new agent's acceptance of that appointment within ten Business Days of such acceptance. Nothing herein shall affect the right of the Trustee, any agent or any Holder to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company in any other court of competent jurisdiction. To the extent that the Company has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Company irrevocably waives such immunity in respect of its obligations hereunder or under any Note.

Section 17.06. *Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee.* Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall, if requested by the Trustee, furnish to the Trustee an Officers' Certificate stating that such action is permitted by the terms of this Indenture.

Each Officers' Certificate provided for, by or on behalf of the Company in this Indenture and delivered to the Trustee with respect to compliance with this Indenture (other than the Officers' Certificates provided for in Section 4.09) shall include (a) a statement that the person making such certificate is familiar with the requested action and this Indenture; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statement contained in such certificate is based; (c) a statement that, in the judgment of such

person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed judgment as to whether or not such action is permitted by this Indenture; and (d) a statement as to whether or not, in the judgment of such person, such action is permitted by this Indenture.

Notwithstanding anything to the contrary in this Section 17.06, if any provision in this Indenture specifically provides that the Trustee shall or may receive an Opinion of Counsel in connection with any action to be taken by the Trustee or the Company hereunder, the Trustee shall be entitled to, or entitled to request, such Opinion of Counsel.

Section 17.07. *Legal Holidays.* In any case where any Interest Payment Date, Fundamental Change Repurchase Date, Conversion Date, Repurchase Date or Maturity Date is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the next succeeding Business Day with the same force and effect as if taken on such date, and no interest shall accrue in respect of the delay.

Section 17.08. *No Security Interest Created.* Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 17.09. *Benefits of Indenture.* Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Paying Agent, any Conversion Agent, any Note Registrar and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 17.10. *Table of Contents, Headings, Etc.* The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 17.11. *Execution in Counterparts.* This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 17.12. *Severability.* In the event any provision of this Indenture or in the Notes shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 17.13. *Waiver of Jury Trial.* EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17.14. *Force Majeure.* In no event shall the Trustee or the Agents be responsible or liable for any failure or delay in the performance of its obligations hereunder

arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee or the Agents, as the case may be, shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 17.15. *Calculations.* Except as otherwise provided herein, the Company shall be responsible for making all calculations called for under the Notes. These calculations include, but are not limited to, determinations of the Last Reported Sale Prices of the ADSs, accrued interest payable on the Notes, the number of Additional ADSs to be added to the Conversion Rate upon a Make-Whole Fundamental Change, if any, and the Conversion Rate of the Notes. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Holders. The Company shall provide a schedule of its calculations to each of the Trustee, the Paying Agent and the Conversion Agent, and each of the Trustee, the Paying Agent and the Conversion Agent is entitled to rely conclusively and without liability upon the accuracy of the Company's calculations without independent verification. The Trustee will forward the Company's calculations to any Holder of Notes upon the request of that Holder at the sole cost and expense of the Company.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

CTRIIP.COM INTERNATIONAL, LTD.

By: /s/ Cindy Xiaofan Wang

Name: Cindy Xiaofan Wang

Title: Chief Financial Officer

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____

Name:

Title:

[Signature Page to Indenture]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

CTRIIP.COM INTERNATIONAL, LTD.

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/ Michael Cheng
Name: Michael Cheng
Title: Vice President

[Indenture]

[FORM OF FACE OF NOTE]

[INCLUDE FOLLOWING LEGEND IF A GLOBAL NOTE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[INCLUDE FOLLOWING LEGEND IF A RESTRICTED SECURITY]

[THIS SECURITY, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION OF THIS SECURITY AND THE ORDINARY SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS (A) A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) NOT A U.S. PERSON AND LOCATED OUTSIDE THE UNITED STATES (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT AN AFFILIATE OF CTRIP.COM INTERNATIONAL, LTD. (THE “COMPANY”), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

- (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR
- (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR
- (C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR
- (D) PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, TO A U.S. PERSON OUTSIDE THE UNITED STATES AND THEREAFTER OUTSIDE THE UNITED STATES, IN EACH CASE IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT, OR
- (E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(E) ABOVE, THE COMPANY, THE DEPOSITARY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS NOTE OR A BENEFICIAL INTEREST HEREIN.]

CTRIP.COM INTERNATIONAL, LTD.

1.25% Convertible Senior Note due 2022

No. [_____]

[Initially]¹ US\$ _____

CUSIP No. [_____]

Ctrip.com International, Ltd., a company duly organized and validly existing under the laws of the Cayman Islands (the “**Company**,” which term includes any successor company or corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [CEDE & CO.]² [_____]³, or registered assigns, the principal sum [as set forth in the “Schedule of Exchanges of Notes” attached hereto]⁴ [of US\$[_____]]⁵, which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed US\$900,000,000 in aggregate at any time (or US\$975,000,000 if the Initial Purchasers exercise their option to purchase additional Notes in full as set forth in the Purchase Agreement), in accordance with the rules and procedures of the Depository, on September 15, 2022, and interest thereon as set forth below.

This Note shall bear interest at the rate of 1.25% per year from September 12, 2016, or from the most recent date to which interest had been paid or provided for to, but excluding, the next scheduled Interest Payment Date until September 15, 2022. Interest is payable semi-annually in arrears on each March 15 and September 15, commencing on March 15, 2017, to Holders of record at the close of business on the preceding March 1 and September 1 (whether or not such day is a Business Day), respectively. Additional Interest will be payable as set forth in Section 4.06(d), Section 4.06(e) and Section 6.03 of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to any of such Section 4.06(d), Section 4.06(e) and Section 6.03, and any express mention of the payment of Additional Interest in any provision therein shall not be construed as excluding Additional Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate per annum borne by the Notes *plus* one percent, subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such Defaulted Amounts shall have been paid by the Company, at its election, in accordance with Section 2.03(c) of the Indenture.

The Company shall pay the principal of and interest on this Note, so long as such Note is a Global Note, in immediately available funds to the Depository or its nominee, as the case may

¹ Include if a Global Note.

² Include if a Global Note.

³ Include if a Physical Note.

⁴ Include if a Global Note.

⁵ Include if a Physical note.

be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay the principal of any Notes (other than Notes that are Global Notes) at the office or agency designated by the Company for that purpose. The Company has initially designated the Trustee as its Paying Agent, Conversion Agent and Note Registrar in respect of the Notes and its agency in the Borough of Manhattan, The City of New York, as a place where Notes may be presented for payment or for registration of transfer.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to convert this Note into ADSs on the terms and subject to the limitations set forth in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note, and any claim, controversy or dispute arising under or related to this Note, shall be construed in accordance with and governed by the laws of the State of New York (without regard to the conflicts of laws provisions thereof).

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or by facsimile by the Trustee under the Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

CTRIP.COM INTERNATIONAL, LTD.

By: _____

Name:

Title:

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE BANK OF NEW YORK MELLON

as Trustee, certifies that this is one of the Notes described
in the within-named Indenture.

By: _____

Authorized Officer

[FORM OF REVERSE OF NOTE]

CTRIIP.COM INTERNATIONAL, LTD.
1.25% Convertible Senior Note due 2022

This Note is one of a duly authorized issue of Notes of the Company, designated as its 1.25% Convertible Senior Notes due 2022 (the “Notes”), limited to the aggregate principal amount of US\$900,000,000 (as increased by an amount equal to the aggregate principal amount of any additional Notes purchased by the Initial Purchasers pursuant to the exercise of their option to purchase additional Notes as set forth in the Purchase Agreement), all issued or to be issued under and pursuant to an Indenture dated as of September 12, 2016 (the “Indenture”), between the Company and The Bank of New York Mellon (the “Trustee”), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. The Rule 144A Notes and the Regulation S Notes initially have separate CUSIP numbers and will initially not be fungible.

In the case certain Events of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture. In the case certain Events of Default relating to a bankruptcy (or similar proceeding) with respect to the Company or a Significant Subsidiary of the Company shall have occurred, the principal of, and interest on, all Notes shall automatically become immediately due and payable, as set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make all payments in respect of the principal amount on the Maturity Date, the Repurchase Price and the Fundamental Change Repurchase Price, as the case may be, to the Holder who surrenders a Note to the Trustee to collect such payments in respect of the Note. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Subject to the terms and conditions of the Indenture, Additional Amounts will be paid in connection with any payments made and deliveries caused to be made by the Company or any successor to the Company under or with respect to the Indenture and the Notes, including, but not limited to, payments of principal (including, if applicable the Repurchase Price and the Fundamental Change Repurchase Price), payments of interest and deliveries of ADSs (together with payments for any Fractional ADS) upon conversion of the Notes to ensure that the net amount received by the beneficial owner after any applicable withholding or deduction (and after deducting any taxes on the Additional Amounts) will equal the amount that would have been received by such beneficial owner had no such withholding or deduction been required.

The Indenture contains provisions permitting the Company and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain other

circumstances, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay or cause to be delivered, as the case may be, the principal (including the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, accrued and unpaid interest on, and the consideration due upon conversion of, this Note at the place, at the respective times, at the rate and in the lawful money herein prescribed.

The Notes are issuable in registered form without coupons in denominations of US\$1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Company may not redeem the Notes prior to the Maturity Date, except in the event of certain Changes in Tax Law as described in Section 16.01 of the Indenture. No sinking fund is provided for the Notes.

The Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of US\$1,000 or integral multiples thereof) on the Repurchase Date at a price equal to the Repurchase Price.

Upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes or any portion thereof (in principal amounts of US\$1,000 or integral multiples thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, prior to the close of business on the Business Day immediately preceding the Maturity Date, to convert any Notes or portion thereof that is US\$1,000 or an integral multiple thereof, into ADSs at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

Terms used in this Note and defined in the Indenture are used herein as therein defined.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

[FORM OF NOTICE OF CONVERSION]

To: CTRIP.COM INTERNATIONAL, LTD.

THE BANK OF NEW YORK MELLON, as Depositary for the ADSs

THE BANK OF NEW YORK MELLON, as Conversion Agent

The undersigned registered owner of this Note hereby exercises the option to convert this Note, or the portion hereof (that is US\$1,000 principal amount or an integral multiple thereof) below designated, into ADSs in accordance with the terms of the Indenture referred to in this Note, and directs that any ADSs deliverable upon such conversion, together with any cash payable for any Fractional ADS, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered Holder hereof unless a different name has been indicated below. If any ADSs or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp or similar issue or transfer taxes, if any in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Note.

In connection with the conversion of this Note, or the portion hereof below designated, the undersigned acknowledges, represents to and agrees with the Company that the undersigned is not an “affiliate” (as defined in Rule 144 under the Securities Act) of the Company and has not been an “affiliate” (as defined in Rule 144 under the Securities Act) during the three months immediately preceding the date hereof.

[The undersigned further certifies:

1. The undersigned acknowledges (and if the undersigned is acting for the account of another person, that person has confirmed that it acknowledges) that the Restricted Securities received upon conversion of this Note (or securities represented thereby) have not been and are not expected to be registered under the Securities Act.

2. The undersigned further certifies that either:

(a) The undersigned is, and at the time ADSs are delivered in conversion of its Notes will be, the holder of the ADSs and the Ordinary Shares represented thereby, and (i) the undersigned is not a U.S. person (as defined in Regulation S under the Securities Act) and is located outside the United States (within the meaning of Regulation S) and acquired, or have agreed to acquire and will have acquired, the Notes being converted and the ADSs and the Ordinary Shares represented thereby being delivered in the conversion outside the United States and (ii) the undersigned is not in the business of buying and selling securities or, if the undersigned is in such business, the undersigned did not acquire the Notes being converted from the Company or any affiliate thereof in the initial distribution of the Notes.

OR

(b) The undersigned is a broker-dealer acting on behalf of its customer; its customer has confirmed to the undersigned that it is, and at the time ADSs are delivered in conversion of our Notes will be, the holder of the ADSs and the Ordinary Shares represented thereby, and (i) it is not a U.S. person (as defined in Regulation S under the Securities Act) and it is located outside the United States (within the meaning of Regulation S and acquired, or have agreed to acquire and will have acquired, the Notes being converted and the ADSs and the Ordinary Shares represented thereby being delivered in the conversion outside the United States and (ii) it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Notes being converted from the Company or any affiliate thereof in the initial distribution of the Notes.

OR

(c) The undersigned is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) acting for its own account or for the account of one or more qualified institutional buyers and the undersigned is (or such account or accounts are) the sole beneficial owner(s) of the ADSs to be received upon conversion of the Notes.

3. The undersigned acknowledges that the undersigned (and any such other account) may not continue to hold or retain any interest in Restricted Securities received upon conversion of this Note if the undersigned (or such other account) becomes an Affiliate of the Company.

4. The undersigned agrees (and if the undersigned is acting for the account of another person, that person has confirmed that it agrees) that, unless and until the undersigned (or such other account) is notified by the Depository that the restrictive legend on such Restricted Security has been removed from such security, the undersigned (and such other account) will not offer, sell, pledge or otherwise transfer the Restricted Security (or securities represented by such Restricted Security) except in accordance with the restrictions set forth in that legend and any applicable securities laws of the United States and any state thereof.]⁷

⁷ Include if a Restricted Security.

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if ADSs are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of ADSs if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)
Please print name and address

Principal amount to be converted (if less than all): US\$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

Social Security or Other Taxpayer
Identification Number

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: CTRIP.COM INTERNATIONAL, LTD.

THE BANK OF NEW YORK MELLON, as Trustee

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Ctrip.com International, Ltd. (the “Company”) as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is US\$1,000 principal amount or an integral multiple thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest thereon to, but excluding, such Fundamental Change Repurchase Date.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Certificate Number(s): _____

Dated: _____

Signature(s)

Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all): US\$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF REPURCHASE NOTICE]

To: CTRIP.COM INTERNATIONAL, LTD.

THE BANK OF NEW YORK MELLON, as Trustee

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Ctrip.com International, Ltd. (the “Company”) regarding the right of Holders to elect to require the Company to repurchase the entire principal amount of this Note, or the portion thereof (that is US\$1,000 principal amount or an integral multiple thereof) below designated, in accordance with the applicable provisions of the Indenture referred to in this Note, at the Repurchase Price to the registered Holder hereof.

In the case of certificated Notes, the certificate numbers of the Notes to be purchased are as set forth below:

Certificate Number(s): _____

Dated: _____

Signature(s)

Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all): US\$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF ASSIGNMENT AND TRANSFER]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

- To Ctrip.com International, Ltd. or a subsidiary thereof; or
- Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or
- Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended [“(Rule 144A”)], and the undersigned confirms that the undersigned reasonably believes that the transferee of such Note is a “qualified institutional buyer” (within the meaning of Rule 144A) that is purchasing for its own account or for the account of another qualified institutional buyer and the undersigned has provided such transferee notice that the transfer is being made in reliance on Rule 144A]⁸; or
- Outside the United States in accordance with Regulation S under the Securities Act of 1933, as amended; or
- Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended (if available).

⁸ Include if Regulation S Note.

Dated: _____

Signature(s)

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF AUTHORIZATION CERTIFICATE]

I, [Name], [Title], acting on behalf of Ctrip.com International, Ltd. (the “**Company**”) hereby certify that:

(A) the persons listed below are (i) authorized Officers of the Company for purposes of the Indenture (the “**Indenture**”) dated as of September 12, 2016 between the Company and The Bank of New York Mellon, as trustee, in relation to the 1.25% Convertible Senior Notes due 2022 (the “**Notes**”), (ii) duly elected or appointed, qualified and acting as the holder of the respective office or offices set forth opposite their names and (iii) the duly authorized persons who executed or will execute the Indenture and the Notes issued pursuant to the Indenture by their manual or facsimile signatures and were at the time of such execution, duly elected or appointed, qualified and acting as the holder of the offices set forth opposite their names;

(B) each of the individuals listed below have the authority to receive call backs at the telephone numbers noted below upon request of The Bank of New York Mellon in connection with the notes issued pursuant to the Indenture;

(C) each signature appearing below is the person’s genuine signature; and

(D) attached hereto as Schedule I is a true, correct and complete specimen of the certificates representing the Notes.

IN WITNESS WHEREOF, I have hereunto executed and delivered this certificate on behalf of the Company as of the date indicated.

Dated: _____

[Name]

By: _____
Name:
Title:

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SCHEDULE I

<u>Name</u>	<u>Title, Fax No., Email</u>	<u>Signature</u>	<u>Tel No.</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this “**Agreement**”) is made as of September 6, 2016 by and between:

- (1) Ctrip.com International, Ltd., a company incorporated in the Cayman Islands (the “**Company**”); and
- (2) Baidu Holdings Limited (the “**Purchaser**”), a company incorporated in the Cayman Islands. The Purchaser and the Company are sometimes each referred to herein as a “**Party**,” and collectively as the “**Parties**.”

W I T N E S S E T H:

WHEREAS, the Company has filed a registration statement on Form F-3 (File No. 333-208399, the “**Registration Statement**”) with the United States Securities and Exchange Commission (the “**SEC**”), including a related prospectus dated December 9, 2015, allowing for delayed offerings pursuant to Rule 415 of the General Rules and Regulations under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) by the Company of American Depositary Shares (“**ADSs**”) representing ordinary shares of the Company (“**Ordinary Shares**”) and the Company proposes to offer certain amount of ADSs as specified in the preliminary prospectus supplement, dated September 6, 2016 (such offering, the “**Offering**”);

WHEREAS, the Purchaser wishes to invest in the Company by acquiring Ordinary Shares in the Company in a private transaction with the Company exempt from registration pursuant to Regulation S of the Securities Act (the “**Regulation S**”);

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the Parties hereto agree as follows:

ARTICLE I**PURCHASE AND SALE**

Section 1.1 Issuance, Sale and Purchase of Ordinary Shares. Upon the terms and subject to the conditions of this Agreement, at the Closing (as defined below), the Purchaser hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to the Purchaser, subject to and concurrent with the Offering, at a price per Ordinary Share equal to the Offer Price (as defined below), that certain number (as such number is determined pursuant to Section 1.2 below) of Ordinary Shares (the “**Purchased Shares**”), free and clear of all liens or encumbrances (except for restrictions arising under the Securities Act or created by virtue of this Agreement). The “**Offer Price**” means the price per ADS set forth on the cover of the Company’s prospectus supplement in connection with the Offering (the “**Final Prospectus**”) divided by the number of Ordinary Shares represented by one ADS. All such sales shall be made (i) on the same terms as the ADSs being offered in the Offering and (ii) in reliance upon Regulation S.

Section 1.2 Closing.

(a) Closing. Subject to Section 1.3, the closing (the “**Closing**”) of the sale and purchase of the Purchased Shares pursuant to Section 1.1 shall take place concurrently with the closing of the Offering at the same offices for the closing of the Offering or at such other place as the Company and the Purchaser may mutually agree. The total number of the Ordinary Shares that the Purchaser shall purchase as Purchased Shares at the Closing shall be equal to the aggregate purchase price of US\$100 million (the “**Purchase Price**”) divided by the Offer Price; provided, however, that (i) no fractional shares of Ordinary Shares will be issued as Purchased Shares, (ii) any fractions shall be rounded down to the nearest whole number of Ordinary Shares, and (iii) the Purchase Price will be reduced by the value of any such fractional share (as calculated on the basis of the Offer Price). The date and time of the Closing are referred to herein as the “**Closing Date**.”

(b) Payment and Delivery. At the Closing, the Purchaser shall pay and deliver the total consideration equal to the Purchase Price to the Company in U.S. dollars by wire transfer, or by such other method mutually agreeable to the Company and the Purchaser, of immediately available funds to such bank account designated in writing by the Company, and the Company shall deliver one or more duly executed share certificates in original form, registered in the name of the Purchaser, together with a certified true copy of the register of members of the Company, evidencing the Purchased Shares being issued and sold to the Purchaser.

(c) Restrictive Legend. Each certificate representing the Purchased Shares shall be endorsed with the following legend:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE “ACT”) OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR (2) AN EXEMPTION OR QUALIFICATION UNDER APPLICABLE SECURITIES LAWS. ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS SHALL BE VOID.

Section 1.3 Closing Conditions.

(a) Conditions to Purchaser’s Obligations to Effect the Closing. The obligation of the Purchaser to purchase and pay for the Purchased Shares as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived in writing by the Purchaser in its sole discretion:

(i) All corporate and other actions required to be taken by the Company in connection with the issuance and sale of the Purchased Shares shall have been completed.

(ii) The representations and warranties of the Company to the Purchaser contained in Section 2.1 of this Agreement shall have been true and correct on the date of this Agreement and true and correct in all material respects on and as of the Closing Date; and the Company shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(iii) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement with respect to the Purchaser, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement with respect to the Purchaser; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by this Agreement with respect to the Purchaser, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement with respect to the Purchaser.

(iv) The Offering shall have been, or shall concurrently with the Closing, be completed.

(v) The ADSs shall have been listed on the Nasdaq Global Select Market, subject to official notice of issuance if applicable.

(vi) The underwriting agreement relating to the Offering shall have been entered into and have become effective.

(b) Conditions to Company's Obligations to Effect the Closing. The obligation of the Company to issue and sell the Purchased Shares to the Purchaser as contemplated by this Agreement are subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any of which may be waived in writing by the Company in its sole discretion:

(i) All corporate and other actions required to be taken by the Purchaser in connection with the purchase of the Purchased Shares shall have been completed.

(ii) The representations and warranties of the Purchaser contained in Section 2.2 of this Agreement shall have been true and correct on the date of this Agreement and true and correct in all material respects on and as of the Closing Date; and the Purchaser shall have performed and complied in all material respects with all, and not be in breach or default in any material respect under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(iii) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement with respect to the Company, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement with respect to the Company; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by this Agreement with respect to the Company, or

imposes any damages or penalties in connection with the transactions contemplated by this Agreement with respect to the Company.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows:

(a) Due Formation. The Company is a company duly incorporated as an exempted company with limited liability, validly existing and in good standing under the laws of the Cayman Islands. The Company has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The Company has full power and authority to enter into, execute and deliver this Agreement and each agreement, certificate, document and instrument to be executed and delivered by the Company pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) Capitalization.

(i) As of the date hereof, the authorized share capital of the Company is US\$1,750,000 divided into 175,000,000 ordinary shares of a nominal or par value of US\$0.01 each and as of July 31, 2016, the number of issued and outstanding Ordinary Shares is 58,301,850 (excluding 587,363 Ordinary Shares that the Company reserved for issuance upon the exercise of all the outstanding options). All issued and outstanding Ordinary Shares are validly issued, fully paid and non-assessable.

(ii) All outstanding shares of capital stock of the Company and all outstanding shares of capital stock of each of the Company's subsidiaries and consolidated affiliates (each a "**Subsidiary**" and collectively "**Subsidiaries**") have been issued and granted in compliance with (x) all applicable Securities Laws and other applicable laws and (y) all requirements set forth in applicable contracts, without violation of the preemptive rights, rights of first refusal or other similar rights. "**Securities Laws**" means the Securities Act, the Securities Exchange Act of 1934, as amended, the listing rules of, or any listing agreement with The Nasdaq Global Select Market and any other applicable law regulating securities or takeover matters.

(iii) The rights of the Ordinary Shares to be issued to the Purchaser as Purchased Shares shall be as stated in the Second Amended and Restated Memorandum and Articles of Association of the Company set out in Exhibit 99.2 the Company's report on Form 6-K furnished to the Securities and Exchange Commission on December 23, 2015.

(e) Due Issuance of the Purchased Shares. The Purchased Shares have been duly authorized and, when issued and delivered to and paid for by the Purchaser pursuant to this Agreement, will be validly issued, fully paid and non-assessable and free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act or created by virtue of this Agreement and upon delivery and entry into the register of members of the Company will transfer to the Purchaser good and valid title to the Purchased Shares.

(f) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the organizational documents of the Company or its Subsidiaries or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Company or its Subsidiaries is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Company or its Subsidiaries is a party or by which the Company or its Subsidiaries is bound or to which any of the Company's or its Subsidiaries' assets are subject. There is no action, suit or proceeding, pending or threatened against the Company or its Subsidiaries that questions the validity of this Agreement or the right of the Company to enter into this Agreement or to consummate the transactions contemplated hereby.

(g) Consents and Approvals. Neither the execution and delivery by the Company of this Agreement, nor the consummation by the Company of any of the transactions contemplated hereby, nor the performance by the Company of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(h) Compliance with Laws. The business of the Company or its Subsidiaries is not being conducted in violation of any law or government order applicable to the Company except for violations which do not and would not have a Material Adverse Effect. As used herein, "**Material Adverse Effect**" shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on any of (i) the financial condition, assets, liabilities, results of operations, business, or operations of the Company or its Subsidiaries taken as a whole, or (ii) the ability of the Company to consummate the transactions contemplated by this Agreement and to timely perform its material obligations under the Agreement.

(i) SEC Filings. Prior to the Closing, the Registration Statement, as supplemented or amended, shall have been declared effective by the SEC. The Registration Statement, including the prospectus therein, conforms and will conform in all material respects to the requirements of the Securities Act and the rules and regulations of the SEC thereunder and does not, as of the date hereof, and will not, as of the applicable effective date, 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.

(j) Events Subsequent to Most Recent Fiscal Period. Since June 30, 2016 until the date hereof and to the Closing Date, there have not been any events that, to the Company's knowledge, will have a Material Adverse Effect.

(k) Litigation. There are no actions by or against the Company or its Subsidiaries or affecting the business or any of the assets of the Company or its Subsidiaries pending before any governmental authority, or, to the Company's knowledge, threatened to be brought by or before any governmental authority, that would have a Material Adverse Effect.

Section 2.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company as of the date hereof and as of the Closing Date, as follows:

(a) Due Formation. The Purchaser is duly formed, validly existing and in good standing in the jurisdiction of its organization. The Purchaser has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The Purchaser has full power and authority to enter into, execute and deliver this Agreement and each agreement, certificate, document and instrument to be executed and delivered by the Purchaser pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery by the Purchaser of this Agreement and the performance by the Purchaser of its obligations hereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by law relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the organizational documents of the Purchaser or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Purchaser is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Purchaser is a party or by which the Purchaser is bound or to which any of the Purchaser's assets are subject. There is no action, suit or proceeding, pending or

threatened against the Purchaser that questions the validity of this Agreement or the right of the Purchaser to enter into this Agreement or to consummate the transactions contemplated hereby.

(e) Consents and Approvals. Neither the execution and delivery by the Purchaser of this Agreement, nor the consummation by the Purchaser of any of the transactions contemplated hereby, nor the performance by the Purchaser of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(f) Status and Investment Intent.

(i) Experience. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Purchased Shares. The Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. The Purchaser is acquiring the Purchased Shares for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. The Purchaser does not have any direct or indirect arrangement or understanding with any other person to distribute, or regarding the distribution of the Purchased Shares in violation of the Securities Act or any other applicable state securities law.

(iii) Solicitation. The Purchaser (x) was not identified or contacted through the marketing of the Offering and (y) did not contact the Company as a result of any general solicitation.

(iv) Restricted Securities. The Purchaser acknowledges that the Purchased Shares are “**restricted securities**” that have not been registered under the Securities Act or any applicable state securities law. The Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Purchased Shares may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act or (z) pursuant to an exemption from registration under the Securities Act.

(v) Information. The Purchaser has been furnished access to all materials and information the Purchaser has requested relating to the Company and its Subsidiaries and other due diligence documents in order to evaluate the transactions contemplated by this Agreement. The Purchaser has consulted with its own advisers to the extent it deemed appropriate as to the financial, tax, legal and related matters concerning an investment in the Purchased Shares and on that basis believes that an investment in the Purchased Shares is suitable and appropriate for it.

(vi) Not U.S. Person. The Purchaser is not a “**U.S. person**” as defined in Rule 902 of Regulation S.

(vii) Exempt Transaction. The Purchaser has been advised and acknowledges that in issuing the Purchased Shares to the Purchaser pursuant hereto, the Company is relying upon the exemption from registration provided by Regulation S. The Purchaser is acquiring the Purchased Shares in an offshore transaction in reliance upon the exemption from registration provided by Regulation S.

(viii) FINRA. The Purchaser does not, directly or indirectly, own more than five percent of the outstanding common stock (or other voting securities) of any member of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”) or a holding company for a FINRA member, and is not otherwise a “restricted person” for the purposes of FINRA Rule 5130.

ARTICLE III

COVENANTS

Section 3.1 Lock-up. The Purchaser agrees that it will not, during the period commencing on the date hereof and ending six months after the Closing Date, offer, 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, lend, or otherwise transfer or dispose of any of the Purchased Shares on the open market. The Purchaser further understands that the provisions of this Section 3.1 shall be binding upon the Purchaser’s successors and assigns, as applicable.

Section 3.2 Further Assurances. From the date of this Agreement until the Closing Date, the Parties shall use their reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby.

ARTICLE IV

INDEMNIFICATION

Section 4.1 Indemnification. Each of the Company and the Purchaser (an “**Indemnifying Party**”) shall indemnify and hold each other and their directors, officers and agents (collectively, the “**Indemnified Party**”) harmless from and against any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever, including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding, and any taxes or levies that may be payable by such person by reason of the indemnification of any indemnifiable loss hereunder (collectively, “**Losses**”) resulting from or arising out of: (i) the breach of any representation or warranty of such Indemnifying Party contained in this Agreement or in any schedule or exhibit hereto; or (ii) the violation or nonperformance, partial or total, of any covenant or agreement of such Indemnifying Party contained in this Agreement for reasons other than gross negligence or willful misconduct of such Indemnified Party. In calculating the amount of any Losses of an Indemnified Party hereunder, there shall be subtracted the amount of any insurance proceeds and third-party payments received by the Indemnified Party with respect to such Losses, if any.

Section 4.2 Third Party Claims.

(a) If any third party shall notify any Indemnified Party in writing with respect to any matter involving a claim by such third party (a “**Third Party Claim**”) which such Indemnified Party believes would give rise to a claim for indemnification against the Indemnifying Party under this Article IV, then the Indemnified Party shall promptly (i) notify the Indemnifying Party thereof in writing within thirty (30) days of receipt of notice of such claim and (ii) transmit to the Indemnifying Party a written notice (“**Claim Notice**”) describing in reasonable detail the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), and the basis of the Indemnified Party’s request for indemnification under this Agreement.

(b) Upon receipt of a Claim Notice with respect to a Third Party Claim, the Indemnifying Party shall have the right to assume the defense of any Third Party Claim by notifying the Indemnified Party in writing within (30) days of receipt of the Claim Notice that the Indemnifying Party elects to assume the defense of such Third Party Claim, and upon delivery of such notice by the Indemnifying Party, the Indemnifying Party shall have the right to fully control and settle the proceeding, provided that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnified Party.

(c) If requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party elects to contest, including the making of any related counterclaim against the person asserting the Third Party Claim or any cross complaint against any person. The Indemnified Party shall have the right to receive copies of all pleadings, notices and communications with respect to any Third Party Claim, other than any privileged communications between the Indemnifying Party and its counsel, and shall be entitled, at its sole cost and expense, to retain separate co-counsel and participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to Section 4.2(b).

(d) In the event of a Third Party Claim for which the Indemnifying Party elects not to assume the defense or fails to make such an election within the 30 days of the Claim Notice, the Indemnified Party may, at its option, defend, settle, compromise or pay such action or claim at the expense of the Indemnifying Party; provided that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 4.3 Other Claims. In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder which does not involve a Third Party Claim, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the “**Indemnity Notice**”) describing in reasonable detail the nature of the claim, the Indemnified Party’s best estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party’s request for indemnification under this Agreement. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

Section 4.4 Cap. Notwithstanding the foregoing, the Indemnifying Party shall have no liability (for indemnification or otherwise) with respect to any Losses in excess of the Purchase Price.

ARTICLE V

MISCELLANEOUS

Section 5.1 Survival of the Representations and Warranties. All representations and warranties made by any Party shall survive for two years and shall terminate and be without further force or effect on the second anniversary of the date hereof, except as to any claims thereunder which have been asserted in writing pursuant to Section 4.1 against the Party making such representations and warranties on or prior to such second anniversary.

Section 5.2 Governing Law; Arbitration. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York. Any dispute arising out of or relating to this Agreement including any question regarding its existence, validity or termination (“**Dispute**”) shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. Each Party has the right to appoint one arbitrator and the third arbitrator shall be appointed by the Hong Kong International Arbitration Centre.

The language to be used in the arbitration proceedings shall be English. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, immunity to post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby.

Section 5.3 Amendment. This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties hereto.

Section 5.4 Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, each of the Company and the Purchaser and their respective heirs, successors and permitted assigns and legal representatives.

Section 5.5 Assignment. Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by the Company or the Purchaser without the express written consent of the other Party, except that the Purchaser may assign all or any part of its rights and obligations hereunder to any affiliate of the Purchaser without the consent of the Company, provided that no such assignment shall relieve the Purchaser of its obligations hereunder if such assignee does not perform such obligations. Any purported assignment in violation of the foregoing sentence shall be null and void.

Section 5.6 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of actual delivery if delivered personally to the Party to whom notice is to be given, on the date sent if sent by telecopier, tested telex or prepaid telegram, on the next business day following delivery to Federal Express properly addressed or on the day of attempted delivery by the U.S. Postal Service if mailed by registered or certified mail, return receipt requested, postage paid, and properly addressed as follows:

If to the Purchaser, at: No. 10 Shangdi 10th Street
 Haidian District, Beijing

People's Republic of China
Attention: Tony Yip, Vice President
Facsimile: +86 10 5992 0061

If to the Company, at: Ctrip.com International, Ltd.
99 Fu Quan Road
Shanghai 200335
People's Republic of China
Tel: +86 21 3406-4880
Fax: +86 21 5251-0000
Attention: Chief Financial Officer

With copy to (which shall not constitute a notice):

Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong
Attention: Z. Julie Gao, Esq./Haiping Li, Esq.
Facsimile: +852 3740 4727/+852 3910 4835

Any Party may change its address for purposes of this Section 5.6 by giving the other Parties hereto written notice of the new address in the manner set forth above.

Section 5.7 Entire Agreement. This Agreement constitute the entire understanding and agreement between the Parties with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are merged and superseded by this Agreement.

Section 5.8 Severability. If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

Section 5.9 Fees and Expenses. Except as otherwise provided in this Agreement, the Company and the Purchaser will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby, including fees and expenses of attorneys, accountants, consultants and financial advisors..

Section 5.10 Confidentiality. Each Party shall keep in confidence, and shall not use (except for the purposes of the transactions contemplated hereby) or disclose, any non-public information disclosed to it or its affiliates, representatives or agents in connection with this Agreement or the transactions contemplated hereby. Each Party shall ensure that its affiliates, representatives and agents keep in confidence, and do not use (except for the purposes of the transactions contemplated hereby) or disclose, any such non-public information. In the event that a Party, or any of its affiliates, representatives and agents, is required by law, regulation or judgment of a competent jurisdiction or requested by any governmental or regulatory agency of a competent jurisdiction (including, without limitation, any stock exchange or self-

regulatory organization) to disclose any such non-public information, it shall, to the extent legally permissible, notify the other Party as promptly as practicable under the circumstances so that the other Party may seek a protective order or other appropriate remedy. In the event that no such protective order or other remedy is obtained, the disclosing Party shall furnish only that portion of the non-public information that is legally required.

Section 5.11 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 5.12 Termination. In the event that the Closing shall not have occurred by September 30, 2016, this Agreement shall be terminated unless the Parties mutually agree to renegotiate; except for the provisions of Sections 5.10, which shall survive any termination under this Section 5.12.

Section 5.13 Purchaser Description.

(a) The Company shall afford the Purchaser a reasonable opportunity to review and comment on any description of the Purchaser and/or the transactions contemplated by this Agreement with respect to Purchaser that is to be included in the Final Prospectus.

(b) The Purchaser hereby consents and undertakes at the request of the Company, it will promptly provide a description of its organization and business activities to the Company (such information together with the relevant information disclosed in the documents or reports furnished or filed by the Purchaser with the SEC and included in the Registration Statement and the prospectus therein, the “**Purchaser Description**”), and hereby represents that the Purchaser Description will be true and accurate in all material respects and will not be misleading in any material respect, as may be reasonably required by the Company for the purpose of satisfying the disclosure obligations in connection with the Registration Statement and the prospectus therein under applicable laws, regulations and listing rules. The Purchaser also consents to the inclusion of the Purchaser Description, the Purchaser’s name and the matters relating to the Purchaser’s subscription of the Purchased Shares in the Registration Statement and the prospectus therein, and in press releases and other marketing materials for the Offering (subject to the Purchaser’s reasonable opportunity to review and comment on such press release and marketing materials as applicable). Additionally, the Purchaser hereby consents to the filing of this Agreement as an exhibit to the Registration Statement.

(c) The Purchaser acknowledges that the Company will rely upon the truth and accuracy of the Purchaser Description, and the Purchaser agrees to notify the Company promptly in writing if any of the content contained therein ceases to be accurate and complete or becomes misleading.

Section 5.14 Headings. The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 5.15 Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of

which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

Ctrip.com International, Ltd.

By: /s/ Xiaofan Wang
Name: Xiaofan Wang
Title: Chief Financial Officer

[Signature Page to Subscription Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

PURCHASER
Baidu Holdings Limited

By: /s/ Robin Li
Name: Robin Li
Title: Authorized Signatory

[Signature Page to Subscription Agreement]

DATED 23 NOVEMBER 2016

(1) THE SELLERS

(2) CTRIP.COM INTERNATIONAL, LTD.

AGREEMENT
for the sale and purchase of shares in the
capital of Skyscanner Holdings Limited


Pinsent Masons

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THIS AGREEMENT is made on 23 November 2016

BETWEEN:

- (1) The persons whose names and addresses are set out in column 1 of Part 1 of Schedule 1 and column 1 of Part 2 of Schedule 1 under exception of Pulau Dinawan Investments Limited (such persons the "**Sellers**", provided always that in the event that Pulau Dinawan Investments Limited and/or Yahoo Japan Corporation adheres to and becomes a party to this Agreement as referred to in Clause 4.1.9, the term "**Sellers**" shall be deemed to include Pulau Dinawan Investments Limited and/or Yahoo Japan Corporation (as appropriate) with effect from the date of such adherence);
- (2) **CTRIIP.COM INTERNATIONAL, LTD.**, a company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands (registered number 97668), whose registered office is at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (the "**Buyer**"),

(each a "**Party**" and together the "**Parties**"); and

- (3) **CALUM PATERSON** c/o SEP III, 17 Blythswood Square, Glasgow G2 4AD (the "**SEP Director**") executing this Agreement solely for the purposes of Clause 9.2.

INTRODUCTION

- (A) The Company was incorporated on 16 September 2011 under the 2006 Act and is a private company limited by shares.
- (B) The Sellers are the registered holders and beneficial owners of the number of the Shares shown opposite their respective names in column 2 of Part 1 of Schedule 1 and column 2 of Part 2 of Schedule 1.
- (C) Certain of the Sellers also have options to subscribe for shares in the capital of the Company as shown opposite their respective names in column 3 of Part 1 of Schedule 1 and column 3 of Part 2 of Schedule 1.
- (D) This Agreement sets out the terms and conditions on which the Buyer has agreed to buy and the Sellers have agreed to sell, or procure the sale of, the Sale Shares with a view to the Buyer acquiring day to day control of the affairs of the Company (the "**Transaction**"), including that Completion of the Transaction is to be conditional upon the acquisition by the Buyer of all or substantially all of the Company's issued or to be issued share capital by way, inter alia, of this Agreement, the Former Employee SPAs and the offers to be made pursuant to the Offer Documents.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

"2006 Act"	means the Companies Act 2006
"A Ordinary Shares"	means an A ordinary share of £1.00 each in the capital of the Company and each being an " A Ordinary Share "
"Additional Performance Bonus Arrangements"	means arrangements relating to an incentivisation scheme to be put in place in order to reward and incentivise employees of the Group in respect of the period following Completion subject to achievement of performance conditions in respect of the Group
"ADS Conversion"	has the meaning given in Clause 12.6

Procedure	
“Affiliate”	means in relation to any body corporate (whether or not registered in the United Kingdom), any holding company, parent undertaking, subsidiary or subsidiary undertaking of such body corporate, or any subsidiary or subsidiary undertaking of such holding company or parent undertaking of such body corporate, in each case for the time being
“Agent”	has the meaning given in Clause 30.1
“Agreed Form”	means the form agreed between and initialled for the purposes of identification by or on behalf of the Sellers and the Buyer
“Agreement”	means this deed for the sale and purchase of shares in the capital of Skyscanner Holdings Limited, executed between the Parties hereto, as amended, supplemented, assigned or novated from time to time, in accordance with its terms;
“Anti-corruption Laws”	means any law of any jurisdiction in which any member of the Buyer Group carries on business which prohibits Corruption by or on behalf of, or at the instigation of, or in any way affecting, the Group, including without limitation, the Bribery Act 2010, the Foreign Corrupt Practices Act 1977 and The Organisation for Economic co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
“Attorney”	has the meaning given in Clause 18.1
“Business”	means the business of online airline travel meta search carried on by the Company and its Subsidiaries
“Business Day”	means any day (other than a Saturday, Sunday or public holiday in England, Scotland and the People’s Republic of China) on which clearing banks in the City of London, Edinburgh and Shanghai are open for the transaction of normal sterling banking business
“Buyer Group”	means the Buyer, any holding company of the Buyer and any subsidiary of the Buyer or such holding company (including, for these purposes and with effect from Completion, the Company and every Group Company) from time to time and references to “any member of the Buyer Group” shall be construed accordingly
“Buyer Shares”	means ordinary shares in the Buyer of US\$0.01 each
“Buyer’s Warranties”	means the warranties set out in Clause 12;
“C Shares”	means the C1 Shares, the C2 Shares, the C3 Shares, the C4 Shares, the C6 Shares, the C7 Shares, the C8 Shares, the C9 Shares and the C10 Shares
“C1 Shares”	has the meaning given in the Current Articles
“C2 Shares”	has the meaning given in the Current Articles
“C3 Shares”	has the meaning given in the Current Articles
“C4 Shares”	has the meaning given in the Current Articles

“C5 Shares”	has the meaning given in the Current Articles
“C6 Shares”	has the meaning given in the Current Articles
“C7 Shares”	has the meaning given in the Current Articles
“C8 Shares”	has the meaning given in the Current Articles
“C9 Shares”	has the meaning given in the Current Articles
“C10 Shares”	has the meaning given in the Current Articles
“Cash Consideration”	has the meaning given in Clause 5.1.1
“Cash Equivalent Arrangements”	means the arrangements put in place between the Company and each of the Cash Equivalent Participants providing for the award of a cash amount to the Cash Equivalent Participants in lieu of an award of an aggregate of: (i) 779 Ordinary Shares; (ii) 5,905 C5 Shares; (iii) 8,141 C10 Shares; (iv) and 6,855 SIP Shares
“Cash Equivalent Participants” and each being a “Cash Equivalent Participant”	means Wu Shan, Xiao Fuqian, Zhou Liping, Zhuang Jie, Liu Yinsheng, Zhong Zehua, Chen Keming, Cui Hongqiang, Guo Yanhai, Li Jianqiang, Li Jinhui, Qin Yuepeng, Wang Shaozhen, Wei Xiaoqing, Andrzej Sniezyk, Song (Simon) Goa, Chong (Milton) Miao, Yang Chengbin, Li Sai, Ren Qunying, Wu Hao, Wen Yuan Yuan, Hu Aitzu, Kang Lei, Liu Jinzhi, Yao Lu, Niu Ran, Lulu Yao, Nellie Niu, Dabo Zhang, Cynthia Zhang, Huifeng Huang, Elsa Wu, Nina Wang, Fang Wan, Zhou Yiqing (Wiki Zhou), Gu Guoqing, Peng Zhigui, Feng Wei, Li Weiwei, Zhou Yan, Jack Chen, Devin Wang, Vic Li, Bella Wen, Xue Guo, Victor Wu, Jack Zou, Vaughn Li, Leo Zhou, Will Zhang, Steven Jia Wei Pang, Alan Qin, Peter Peng, Bruce Li, Xia Wen, Vivian Li, Xuejun Chen, Steam Cui, Michael Chen and Fuller Feng
“Company”	means Skyscanner Holdings Limited a company incorporated in England and Wales (registered number 07777261), whose registered office is at Suite 7-001 1 Fore Street, London EC2Y 5EJ
“Company Shares”	means shares in the capital of the Company
“Completion”	means completion of the sale and purchase of the Sale Shares in accordance with this Agreement
“Completion Date”	means: <ul style="list-style-type: none"> (a) the date which is the fifth Business Day after the date on which the last of the Conditions to be satisfied or waived is satisfied or waived; or (b) such later date as the Sellers’ Representatives and the Buyer agree in writing
“Conditions”	has the meaning given to it in Clause 4.1
“Confidential Information”	means all information used in or otherwise relating to any Group Company, its business, customers, financial or other affairs and all information received or obtained as a result of entering into or performing this Agreement, including information relating to the Buyer or its Connected Persons, the existence of this Agreement, the provisions of this Agreement, the negotiations and subject

matter of this Agreement

“Connected Persons”

means in relation to a Seller who is an individual:

- (a) that Seller’s spouse or civil partner, parents and siblings (including step-siblings and half-siblings) and direct descendants of such individual and their respective spouses or civil partners (together, the **“Connected Person’s Family”**);
- (b) a company or any other undertaking of which that Seller or a member of that Seller’s Connected Person’s Family is from time to time a director or with which that Seller or a member of that Seller’s Connected Person’s Family is otherwise associated, and the subsidiaries or a subsidiary undertaking from time to time of such a company or undertaking, any holding company or parent undertaking from time to time of such a company or undertaking and every other company or undertaking which, from time to time, is a subsidiary or subsidiary undertaking of the same ultimate holding company or parent undertaking as such a company or undertaking;
- (c) any trust established by or for the benefit of that individual or a member of that individual’s Connected Person’s Family;
- (d) any partnership or undertaking (other than any Group Company) of which that Seller or a member of that Seller’s Connected Person’s Family has a direct or indirect economic interest; and
- (e) any nominee, trustee or agent or any other person, in each case, acting on behalf of any person referred to in this definition;

in relation to a Party which is a corporate entity:

- (a) directors, employees, officers and agents (together the **“Corporate Entity Connected Individuals”**) of the relevant Seller;
- (b) subject to the exclusions in paragraph (c) below, any holding company, parent undertaking, subsidiary or subsidiary undertaking;
- (c) as set out in section 1122 of the CTA 2010 but excluding:
 - (i) all portfolio companies of the relevant Seller;
 - (ii) all portfolio companies of entities advised or managed by the same investment advisor or manager as the relevant Seller or advised or managed by Affiliates of said investment advisor or manager;
 - (iii) all limited partners of the relevant Seller and their Affiliates; or
 - (iv) all underlying investors or limited partners of the

relevant Seller and their Affiliates as well as all underlying investors of entities advised or managed by the same investment advisor or manager as the relevant Seller or advised or managed by Affiliates of said investment advisor or manager,

save that no Seller shall be deemed to be connected with another Seller (or any of that other Seller's Connected Persons) or any Group Company by reason of being party to any existing Company Share arrangements in respect of the Group or a director or other officer of any Group Company or by reason of being members or shareholders in any Group Company;

“Consideration”	has the meaning given in Clause 5.1
“Consideration Shares”	has the meaning given in Clause 5.1.2
“Consideration Shares Value”	means, in respect of any Relevant Claim which is to be satisfied by the repurchase by the Company of Consideration Shares pursuant to Clause 11.4, the value of a Consideration Share calculated with reference to the VWAP of a Consideration Share as at the date falling two Business Days prior to the Payment Date in respect of such Relevant Claim
“Corruption”	means the bribery or corruption of public officials, extortion, fraud, unlawful deception, criminal collusion, unlawful cartels, unlawful abuse of power, embezzlement, unlawful trading in influence, money-laundering or any similar criminal or prohibited activity
“CTA 2010”	means the Corporation Tax Act 2010
“Current Articles”	means the articles of the association adopted by the Company on 27 November 2015
“D Share”	means a D share of 0.01 pence in the capital of the Company
“Data Room”	means the “Project Sirius” online data room hosted by Merrill DataSite (https://datasite.merrillcorp.com), a copy of the contents of which are on a memory stick provided to the Parties on or prior to the date of this Agreement
“Deferred Share”	means a deferred share of 0.01 pence each in the capital of the Company, having the rights, and being subject to the restrictions, set out in the New Articles
“Disclosure Letter”	means the letter from the Management Sellers to the Buyer entered into on the date of this Agreement (but prior to the execution and delivery of this Agreement) in relation to the Management Warranties in the Agreed Form
“Edinburgh Digital Buy Back Agreements”	means the share buy back agreements to be entered into between the Company and each of Ross McNairn and Edward Taylor in Agreed Form
“Edinburgh Digital SPA”	means the share purchase agreements in Agreed Form to be entered into between the Buyer and each of Ross McNairn and Edward Taylor with respect to the acquisition of certain Company Shares

“Employment Contract Amendment”	has the meaning given in Clause 8.5
“Encumbrance”	means any encumbrance, lien, pledge, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances of any nature whatsoever and any agreement to create any of the foregoing
“Exchange Act”	means the U.S. Securities Exchange Act of 1934
“FCA”	means the UK Financial Conduct Authority or any successor UK regulatory bodies or if the relevant matter relates to the functions of only one such successor body, the reference shall be interpreted to refer to that body alone
“First Instalment Amount”	means the first instalment amount set opposite Bryan Dove’s name in column 5 of Part 1 of Schedule 1
“Forms of Acceptance”	has the meaning given in Clause 6.5
“Former Employee SPAs”	means each of the share purchase agreements in Agreed Form <ul style="list-style-type: none"> (a) to be entered into between the Buyer, Zedra Trust Company (Guernsey) Limited and certain of the Former Employees on or prior to Completion (in each case with the Company signing as attorney for the Former Employees) hereof with respect to the acquisition of the shares in the capital of the Company in respect of which the Former Employees are beneficially entitled; (b) to be entered into between the Buyer and certain of the Former Employees;
“Former Employees”	means those individuals listed in column 2 of Schedule 8
“FSMA”	means the Financial Services and Markets Act 2000 (together with the rules and regulations implemented pursuant thereto);
“Full Title Guarantee”	means the benefit of the implied covenants set out in Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 when a disposition is expressed to be made with full title guarantee
“Fully Diluted Share Capital”	means the share capital of the Company upon exercise (or conversion) in full of all outstanding options, convertible securities or instruments or other rights to acquire Company Shares or any other existing or future classes of share capital of the Company, as applicable, regardless of whether any such options, convertible securities or instruments or other rights are then vested or exercisable or convertible in accordance with their terms
“Group”	means the Company and the Subsidiaries (and references to “Group Company” and “member of the Group” shall be construed accordingly)
“GW Side Letter”	means the side letter agreement in Agreed Form to be entered into on or around Completion between Gareth John Williams and the

	Buyer
“GW Share Option Agreement”	means the share option agreement in Agreed Form to be entered into on or around Completion between Gareth John Williams and the Company
“GW Subscription Agreement”	means the subscription agreement in Agreed Form to be entered into on or around Completion between Gareth John Williams and the Company in relation to, inter alia, the subscription by Gareth John Williams for certain shares in the capital of the Company
“HMRC”	means Her Majesty’s Revenue & Customs
“Incentive Arrangements Agreement”	means an agreement to be entered into on the date hereof in the Agreed Form between (1) the Buyer and (2) the Company recording the agreement of the Buyer and the Company in respect of matters relating to the Retention Cash Bonus Arrangements, the Additional Performance Bonus Arrangements, the Skyscanner Option Plan and the Cash Equivalent Arrangements
“Institutional and Other Non Management Sellers”	means those Sellers whose names and addresses are set out in column 1 of Part 2 of Schedule 1 (for the avoidance of doubt excluding Pulau Dinawan Investments Limited and Yahoo Japan Corporation unless and until Pulau Dinawan Investments Limited and/or Yahoo Japan Corporation (as appropriate) adheres to and becomes a party to this Agreement as referred to in Clauses 4.1.9 and 4.1.10)
“Intellectual Property Rights”	has the meaning given to this term in the Warranty Deed
“Interim Period”	means the period commencing immediately following exchange of this Agreement and ending on Completion
“Loan Note Instrument”	means an instrument in the Agreed Form to be executed by the Buyer at Completion constituting a sufficient number of unsecured zero coupon loan notes of the Buyer to be issued in satisfaction of the Buyer’s obligations under Clause 5.1.3
“Loan Notes”	means the loan notes constituted by the Loan Note Instrument
“Lock-up Period”	has the meaning given in Clause 12.6
“Long Stop Date”	means 23 February 2017, or such later date as the Sellers’ Representatives and the Buyer may agree in writing
“LSE”	means London Stock Exchange plc
“Management Sellers”	means those Sellers whose names and addresses are set out in column 1 of Part 1 of Schedule 1
“Management Warranties”	means the warranties set out in the Warranty Deed
“Material Contracts”	means the material contracts contained or listed in sub-folders 5.1.3 and 5.1.7 of the Data Room
“Material Subsidiary”	has the meaning given to this term in the Warranty Deed
“Minority Offer Document”	means the Agreed Form offer document setting out the Buyer’s offer to purchase the Company Shares held and to be held (upon

exercise of all options or other rights to acquire shares) by such Minority Shareholders to be sent to Minority Shareholders on or around the date hereof

“Minority Sellers”	means all Minority Shareholders, SIP Participants, SIP Equivalent Participants and Former Employees
“Minority Shareholders”	means any person (other than the Sellers, the SIP Participants, the SIP Equivalent Participants and the Former Employees) who holds Company Shares or will hold such shares upon exercise (or conversion) in full of all options, convertible securities or instruments or other rights to acquire Company Shares or any other existing or future classes of share capital of the Company, as applicable, regardless of whether any such options, convertible securities or instruments or other rights are then vested or exercisable or convertible in accordance with their terms
“Nasdaq”	means the Nasdaq stock market
“New Articles”	means the articles of association in Agreed Form to be adopted by the Company pursuant to the Shareholder Resolutions
“Offers”	has the meaning given in Clause 6.5
“Offer Documents”	has the meaning given in Clause 6.5
“Offer Recipients”	has the meaning given in Clause 6.5
“Option Exercise Amount”	means in respect of each relevant Management Seller the amount shown opposite that relevant Management Seller’s name in column 8 of Part 1 of Schedule 1 and in respect of Julian Pancholi means the amount shown opposite Julian Pancholi’s name in column 8 of Part 2 of Schedule 1
“Ordinary Shares”	means an ordinary share of £1.00 each in the capital of the Company and each being an “Ordinary Share”
“PAYE Reimbursement Amount”	means in respect of each relevant Management Seller the amount shown opposite that relevant Management Seller’s name in column 9 of Part 1 of Schedule 1 and in respect of Julian Pancholi means the amount shown opposite Julian Pancholi’s name in column 9 of Part 2 of Schedule 1
“Payment Date”	means, save as otherwise provided in this Agreement, the date on which a payment is to be made under this Agreement
“Permitted Nominee”	means a subsidiary or a subsidiary undertaking of the Buyer which is, directly or indirectly, wholly owned by the Buyer
“Press Announcement”	the press announcement in the Agreed Form
“Recognised Investment Exchange”	has the meaning given to it in section 285 of FSMA
“Relevant Claim”	means, subject always to Clause 11, any claim made by the Buyer for breach of any of the Sellers’ Warranties
“Relevant Date”	has the meaning given in Clause 8.5

“Repurchase Notice”	has the meaning given in Clause 11.4
“Retention Cash Bonus Arrangements”	means arrangements in the Agreed Form relating to a retention cash bonus arrangement to be put in place in order to encourage retention of employees of the Group in respect of the period of 18 months following Completion
“Sale Shares”	means the number and class of Shares which will be sold to the Buyer and are shown opposite the respective Sellers names in column 4 of Part 1 of Schedule 1 and column 4 of Part 2 of Schedule 1
“SEC”	means the US Securities and Exchange Commission
“Second Disclosure Letter”	has the meaning given to this term in the Warranty Deed
“Second Instalment Amount”	means the second instalment amount set opposite Bryan Dove’s name in column 5 of Part 1 of Schedule 1
“Securities Act”	means the US Securities Act of 1933 as amended
“Sellers’ Representatives”	means Calum Paterson and Carolyn Jameson
“Sellers’ Warranties”	means: <ul style="list-style-type: none"> (a) in the case of the Institutional and Other Non Management Sellers, the warranties set out in paragraphs 1, 2 and 3 of Schedule 3 (b) in the case of the Management Sellers, the warranties set out in Schedule 3
“Senior Employee”	means any employee of a Group Company entitled to an annual salary in excess of £100,000
“Service Documents”	any claim form, notice, order, judgment or other court document issued by the courts of England and Wales, or any other document relating to or in connection with proceedings in the courts of England and Wales
“Shareholder Resolutions”	means resolutions of the holders of the ordinary shares of £1 each and the holders of the A ordinary shares of £1 each in the capital of the Company, as applicable, approving the re-designation of the entire issued share capital of the Company to ordinary shares of 0.01 pence each and Deferred Shares, adopting the New Articles, granting authority to the directors of the Company to allot shares pursuant to the GW Subscription Agreement and the Skyscanner Option Plan and disapplying statutory pre-emption rights in respect of the shares to be issued pursuant to the GW Subscription Agreement and the Skyscanner Option Plan in each case with effect immediately following Completion, in Agreed Form
“Share Consideration Seller”	means a Seller receiving Buyer Shares pursuant to this Agreement
“Shareholder Rights”	means, in respect of a Seller, the exercise of any voting or consent rights it holds as a shareholder of the Company and the giving of directions to any directors nominated by it to the board of directors of the Company (subject to their fiduciary duties)

“Shareholders’ Agreement”	means the shareholders’ agreement between the Sellers in relation to the Company dated 2 December 2015
“Shares”	means the number and class of Shares held by the Sellers and as shown opposite the respective Sellers names in column 2 of Part 1 of Schedule 1 and column 2 of Part 2 of Schedule 1
“SIP”	means the Skyscanner Holdings Limited Share Incentive Plan
“SIP Equivalent Arrangements”	means the share incentive plans made available to the SIP Equivalent Participants which permit the SIP Equivalent Participants to (i) subscribe for SIP Shares and (ii) be allotted matching SIP Shares for nil consideration
“SIP Equivalent Participants”	means those employees based outside of the United Kingdom who participate in the SIP Equivalent Arrangements
“SIP Participant Offer Document”	means the offer document to be sent to Yorkshire Building Society (as trustee of the SIP), Zedra Trust Company (Guernsey) Limited (as nominee for certain of the SIP Equivalent Participants), SIP Participants and SIP Equivalent Participants on or round the date hereof in the Agreed Form
“SIP Participants”	means those employees who participate in the SIP
“SIP Share”	means a SIP share of £0.01 each in the capital of the Company and being fully paid up and non-redeemable and having the rights, and being subject to the restrictions, set out in the Articles of Association
“Skyscanner Option Plan”	means the Skyscanner share plan (being a share option plan) in the Agreed Form to be adopted by the Company with effect from Completion
“Subsidiaries”	means: <ul style="list-style-type: none"> (a) Skyscanner Limited (incorporated in England & Wales with registered number 04217916) which is 100% owned by the Company; (b) Skyscanner Inc. (incorporated in Delaware, United States which is 100% owned by Skyscanner Limited; (c) Experienceon Ventures Sociedad Limitada (incorporated in Spain with registered number CIF: B-64797285) which is 100% owned by Skyscanner Limited; (d) Reacher Investments Limited (incorporated in Hong Kong with registered number 1368375) which is 100% owned by Skyscanner Limited; (e) Youbibi Technology (Shenzhen) Limited / 游比比科技(深圳) 有限公司 (incorporated in PRC with registered number 440301503371434) which is 100% owned by Reacher Investments Limited (“Youbibi”); (f) Beijing Skyscanner Technology Co. Limited / 北京天巡思凯科技有限公司 (incorporated in PRC with registered number 110000450218813) which is 100% owned by

Skyscanner Limited;

- (g) Distinction Software Development Services Limited (incorporated in England & Wales with registered number 7813634) which is 100% owned by Distinction Informatikai Szolgáltató Korlátolt Felelősségű Társaság;
- (h) Skyscanner Private Limited (incorporated in Singapore with registered number 201317279D) which is 100% owned by Skyscanner Limited;
- (i) Distinction Informatikai Szolgáltató Korlátolt Felelősségű Társaság (incorporated in Hungary with registered number 01-09-946648) which is 100% owned by Skyscanner Limited;
- (j) Skyscanner (Bulgaria) EOOD / „Скайскенер (България)” ЕООД (incorporated in Bulgaria with registered number UIC: 203195810) which is 100% owned by Skyscanner Limited;
- (k) Edinburgh Digital Limited (incorporated in Scotland with registered number SC457315) which is 100% owned by Skyscanner Limited; and
- (l) Skyscanner Japan K.K (incorporated in Japan with registered number 0100-01-167044) which is 51% owned by Skyscanner Limited (49% owned by Yahoo Corporation Japan)

“Tax” or “Taxation”

means all governmental, state, community, municipal or regional taxes, levies, imposts, duties, charges, deductions or withholdings in the nature of taxes arising in any part of the world including, without limitation:

- (a) capital gains tax, corporation tax, customs and excise duties, income tax (including PAYE), inheritance tax, national insurance or social security contributions, stamp duty, stamp duty land tax, stamp duty reserve tax, capital duty, transfer taxes, VAT, air passenger duty, air passenger charge, fuel surcharge, airport taxes, ticket or travel taxes, emission charges, anti-dumping duty, environmental taxes, insurance premium tax, landfill tax, climate change levy, aggregates levy, soft drinks industry levy, withholdings and deductions in respect of tax, duties of customs and excise, all taxes on gross and net income, profits or gains, receipts, sales, use, occupation, franchise, added value, personal property or net worth and any amount due as if it were an amount of or in the nature of Tax; and
- (b) all interest, penalties, costs, surcharges and fines relating to any of the above or to a failure to make any return or supply any information in connection with any of the above

“Third Party”

has the meaning given to it in Clause 26.1

“Transaction”

has the meaning given to it in Recital (D)

“Transaction Documents”	means this Agreement, the Warranty Deed, the Disclosure Letter, the Second Disclosure Letter, the Minority Offer Document, the SIP Participant Offer Document, the Former Employee SPAs, the Loan Note Instrument, the Edinburgh Digital SPA, the Edinburgh Digital Buy Back Agreements, the GW Subscription Agreement, the Youbibi Variation and Call Option Letters, any other documents in the Agreed Form and any other document required to be entered into pursuant to this Agreement										
“Transaction Solicitors Bank Account”	means the following bank account: <table> <tr> <td>Bank:</td> <td>Royal Bank of Scotland</td> </tr> <tr> <td>Accounts Name:</td> <td>Pinsent Masons LLP Client Account</td> </tr> <tr> <td>Account Number:</td> <td>64210923</td> </tr> <tr> <td>Sort Code:</td> <td>15-80-00</td> </tr> <tr> <td>Swift Code:</td> <td>RBOSGB2L</td> </tr> </table>	Bank:	Royal Bank of Scotland	Accounts Name:	Pinsent Masons LLP Client Account	Account Number:	64210923	Sort Code:	15-80-00	Swift Code:	RBOSGB2L
Bank:	Royal Bank of Scotland										
Accounts Name:	Pinsent Masons LLP Client Account										
Account Number:	64210923										
Sort Code:	15-80-00										
Swift Code:	RBOSGB2L										
“Transaction Solicitors”	means Pinsent Masons LLP of 30 Crown Place, Earl Street London EC2A 4ES										
“UKLA”	means the United Kingdom Listing Authority or any other competent authority for the time being for the purposes of Part VI of the FSMA										
“VAT”	means (a) in relation to any jurisdiction within the European Union, the value added tax provided for in Directive 2006/112/EC and charged under the provisions of any national legislation implementing that directive or Directive 77/388/EEC together with legislation supplemental thereto; and (b) in relation to any other jurisdiction, the equivalent Tax (if any) in that jurisdiction										
“VWAP”	means, as of any date, the daily dollar volume-weighted average price for such security as reported by Bloomberg, LP through its “Historical Price Table Screen (HP)” with Market: Weighted Ave function selected, or, if no dollar volume-weighted average price is reported for such security, then the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security										
“Warranty Deed”	means the management warranty deed dated the date hereof between the Management Sellers and the Buyer										
“Youbibi Variation and Call Option Letters”	means the variation and call option letters to be entered into among the Company, the Buyer and each of Steven Pang, Lincoln Tso and Wiki Zhou to vary the terms of those individuals’ conditional subscription agreements with the Company and, in respect of Steven Pang and Lincoln Tso, grant a call option in favour of the Buyer in Agreed Form.										

1.2 In this Agreement, a reference to:

1.2.1 a Clause or Schedule is a reference to a clause of and schedule to this Agreement;

1.2.2 a statutory provision includes a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Agreement), any statute, statutory provision or subordinate legislation which it amends or re-enacts

and any prior or subsequent subordinate legislation made under it, except to the extent that any such modification, replacement, amendment or re-enactment would increase or extend the liability of any of the Sellers under this Agreement;

- 1.2.3 Company Shares to be held (upon exercise of all options or other rights to acquire shares) is a reference to Company Shares to be held upon exercise (or conversion) in full of all outstanding options, convertible securities or instruments or other rights to acquire Company Shares or any other existing or future classes of share capital of the Company, as applicable, regardless of whether any such options, convertible securities or instruments or other rights are then vested or exercisable or convertible in accordance with their terms;
- 1.2.4 a document being signed or executed by a person includes a reference to such document being signed or executed on behalf of that person;
- 1.2.5 “**costs**” includes a reference to costs, charges and expenses and references to “**costs**” and / or “**expenses**” incurred by a person shall not include any amount in respect of VAT comprised in such costs or expenses for which either that person or, if relevant, any other member of the group to which that person belongs for VAT purposes is entitled to recover (whether by credit or repayment) such VAT;
- 1.2.6 a “**person**” includes a reference to an individual, partnership, unincorporated association, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture wherever incorporated or situated (in each case whether or not having a separate legal personality) and includes a reference to that person’s legal personal representatives and successors;
- 1.2.7 “**subsidiary**”, “**holding company**” or “**body corporate**” has the respective meaning set out in sections 1159 and 1173 of the 2006 Act;
- 1.2.8 “**company**” shall be construed so as to include any company, corporation or other body corporate wherever and however incorporated or established;
- 1.2.9 “**undertaking**” has the meaning set out in section 1161 of the 2006 Act and “**subsidiary undertaking**” or “**parent undertaking**” has the respective meaning set out in section 1162 of the 2006 Act;
- 1.2.10 a “**group undertaking**” has the meaning set out in section 1161 of the 2006 Act;
- 1.2.11 “**associate**” is a reference to a person connected with another within the meaning of section 448 of CTA 2010;
- 1.2.12 something being “**in writing**” or “**written**” shall include a reference to that thing being produced by any legible and non-transitory substitute for writing (excluding in electronic form) as defined in section 1168 of the 2006 Act;
- 1.2.13 a time of day is a reference to London time (i.e. GMT) prevailing on the relevant day;
- 1.2.14 a “**day**” (including within the phrase “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight;
- 1.2.15 if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day and if a period of time is expressed to be within a period beginning and ending on two given days, it shall be exclusive of the day at the beginning of such period and inclusive of the day at the end of such period;
- 1.2.16 any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented (other than in breach of the provisions of this Agreement) at any time;

- 1.2.17 any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be treated as a reference to any analogous term in that jurisdiction;
- 1.2.18 any gender includes a reference to the other genders;
- 1.2.19 the singular shall include the plural and vice versa; and
- 1.2.20 words, expressions or abbreviations detailed in the Schedules shall have the same meaning in this Agreement except where otherwise provided.
- 1.3 The Schedules form part of this Agreement and shall be interpreted and construed as though they were set out in this Agreement.
- 1.4 The headings to Clauses, Schedules and paragraphs of the Schedules are for convenience only and shall not affect the interpretation or construction of this Agreement.
- 1.5 General words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.
- 1.6 Any agreement, warranty, representation, indemnity, covenant or undertaking on the part of two or more persons shall, except where the contrary is stated, be deemed to be given or made by such persons severally and the liability of each such person in respect of any breach of any such agreement, warranty, representation, indemnity, covenant or undertaking shall extend only to any loss or damage arising from his own breach (if any).

2. SALE AND PURCHASE

- 2.1 Subject only to satisfaction (or waiver) of the Conditions, the Buyer agrees to buy, or procure the purchase of, the Sale Shares and each Seller agrees to sell (or procure the sale by the registered owner (as the case may be)) free from any Encumbrance with Full Title Guarantee, the whole of the legal and beneficial interest in the number of Sale Shares set out opposite his, her or its name in column 4 of the relevant tables in Schedule 1 with effect from and including the Completion Date, together with all rights attached or accruing to them as at the Completion Date.
- 2.2 Each Seller irrevocably and unconditionally waives all rights over, or in connection with, any of the Sale Shares including any right of pre-emption or other restriction on transfer in respect of the Sale Shares or any of them conferred on that Seller under the Current Articles, the Shareholders' Agreement or otherwise.
- 2.3 The Sellers and the Buyer shall not be obliged to complete the sale and purchase of any of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously in accordance with this Agreement, but completion of the sale and purchase of some of the Sale Shares by a Party will not affect the rights of the other Party(ies) with respect to the sale or purchase, as applicable, of the others.
- 2.4 Each Seller covenants and undertakes to the other Sellers that it will comply with its obligations pursuant to Clause 2.1 and Schedule 4.
- 2.5 Each Seller undertakes to approve and execute the Shareholder Resolutions applicable to him/it immediately prior to Completion.

3. EXCHANGE

- 3.1 Exchange shall take place on the date of this Agreement immediately after:
- 3.1.1 the Sellers have satisfied the obligations set out in Part 1 of Schedule 2; and
- 3.1.2 the Buyer has satisfied the obligations set out in Part 2 of Schedule 2.

4. CONDITIONS

- 4.1 Completion is subject to and conditional upon the satisfaction of (or waiver by the Buyer acting in its absolute discretion):
- 4.1.1 subject to Clause 4.2, there having been delivered to the Buyer prior to the Completion Date acceptances by all Minority Shareholders of the offer made by the Buyer pursuant to the Minority Offer Document, representing all of the Company Shares in respect of which that offer is made;
 - 4.1.2 subject to Clause 4.2, there having been delivered to the Buyer prior to the Completion Date Former Employee SPAs executed by all Former Employees in relation to the sale to the Buyer (or a Permitted Nominee) of all of the Company Shares held or to be held (upon exercise of all options or other rights to acquire shares (if any)) by the Former Employees;
 - 4.1.3 subject to Clause 4.2, there having been delivered to the Buyer prior to the Completion Date acceptances by all SIP Participants (or by any such person who is the registered holder of the relevant SIP Shares (if different)) of the offer made by the Buyer pursuant to the SIP Participant Offer Document, representing all of the Company Shares held or to be held by the SIP Participants in respect of which that offer is made;
 - 4.1.4 subject to Clause 4.2, there having been delivered to the Buyer prior to the Completion Date acceptances by all SIP Equivalent Participants (or by any such person who is the registered holder of the relevant SIP Shares (if different)) of the offer made by the Buyer pursuant to the SIP Participant Offer Document, representing all of the Company Shares held or to be held by the SIP Equivalent Participants in respect of which that offer is made;
 - 4.1.5 the Shareholders Resolution being adopted, such resolutions to become effective immediately following Completion;
 - 4.1.6 there having been no material breach by any Seller of:
 - (a) any Sellers' Warranty; or
 - (b) any undertaking set out in Clause 6.3 of this Agreement, which breach has or is reasonably likely to have a material adverse effect on a Material Subsidiary or on the Group (taken as a whole);
 - 4.1.7 the Buyer having been provided with a copy of the instrument terminating the Shareholders' Agreement, validly executed by all parties thereto;
 - 4.1.8 the Buyer having been provided with a copy of the consents in the Agreed Form necessary for the acquisition by the Buyer (or a Permitted Nominee) of all Company Shares to be transferred pursuant to the Transaction Documents to constitute a Permitted Transfer in accordance with Article 16.4 of the Current Articles;
 - 4.1.9 the Buyer having been provided with a deed of adherence (in a form satisfactory to the Buyer, acting reasonably) to this Agreement duly executed by Pulau Dinawan Investments Limited; and
 - 4.1.10 the Buyer having been provided with a deed of adherence (in a form satisfactory to the Buyer, acting reasonably) to this Agreement duly executed by Yahoo Japan Corporation,

(the conditions set out at Clauses 4.1.1 to 4.1.10 being the "**Conditions**").
- 4.2 The Parties agree that:

- 4.2.1 in the event that any of the Conditions set out in Clauses 4.1.1 to 4.1.4 has not been satisfied prior to the Long Stop Date; and
- 4.2.2 the Buyer has been provided with executed documentation in form and substance satisfactory to the Buyer (acting reasonably) evidencing that fewer than 25 Minority Sellers which collectively hold or will hold (upon exercise of all options or other rights to acquire shares) Company Shares representing in aggregate less than 0.5% of the Fully Diluted Share Capital have not signed Former Employee SPAs, have not accepted the offer made by the Buyer pursuant to the Minority Offer Document or the SIP Participant Offer Document (as applicable),

the Buyer shall waive the Conditions set out in Clauses 4.1.1 to 4.1.4 which have not been satisfied and the Management Sellers shall use best endeavours to procure: (i) the execution of Former Employees SPAs by all Former Employees; (ii) the acceptance of the offer made by the Buyer pursuant to the Minority Offer Document by all Minority Shareholders; and (iii) the acquisition by the Buyer (or a Permitted Nominee) of all of the Company Shares referred to in Clauses 4.1.3 and 4.1.4, in each case as soon as practicable following Completion. The Parties further agree that the Management Sellers' obligation to use best endeavours set out in this Clause 4.2 shall include, without limitation, an obligation for the Management Sellers to contact the relevant Minority Sellers in writing (which shall include by e-mail), to provide information on the Transaction (including the unanimous and unconditional recommendation set out in Clause 6.2.1(b)) and request execution of the documents necessary to satisfy the relevant Condition but, for the avoidance of doubt, the obligation to use best endeavours shall not include any obligation on the Management Sellers to offer or make or procure that there is offered or made any financial inducement or payment to any such Minority Seller.

- 4.3 Without prejudice to Clause 4.2, the Management Sellers shall use all reasonable endeavours to ensure that the Conditions are satisfied as soon as reasonably practicable and, in any event, not later than the Long Stop Date.
- 4.4 Without prejudice to the generality of the obligations set out in Clause 4.3, the Sellers' Representatives shall procure that the Company's advisers consult with the Buyer's advisers regularly with respect to progress made towards fulfilment of the Conditions.
- 4.5 The Sellers' Representatives shall give notice to the Buyer as soon as practicable upon satisfaction of a Condition and in any event within one Business Day of becoming aware of the satisfaction of that Condition.
- 4.6 If the Conditions have not been satisfied (or waived) on or before 5.00 p.m. on the Long Stop Date (or by such later date as may be agreed in writing between the Sellers' Representatives (on behalf of all the Sellers) and the Buyer) then without prejudice to any accrued rights or obligations of the Parties arising in respect of any provisions of this Agreement the Buyer shall be entitled to terminate or rescind this Agreement, in which case the provisions of Clause 19 shall apply. For the avoidance of doubt, to the extent that the Buyer is actually aware of a material breach of the Sellers' Warranties or of a material breach of the undertakings given by the Sellers in Clause 6.3, the Buyer shall not be entitled to waive the condition specified in Clause 4.1.6 and thereby proceed to Completion and subsequently bring a claim for damages against the relevant Seller who is in breach of that Sellers' Warranties or his/its undertakings given by that Seller in Clause 6.3. For the purposes of this Clause 4.6, the awareness of the Buyer shall be limited to the actual (and not implied, imputed or constructive) personal knowledge of Cindy Wang, Xiaolu Zhu, James Jianzhang Liang and Jane Jie Sun immediately prior to Completion, having made no further enquiries whatsoever.
- 4.7 In accordance with Clause 4.6, the Sellers' Representatives and the Buyer may defer the Long Stop Date and the Parties agree that such deferral may take place more than once.

5. **CONSIDERATION**

- 5.1 Subject to Clause 5.2, the consideration ("**Consideration**") for the sale of the Sale Shares shall comprise:

- 5.1.1 the sum of £989,566,095.76 (the “**Cash Consideration**”);
 - 5.1.2 7,776,943 new Buyer Shares (the “**Consideration Shares**”); and
 - 5.1.3 the issue of £5,509,259.60 principal amount of Loan Notes.
- 5.2 In relation to the Consideration:
- 5.2.1 the Parties acknowledge and agree that the amounts of Cash Consideration, Consideration Shares and Loan Notes set out in Clause 5.1 have been agreed on the assumption that all of the SIP Participants who are invited to make a Top-Up Contribution (as defined in and described in paragraph 4 of Part II of the SIP Participant Offer Document) elect to make such Top-Up Contributions in full. In the event that all of the SIP Participants who are invited to make Top-Up Contributions do not elect to make such Top-Up Contributions in full, the Parties agree that the amount of Consideration which would otherwise have been payable to them (on completion of the transactions contemplated in the Transaction Documents) will be reallocated amongst all other shareholders of the Company as determined by the Management Sellers in accordance with the order of priority set out in article 5 of the Current Articles and consequently the amount of Consideration payable to the Sellers under this Agreement and the amount of the consideration payable to the other shareholders of the Company pursuant to the other Transaction Documents will increase accordingly;
 - 5.2.2 the Management Sellers shall cause the Company to provide an updated copy of Schedule 1 to the Buyer within 3 Business Days of 27 November 2016, being the date as set out in paragraph 4 of Part II of the SIP Participant Offer Document by which a SIP Participant must elect to make a Top-Up Contribution; and
 - 5.2.3 in the event that the consideration payable to the shareholders of the Company is reallocated as described in Clause 5.2.1, the references in this Agreement to the amounts of Cash Consideration, Consideration Shares and the principal amount of Loan Notes (including with respect to the waiver and the discharge set out in Clause 5.6) will be deemed to be references to the amounts of Cash Consideration, Consideration Shares and the principal amount of Loan Notes as increased pursuant to such reallocation and as set out in the updated copy of Schedule 1 to be provided in accordance with Clause 5.2.2.
- 5.3 Subject to the terms of this Agreement, at Completion, the Buyer shall
- 5.3.1 pay an amount equal to the Cash Consideration less the Second Instalment Amount to the Transaction Solicitors Bank Account;
 - 5.3.2 issue to the Sellers the Consideration Shares in the respective numbers set out in column 6 of Part 1 of Schedule 1 and column 6 of Part 2 of Schedule 1; and
 - 5.3.3 issue the principal amount of Loan Notes to each of the relevant Management Sellers set opposite his/its name in column 7 of Part 1 of Schedule 1, deliver to the relevant Management Sellers duly executed certificates for the Loan Notes so issued and enter the names of the relevant Management Sellers in the Buyer’s register of debentures as the holders of the Loan Notes.
- 5.4 The Buyer agrees that the settlement of the Cash Consideration due to Bryan Dove set opposite his name in column 5 of Part 1 of Schedule 1 will be paid to him by the Buyer in two instalments as follows:
- 5.4.1 the First Instalment Amount will be paid by the Buyer to the Transaction Solicitors Bank Account on Completion; and

- 5.4.2 the Second Instalment Amount will be paid by the Buyer to the Transaction Solicitors Bank Account or such other account as is notified by the Sellers' Representatives to the Buyer by way of electronic transfer on the third anniversary of Completion.
- 5.5 The Sellers irrevocably undertake to the Buyer to be bound by the provisions contained in Schedule 6 (*Lock In Agreement*).
- 5.6 The Parties acknowledge that the Consideration shall be allocated among the Sellers according to the arrangements and order agreed solely between the Sellers and the Company as set out in Parts 1 and 2 of Schedule 1. Each Seller hereby irrevocably and unconditionally: (i) waives any right he/it may have to bring any claims against the Buyer in relation to the apportionment of the Consideration among the Sellers; and (ii) agrees that payment of the Cash Consideration to the Transaction Solicitors Bank Account shall constitute a full and unconditional discharge of the Buyer's obligations under Clause 5.3.1.
6. **INTERIM PERIOD**
- 6.1 The Management Sellers shall, and the Institutional and Other Non Management Sellers shall exercise their Shareholders Rights to, subject to all applicable legal and regulatory requirements, procure that the affairs of the Company and the Subsidiaries during the Interim Period are conducted only in the ordinary and usual course of its business as carried on in the six month period prior to the date of this Agreement.
- 6.2 The Sellers shall exercise their Shareholders Rights to, subject to all applicable legal and regulatory requirements and to the extent that they are able to by the exercise of those Shareholder Rights:
- 6.2.1 procure that the Company's board of directors:
- (a) unanimously and unconditionally approves the Transaction and any action contemplated in, or necessary to comply with, the terms of this Agreement;
 - (b) unanimously and unconditionally recommends to Minority Shareholders, SIP Participants and SIP Equivalent Participants to accept the offer set out in the Minority Offer Document and the SIP Participant Offer Document;
 - (c) addresses Minority Shareholders, SIP Participants and SIP Equivalent Participants by a letter in the Agreed Form, informing them of its unanimous and unconditional recommendation to accept the offer set out in the Minority Offer Document and the SIP Participant Offer Document and providing the reasons for such recommendation; and
 - (d) ensures that the letters referred to in paragraph (c) above be included in the Minority Offer Document and the SIP Participant Offer Document; and
- 6.2.2 procure that neither the Company nor any of the Subsidiaries shall during the Interim Period without the prior written consent of the Buyer take any decision or action in relation to any of the matters referred to in Schedule 5.
- 6.3 An Institutional and Other Non Management Seller shall not approve any proposed action of a Management Seller, of which it has prior notice, which would breach, or be inconsistent with, either Clause 6.1 or Clause 6.2, and it is reasonably apparent that it would do so, and each Institutional and Other Non Management Seller shall exercise its respective Shareholder Rights to procure that during the Interim Period:
- 6.3.1 the affairs of the Company and the Subsidiaries are conducted only in the ordinary and usual course of its business as carried on in the six month period prior to the date of this Agreement; and

- 6.3.2 neither the Company nor any of the Subsidiaries shall during the Interim Period without the prior written consent of the Buyer take any decision or action in relation to any of the matters referred to in Schedule 5.
- 6.4 Nothing in this Clause 6 shall limit, restrict or prevent the Management Sellers in the period prior to Completion from undertaking any of the following in connection with the Group:
- 6.4.1 any act or thing that the Buyer has given its prior consent to in writing;
- 6.4.2 any act required by any competent governmental or regulatory organisation;
- 6.4.3 taking any actions contemplated in, or necessary to comply with, the terms of this Agreement or any of the Transaction Documents;
- 6.4.4 complying with any pre-existing contractual obligations of the Company and Group Companies entered into on or before the date of this Agreement; or
- 6.4.5 any action:
- (a) reasonably taken pursuant to an obligation imposed by any material governmental authority permit, consent or licence required by the Group for the operation of the Business;
 - (b) to the extent that it is required to comply with applicable laws or regulations; or
 - (c) reasonably taken in an emergency or disaster situation with the intention of minimising any adverse effect thereof (and of which the Buyer will be notified promptly thereafter) only for so long as such emergency or disaster situation continues.
- 6.5 The Management Sellers shall cause the Company to act as receiving agent in connection with the offers (the "**Offers**") to be made by the Buyer to the Minority Shareholders, the SIP Participants and the SIP Equivalent Participants (the "**Offer Recipients**") pursuant to the Minority Offer Document and the SIP Participant Offer Document (collectively, the "**Offer Documents**") and to perform in particular the following:
- 6.5.1 send the relevant Offer Document and form of acceptance in Agreed Form ("**Forms of Acceptance**") to each Offer Recipient as soon as reasonably practicable following exchange of this Agreement;
- 6.5.2 receive Forms of Acceptance and any documents of title in accordance with the terms of the relevant Offer;
- 6.5.3 in the event any Form of Acceptance has been improperly completed or executed, or any document required to accompany such Form of Acceptance not being in order (as required by the instructions set out in the Form of Acceptance), or if some other irregularity in connection with any such forms exists, to endeavour to cause such action to be taken as is necessary to correct such irregularity (for the avoidance of doubt, determination of all questions as to the validity, form, eligibility (including timeliness of receipt) and acceptance of any shares tendered or delivered shall be determined by the Buyer);
- 6.5.4 report by 5.00 pm London time each Business Day to the Buyer the details of the Forms of Acceptance received, indicating the number of Company Shares (and the percentage they represent of the Fully Diluted Share Capital) for which Forms of Acceptance have been received and the amount of cash and Loan Notes due to such accepting Offer Recipients;
- 6.5.5 upon receipt of funds from the Buyer (to be provided by the Buyer in accordance with Clause 5.3.1), dispatch cash payments to Offer Recipients by transfer of cash to the

relevant Offer Recipient's bank account and send Loan Note certificates (to be provided by the Buyer in accordance with Clause 5.3.3) to the Offer Recipients (save to the extent that the relevant Offer Recipients have agreed that the originals of such Loan Note certificates shall be retained centrally on their behalf by the Company Secretary of the Company), in each case, pursuant to the relevant Offers and Forms of Acceptance; and

- 6.5.6 generally take such other reasonable action in connection with the administration of the Offers as the Buyer may from time to time request.

7. COMPLETION

- 7.1 Subject to the satisfaction of the Conditions on or prior to the Long Stop Date, Completion will take place five Business Days after the last of the Conditions is satisfied or waived in accordance with this Agreement, or at such other time and/or venue as may be agreed in writing between the Sellers' Representatives and the Buyer.

- 7.2 On Completion:

7.2.1 the Sellers shall perform (or cause to be performed) their respective obligations in Part 1 of Schedule 4; and

7.2.2 the Buyer shall perform (or cause to be performed) its obligations in Part 2 of Schedule 4.

- 7.3 If Completion does not occur on or before 17:00 on the Completion Date as a result of the Buyer on the one hand or a Seller on the other hand failing to fully discharge any of their respective obligations under Schedule 4 (the "**Defaulting Party**"), then the other party (being the Sellers' Representatives where the Buyer is the Defaulting Party) (the "**Non-Defaulting Party**") may (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages from that Seller who is in default) by written notice to the Defaulting Party served on such date:-

7.3.1 without prejudice to Clause 4.6, waive such failure to fully discharge such obligation and proceed to Completion so far as practicable;

7.3.2 postpone Completion to such date as the Non-Defaulting Party specifies, being not more than 10 Business Days after the Completion Date, in which event the provisions of this Agreement apply as if the later date is the Completion Date (save for this Clause 7.3.2 that shall only apply once); or

7.3.3 in the case of a material breach, terminate this Agreement in which event the provisions of Clause 19 shall apply,

provided that, the Sellers shall not be able to exercise the options set out in Clauses 7.3.2 and 7.3.3 if the Buyer has issued the Consideration Shares and share certificates in respect thereof to be delivered to the Sellers in accordance with the terms of this Agreement, has issued the Loan Notes and certificates in respect thereof to be delivered to the Management Sellers in accordance with the terms of this Agreement and the Transaction Solicitors have received an amount equal to the Cash Consideration in the Transaction Solicitors Bank Account in cleared funds.

- 7.4 Each relevant Management Seller and Julian Pancholi hereby agrees and irrevocably instructs the Transaction Solicitors at Completion to deduct from the Cash Consideration payable to the relevant Management Seller or Julian Pancholi, prior to any payment to any of the Management Sellers and Julian Pancholi:

7.4.1 an amount equal to the aggregate of the Option Exercise Amounts for the relevant Management Sellers and Julian Pancholi; and

7.4.2 an amount equal to the aggregate of the PAYE Reimbursement Amounts for the relevant Management Sellers and Julian Pancholi,

and transfer the amounts referred to at Clauses 7.4.1 and 7.4.2 to the Company (and not to the Management Sellers and Julian Pancholi) by telegraphic transfer. The relevant Management Sellers for the purposes of this Clause 7.4 are those Management Sellers opposite whose name a figure is inserted in columns 8 and 9 of Part 1 of Schedule 1.

8. RESTRICTIVE COVENANTS

- 8.1 Each Management Seller covenants with the Buyer for itself and as trustee for each Group Company that he or she shall not, and shall procure that none of his or her Connected Persons shall directly or indirectly:
- 8.1.1 for a period of three years from Completion be concerned in any travel metasearch business which is competitive with the Business, or any part of it, provided that this restriction shall not apply to the extent that (other than Gareth Williams) a Management Seller or any of his or her Connected Persons is, after termination of the relevant Management Seller's employment or service agreement with the Group, concerned with a part of any of the following businesses provided that he/she/it is not concerned or otherwise involved in any manner whatsoever with any part of such businesses relating to travel metasearch, online travel search/agency or any other activities which would compete with the business of the Group as conducted at the relevant time: Amazon, Google, Microsoft, Verizon, Yahoo and Facebook; and
- 8.1.2 for an unlimited period make use of any Intellectual Property Rights owned by a Group Company at Completion.
- 8.2 For the purpose of Clause 8.1, a Management Seller will be concerned in a business if he or she owns, manages, controls, carries it on as a principal or agent or if he or she has any direct or indirect financial interest as a shareholder in or lender or consultant to any person who carries on the business. However, nothing contained in this Agreement shall preclude or restrict a Management Seller from holding, as a passive investor and together with the holdings of all Connected Persons in such company, not more than three per cent. of the issued share capital of any company whose shares are publicly traded or listed.
- 8.3 Each Seller covenants with the Buyer for itself and as trustee for each Group Company that it shall not, and shall procure that none of its Connected Persons shall directly or indirectly for a period of three years from Completion, induce or attempt to induce any director, officer (other than a director or officer resigning at Completion), or Senior Employee of a Group Company to leave the employment of that Group Company or enter into any employment or services agreement with the Seller or a Connected Person of that Seller (otherwise than (i) in response to a bona fide advertisement in whatever form of media or (ii) in circumstances where the applicable director, officer or Senior Employee has approached that Seller of his or her own accord, in each case where there has been no previous contact directly or indirectly in relation to the possible entry into such an agreement between the Seller (or any of its Connected Persons) and the individual concerned).
- 8.4 Each Management Seller acknowledges that in his or her capacity as a key employee of the Group, he or she has had and will have access to trade secrets, confidential information, business connections and the workforce of the Company and the Group Companies and that in order to protect their legitimate business interests it is reasonable for him or her to extend the post termination restrictive covenants in his or her employment or service contract as set out in Clause 8.5.
- 8.5 Each Management Seller undertakes, prior to Completion, to execute an amendment to his or her employment or service contract with the relevant Group Company (the "**Employment Contract Amendment**"), such amendment to be conditional upon Completion and to become effective with effect from the Completion Date, to:
- 8.5.1 undertake, not to, directly or indirectly for a period of one year from termination of his or her employment or service agreement, or the date on which the Management Seller is placed on garden leave if earlier (the "**Relevant Date**"), be engaged or concerned in any

capacity in any travel metasearch, online travel search/agency or any other business which would compete with the business of the Group as conducted at the time of termination of such employment or service agreement and in which the Management Seller has been involved in each case in the period of 12 months prior to the Relevant Date. Such provision shall replace any non-compete provision in such Management Seller's employment or service contract, if any; and

- 8.5.2 amend the duration of any other post termination restrictions in the Management Seller's employment or service contract relating to the solicitation of or dealing with customers or prospective customers, or the solicitation or hiring of employees, to 12 months from the Relevant Date.
- 8.6 Each Management Seller accepts his or her portion of the Consideration and benefit under the Incentive Arrangements Agreement as consideration for his or her Employment Contract Amendment and acknowledges that payment or other benefit pursuant to this Agreement and the Incentive Arrangements Agreement shall be subject to execution of the Employment Contract Amendment.
- 8.7 The Parties hereby acknowledge and agree that:
- 8.7.1 each of the restrictions in each paragraph or sub-Clause or Clause above shall be enforceable independently of each of the others and its validity shall not be affected if any of the others is invalid;
- 8.7.2 if, at the time of enforcement of Clauses 8.1, 8.3 or 8.5, a court of competent jurisdiction shall hold that the duration, scope or area restrictions stated therein are unreasonable under the circumstances then existing, the Parties shall use all reasonable endeavours to replace such restrictions with valid and enforceable substitute restrictions which carry out, as closely as possible, the intentions of the Parties under this Agreement.
- 8.8 Each Seller acknowledges that the above provisions of this Clause are no more extensive than is reasonable to protect the Buyer as the purchaser of the Sale Shares.

9. **SHAREHOLDER CONSENTS**

- 9.1 SEP III hereby irrevocably and unconditionally consents under the Shareholders' Agreement (including, without limitation, under clause 6.1(a), clause 6.2(a) and paragraphs (b), (c), (g), (t), (x) and (z) of part 1 of schedule 3 to the Shareholders' Agreement) to the entry into of this Agreement and the Transaction Documents and effecting the transactions contemplated by this Agreement and the Transaction Documents.
- 9.2 The SEP Director hereby irrevocably and unconditionally consents under the Shareholders' Agreement (including, without limitation, under clause 6.1(b), clause 6.2(b) and paragraph (l) of part 2 of schedule 3 to the Shareholders' Agreement) to the entry into of this Agreement and the Transaction Documents and effecting the transactions contemplated by this Agreement and the Transaction Documents.
- 9.3 Each of Bonamy Charles Grimes, Barry James Smith, Gareth John Williams, Juliet Grimes, Julian Pancholi and Nitro Ventures Limited (being the "Founders" as defined in the Shareholders' Agreement) hereby irrevocably and unconditionally consents under the Shareholders' Agreement (including, without limitation, under clause 8.1, clause 8.2 and paragraphs (b) and (c) of schedule 5 to the Shareholders' Agreement) to the entry into of this Agreement and the Transaction Documents and effecting the transactions contemplated by this Agreement and the Transaction Documents.
- 9.4 Each of SC US GF V Holdings Limited, Sequoia Capital Global Growth Fund, LP and Sequoia Capital Global Growth Principals Fund, LP (being "SEQ" as defined in the Shareholders' Agreement) hereby irrevocably and unconditionally consents under the Shareholders' Agreement (including, without limitation, under clause 7.1, clause 7.3, paragraph (a) of part 1 of schedule 7 to the Shareholders' Agreement and paragraphs (a), (b), (c) and (f) of part 2 of schedule 7 to the

Shareholders' Agreement) to the entry into of this Agreement and the Transaction Documents and effecting the transactions contemplated by this Agreement and the Transaction Documents.

9.5 Each of SEP III, SC US GF V Holdings Limited, Sequoia Capital Global Growth Fund, LP and Sequoia Capital Global Growth Principals Fund, LP, comprising an "A Ordinary Shareholder Majority" as defined in the Current Articles, hereby irrevocably and unconditionally consents under article 16.4(b) of the Current Articles to the transfer of all of the Company Shares to be transferred pursuant to the Transaction Documents.

10. **SELLERS' WARRANTIES AND UNDERTAKINGS**

10.1 Subject to Clauses 10.11 and 10.12, as at the date of this Agreement:

10.1.1 each Seller severally warrants to the Buyer in respect of himself only in the terms of paragraphs 1.1.1, 1.1.3, 1.1.4, 2 and 3 of Schedule 3;

10.1.2 each Management Seller also severally warrants to the Buyer in respect of himself only in the terms of paragraph 4 of Schedule 3,

and each warranty is given by reference to the facts and circumstances existing at the date of this Agreement.

10.2 At Completion:

10.2.1 each Seller severally warrants to the Buyer in respect of himself only in the terms of paragraphs 1.1.2, 1.1.3, 1.1.4, 2 and 3 of Schedule 3;

10.2.2 each Management Seller also severally warrants to the Buyer in respect of himself only in the terms of paragraph 4 of Schedule 3,

and each warranty is given by reference to the facts and circumstances existing on the Completion Date.

10.3 Notwithstanding any other provision of this Agreement, the Sellers' Warranties are subject to the provisions of Clause 11.

10.4 Each of the Sellers' Warranties shall be interpreted as separate and independent so that the Buyer shall have a separate claim and right of action in respect of every breach of each Sellers' Warranty.

10.5 Subject to Clause 10.6, no Seller makes any representation or gives any warranty or undertaking to the Buyer save only as and to the extent expressly set out in this Agreement or (in the case of the Management Sellers only) the Warranty Deed. The Buyer shall not have any remedy in respect of any misrepresentation or untrue statement (whether made carelessly or not) made by any Seller unless and to the extent that a claim lies for breach of the Sellers' Warranties or, in respect of the Management Sellers only, the Management Warranties.

10.6 Clause 10.5 shall not exclude the liability of a Seller in respect of that Seller's fraud or fraudulent misrepresentation.

10.7 Subject to Clause 4, the Buyer shall have no right to rescind or terminate this Agreement whether before or after Completion by reason of a breach of any of the Sellers' Warranties or the Management Warranties.

10.8 Save with respect to information set out in the Sellers' Warranties and the Management Warranties, no information supplied by or on behalf of any Group Company to the Buyer or its advisers in connection with the business and affairs of any Group Company constitutes a representation, warranty or undertaking as to its accuracy to the Buyer by any Group Company and the Buyer waives each and every claim which it may have against any Group Company, or their respective directors, officers, members or employees in respect of such information.

- 10.9 Each Seller waives any claims which he/it may have in respect of any misrepresentation, inaccuracy, opinion, or information made or communicated (orally or in writing) to them by any Group Company or by any officer, employee or agent of a Group Company for the purpose of assisting the Sellers to give any warranty, undertaking, covenant or statement in this Agreement or any other Transaction Document.
- 10.10 Each Share Consideration Seller undertakes to the Buyer that:
- 10.10.1 he/it understands that the Buyer Shares may be “restricted securities” within the meaning of Rule 144 under the Securities Act, and agrees that for so long as such securities are restricted securities (as so defined), they may not be deposited into any unrestricted depositary facility established or maintained by any depositary bank;
- 10.10.2 if he/it is a person to whom Buyer Shares are distributed, offered and sold outside of the United States he/it is subscribing for the Buyer Shares in an “offshore transaction” meeting the requirements of Regulation S under the Securities Act (“**Regulation S**”);
- 10.10.3 if he/it is a person to whom Buyer Shares are distributed, offered or sold inside the United States he/it further represents and agrees on his/its own behalf on and on behalf of any investor accounts for which he/it is subscribing for or purchasing Buyer Shares that:
- (a) he/it is a “qualified institutional buyer” (“**QIB**”) within the meaning of Rule 144A under the Securities Act (“**Rule 144A**”). Further, if he/it is acquiring the Buyer Shares as a fiduciary or agent for one or more investor accounts: (a) each such account is for the benefit of a QIB; (b) he/it has sole investment discretion with respect to each account; and (c) he/it has full power and authority to make the representations, warranties, agreements and acknowledgements in this Agreement on behalf of each such account; He/it and any such account for which he/it is acting as fiduciary or agent is acquiring the Buyer Shares for investment purposes and not with a view to any resale, transfer or distribution of any such Buyer Shares;
- (b) he/it understands that there may be certain consequences under United States and other tax laws resulting from an investment in the Buyer Shares and he/it made such investigation and have consulted his/its own independent advisers or otherwise have satisfied himself/itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws and the US Employee Retirement and Income Security Act of 1974, as amended, and the Securities Act; and
- (c) he/it has not become aware of, and is not making, any investment decision with respect to the Buyer Shares as a result of, any “general solicitation or general advertising” (within the meaning of Rule 502 of Regulation D under the Securities Act) or “directed selling efforts” (as defined in Regulation S);
- 10.10.4 he/it understands that the Buyer Shares are being offered in the United States or any state or other jurisdiction thereof in a transaction not involving any public offering within the meaning of the Securities Act, that the Buyer Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States; and he/it agrees that subject to the 12-month lock-up restrictions set out in Schedule 6 of this Agreement, (A) if in the future he/it decides to offer, resell, pledge or otherwise transfer any of the Buyer Shares, such Buyer Shares may be offered, resold, pledged or otherwise transferred only in compliance with the Securities Act and other applicable laws (1) pursuant to an effective Registration Statement; (2) to a transferee that is outside the United States that is purchasing the Buyer Shares in an offshore transaction (as defined in Regulation S) in compliance with the provisions of Rule 903 or Rule 904 of Regulation S; (3) to a QIB pursuant to an exemption from registration under the Securities Act, (4) pursuant to the exemption from registration provided by Rule 144, or (5) upon delivery of all other certifications, opinions and other documents that the Buyer may reasonably require, and in each case in accordance with

the Securities Act and any applicable securities law of any state of the United States and any other jurisdiction, and (B) he/it will notify any subsequent purchaser of the Buyer Shares of the re-sale restrictions referred to in (A) above;

10.10.5 he/it understands and agrees that, although offers and sales of the Buyer Shares may be made in the United States to QIBs, they are not being made pursuant to Rule 144A, and the Buyer is not obligated to take any action to make the Buyer Shares eligible for resale pursuant to Rule 144A;

10.10.6 he/it acknowledges that any Buyer Shares in certificated form will bear the legend set out below:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND HAVE BEEN INITIALLY PLACED PURSUANT TO EXEMPTION FROM THE SECURITIES ACT AND SUCH OTHER LAWS AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) (1) IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT; (2) TO A TRANSFEREE THAT IS OUTSIDE THE UNITED STATES AND THAT IS PURCHASING THIS SECURITY IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) TO A "QUALIFIED INSTITUTIONAL BUYER" PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144, OR (5) UPON DELIVERY OF ALL OTHER CERTIFICATIONS, OPINIONS AND OTHER DOCUMENTS THAT THE COMPANY MAY REASONABLY REQUIRE, (B) IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION AND (C) IN COMPLIANCE WITH THE 12-MONTH LOCK-UP RESTRICTIONS UNDER THE AGREEMENT FOR THE SALE AND PURCHASE OF SHARES IN THE CAPITAL OF SKYSCANNER HOLDINGS LIMITED DATED 23 NOVEMBER, 2016.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE TRANSFEREE.

10.11 Notwithstanding any other provision of this Agreement, in the event that Pulau Dinawan Investments Limited adheres to this Agreement following the date of this Agreement, the Parties agree that:

10.11.1 any obligations or undertakings assumed or warranties granted by Pulau Dinawan Investments Limited; and

10.11.2 any rights owed by any other Party to Pulau Dinawan Investments Limited,

in each case, under this Agreement, will take effect from the date that Pulau Dinawan Investments Limited adheres to this Agreement (rather than with effect from the date of this Agreement) and that any reference to "exchange" or "date of this Agreement" or similar expression shall, in relation to Pulau Dinawan Investments Limited, mean the date on which Pulau Dinawan Investments Limited adheres to and becomes a party to this Agreement.

10.12 Notwithstanding any other provision of this Agreement, in the event that Yahoo Japan Corporation adheres to this Agreement following the date of this Agreement, the Parties agree that:

10.12.1 any obligations or undertakings assumed or warranties granted by Yahoo Japan Corporation; and

10.12.2 any rights owed by any other Party to Yahoo Japan Corporation,

in each case, under this Agreement, will take effect from the date that Yahoo Japan Corporation adheres to this Agreement (rather than with effect from the date of this Agreement) and that any reference to “exchange” or “date of this Agreement” or similar expression shall, in relation to Yahoo Japan Corporation, mean the date on which Yahoo Japan Corporation adheres to and becomes a party to this Agreement.

11. LIMITATIONS ON SELLERS’ LIABILITY

11.1 The total aggregate amount of the liability of each Seller (including all reasonable legal and other professional fees and expenses properly incurred by the Sellers) in respect of all Relevant Claims, shall not exceed the Consideration received by that Seller pursuant to this Agreement.

11.2 No Seller shall have any liability for a Relevant Claim unless he or it receives from the Buyer written notice of the Relevant Claim (specifying in such detail as is reasonably available to the Buyer the matter giving rise to the Relevant Claim, the nature of the Relevant Claim and the amount claimed) within a period of thirty-six (36) months after Completion.

11.3 Each Seller shall disclose to the Buyer anything which is or may constitute a breach of or be inconsistent with any of the Sellers’ Warranties if they were to be repeated at any time after the date of this Agreement or of which any Seller may become aware after the date of this Agreement.

11.4 Each Seller shall be entitled to elect to satisfy a Relevant Claim (i) in cash or (ii) by cancelling the relevant number of Loan Notes then outstanding and delivering the relevant loan note certificate in respect thereof to the Buyer or (iii) if and to the extent lawful and permitted under the Companies Law of the Cayman Islands, by selling (for no consideration other than the deemed satisfaction of the Relevant Claim) to the Buyer such number of Consideration Shares as is determined by dividing the amount of the Relevant Claim by the Consideration Shares Value, provided that the Seller shall notify the Buyer in writing of its intention to satisfy a Relevant Claim by selling Consideration Shares to the Buyer (the “**Repurchase Notice**”) and the Buyer, acting reasonably, shall determine whether the proposed sale of Consideration Shares, and the repurchase thereof by the Buyer, is lawful. The Buyer shall respond to a Seller electing to satisfy a Relevant Claim by selling Consideration Shares to the Buyer within five Business Days of receipt of a Repurchase Notice.

12. BUYER’S WARRANTIES AND UNDERTAKINGS

12.1 The Buyer warrants to each of the Sellers as of the date of this Agreement that:

12.1.1 it is an exempted company validly existing under the laws of the Cayman Islands;

12.1.2 it has power to enter into and perform this Agreement and all the documents in the Agreed Form to be executed by it and this Agreement constitutes, and each such Agreed Form document when executed will constitute, binding obligations of the Buyer in accordance with its terms;

12.1.3 the execution and delivery of this Agreement and any of the Agreed Form documents to be executed by the Buyer and the performance of and compliance with its terms and provisions will not conflict with or result in a breach of, or constitute a default under, any agreement or arrangement to which the Buyer is a party or by which the Buyer is bound or of any court order or judgment that applies to or binds the Buyer or any of its property;

12.1.4 no consent, action, approval or authorisation of, and no registration, declaration, notification or filing with or to, any court or governmental or administrative authority is required to be obtained, or made, by the Buyer to authorise the execution or performance of this Agreement by the Buyer;

- 12.1.5 the Buyer has available (subject only to Completion) the necessary cash resources to meet its payment obligations under this Agreement and each of the other Transaction Documents;
- 12.1.6 the Buyer is purchasing the Sale Shares for itself beneficially and not wholly or partly as agent for any other person;
- 12.1.7 there is no agreement, arrangement or understanding (whether or not of a legally binding nature) for the Sale Shares (or any interest in the Sale Shares) or all or any part of the business or undertaking of the Company or any of the Subsidiaries to be sold, transferred or otherwise disposed to, or held for the benefit of any person other than the Buyer or a Permitted Nominee;
- 12.1.8 save as set out in Clause 5.5 and Schedule 6 of this Agreement, the Consideration Shares being delivered by the Buyer to the Sellers hereunder are and shall be duly authorized and validly issued, fully paid, nonassessable and shall be owned of record and beneficially by the Sellers free of all Encumbrances. The Consideration Shares will be issued in compliance with all applicable securities laws and other applicable laws and without contravention of any other person's rights therein or with respect thereto. Subject to restrictions provided hereunder or under applicable law, the Sellers will receive good and marketable title to the Consideration Shares;
- 12.1.9 the Buyer has filed with and furnished to the SEC all reports, schedules, forms, certifications, prospectuses and registration, proxy and other statements required to be filed with or furnished to the SEC since January 1, 2015 (collectively, the "**Buyer Reports**"). As of their respective effective dates (in the case of the Buyer Reports that are registration statements filed pursuant to the requirements of applicable securities laws) and as of their respective SEC filing dates (in the case of all other Buyer Reports), and, if amended, as of the date of the last such amendment, the Buyer Reports complied in all material respects with the requirements of the securities laws applicable to such Buyer Reports, and none of the Buyer Reports as of such respective dates and, if amended, as of the date of the last such amendment, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are not outstanding or unresolved comments received from the SEC or its staff with respect to the Buyer Reports which would be material in the context of the Buyer's obligations pursuant to the Transaction Documents.
- 12.1.10 the authorized share capital of the Buyer consists of 175,000,000 ordinary shares, par value US\$0.01 each, of which 66,699,411.25 are issued and outstanding;
- 12.1.11 in the period of three years ending on the date of this agreement, the Buyer, its directors and officers, and in the case of Anti-corruption Laws only (so far as the Buyer is aware) agents and employees for whose actions the Buyer may be liable (past and present), in the course of their respective duties, have complied in all material respects with all applicable laws and regulations, including Anti-corruption Laws, of the United States, the People's Republic of China, the Cayman Islands or any foreign jurisdiction in which the Buyer Group carries on business; and
- 12.1.12 each member of the Buyer Group maintains policies and procedures required to ensure compliance with applicable Anti-corruption Laws.
- 12.2 The Buyer's Warranties shall be deemed to be repeated immediately before Completion by reference to the facts and circumstances then existing as if references in those warranties to the date of this Agreement were references to the Completion Date.
- 12.3 The Buyer's Warranties are separate and independent and are not limited or restricted by reference to or inference from the terms of any other provision of this Agreement.

- 12.4 The Sellers shall have no right to rescind or terminate this Agreement whether before or after Completion by reason of a breach of any of the Buyer's Warranties.
- 12.5 Upon any claim being made by a third party (for the avoidance of doubt, excluding the Buyer or any member of the Buyer Group) against any Seller after Completion relating to the affairs of any Group Company on or prior to Completion, the Buyer shall (or, as appropriate, shall procure that each relevant Group Company or other person concerned shall), subject to the Buyer being fully reimbursed by the relevant Seller for all out-of-pocket costs and expenses properly incurred by the Buyer or the Group Company, provide such information and assistance which such Seller may reasonably require to enable such Seller to deal with such third party claim, save where the Buyer (acting reasonably) considers that such provision of information and assistance (i) would cause undue disruption to the business and operations of any member of the Buyer Group; (ii) would prejudice legal privilege in any such documents; or (iii) would or might reasonably be expected to prejudice (other than in an immaterial respect) the legitimate interests of any member of the Buyer Group).
- 12.6 During the period of 12 months from Completion (the "**Lock-up Period**"), the Buyer shall be subject to the reporting requirements of, and shall have filed all required reports as applicable under, Section 13 or 15(d) of the Exchange Act. The Parties shall cooperate and the Buyer shall use all reasonable endeavours to ensure that the restrictive legend under Clause 10.10.6 of this Agreement on the Consideration Shares will be removed and the Buyer deliverable pursuant to the Buyer's standard ADS conversion procedures for non-affiliates (the "**ADS Conversion Procedure**") will be delivered to the depository so that, upon each Seller's delivery of the Seller deliverables pursuant to the ADS Conversion Procedure, the corresponding Consideration Shares can be converted into freely tradeable American depository shares of the Buyer by the relevant Seller effective as of the expiration of the Lock-up Period, or as soon thereafter as such restrictions may be removed under applicable securities laws. The Buyer shall pay, or cause the waiver of, the depository's fees for delivery of such American depository shares of the Buyer in connection with the conversion of the Consideration Shares.
13. **SELLERS' REPRESENTATIVES**
- 13.1 Each Seller irrevocably and unconditionally agrees that from the date of this Agreement, the Sellers' Representatives shall be irrevocably appointed and authorised to act on behalf of that Seller vis-à-vis the Buyer (and its permitted assignees and successors) and carry out the Sellers' Representatives' duties contained in this Agreement and for such other purposes as may be agreed in writing between the Parties.
- 13.2 The Sellers shall procure that the Buyer shall be promptly notified in writing at least ten Business Days prior to any replacement of a Sellers' Representative.
- 13.3 The Sellers' Representatives may take any and all actions, and make any decisions, required or permitted to be taken by the Sellers' Representatives under this Agreement, including the power to:
- 13.3.1 receive notices, documents and information on behalf of any of the Sellers under any Transaction Document;
 - 13.3.2 provide comments on any documents relating to the Transaction (other than a Transaction Document), and any subsequent revision and amendments thereto and to confirm the status of such documents as being in Agreed Form; and
 - 13.3.3 take all actions necessary in the judgement of the Sellers' Representatives for the accomplishment of the foregoing.
- 13.4 The Sellers expressly agree:
- 13.4.1 that the Sellers' Representatives shall act in their sole discretion with respect to the taking of any action required of the Sellers' Representatives pursuant to the terms of this Agreement;

- 13.4.2 that the Sellers shall be irrevocably and unconditionally bound by the actions taken by the Sellers' Representatives pursuant to Clause 13.3, irrespective of any failure by the Sellers' Representatives to comply with any procedure which is (or may in the future be) put in place to govern the representation of the Sellers by the Sellers' Representatives;
- 13.4.3 not to bring any action or claim against the Sellers' Representatives in connection with their appointment as Sellers' Representatives and/or in relation to any action with the Sellers' Representatives have taken or omitted to take in the past or may in the future take or omit to take in their capacity as Sellers' Representatives, except in the case of fraud or dishonesty; and
- 13.4.4 to indemnify and keep indemnified the Sellers' Representatives from all losses, costs, damages, expenses (including professional fees) and any other liabilities that may be incurred by them as a result of the performance of their duties, functions and role as the Sellers' Representatives under this Agreement, provided that the Sellers' Representatives shall not be entitled to indemnification in respect of any matter where their actions or inactions are fraudulent,

it being expressly agreed by the Sellers that any alleged breach of the provisions of this Clause 13.4 or any other provision or understanding (whether written or not and whether approved by all Sellers or not) relating to the representation of the Sellers by the Sellers' Representatives shall have no impact on the authority and appointment of a Sellers' Representative under this Agreement and (unless replaced in accordance with the terms of this Agreement), the Sellers' Representatives shall continue to bind all the Sellers by taking any of the actions set out in this Clause 13.

- 13.5 The Sellers and the Buyer agree that the Sellers' Representatives shall have no liability whatsoever to the Parties in relation to the exercise of powers and authorities included in this Clause 13 save in the case of fraud or fraudulent misrepresentation.

14. **CONFIDENTIALITY AND ANNOUNCEMENTS**

- 14.1 Each of the Sellers severally undertake to the Buyer that he, she or it will not at any time after Completion make use of, disclose or cause unauthorised disclosure to any person of any Confidential Information unless:

- 14.1.1 authorised by the Buyer in writing;
- 14.1.2 in the case of a Management Seller, in accordance with the normal course of employment with the Group;
- 14.1.3 the information has come into the public domain through no fault of that Seller or any of its Connected Persons;
- 14.1.4 otherwise required by law or any competent governmental or regulatory organisation;
- 14.1.5 disclosed on a strictly confidential basis to a professional advisers for the purpose of advising the Sellers;
or
- 14.1.6 the Institutional and Other Non Management Sellers are required to disclose such information to their existing or potential investors and existing or potential limited partners PROVIDED that such investors and limited partners are subject to the same confidentiality undertakings as the relevant Institutional and Other Non Management Seller under this Agreement.

- 14.2 The Sellers' Representatives and the Buyer agree the Press Announcement to be released on the date of this Agreement. The Sellers and the Buyer agree that each Seller and the Buyer shall be entitled to make or send out a press or any other public announcement in respect of the sale and purchase of the Group without the text of such announcement receiving the prior written approval

of the Buyer or the Sellers' Representatives (as applicable) only to the extent that such announcement contains information set out in the Press Announcement.

14.3 The Sellers and the Buyer agree that the prior written consent of the other Parties shall not be required in respect of any public announcement, communication or circular:

14.3.1 to a professional adviser in connection with advice relating to the interpretation of this Agreement or proceedings relating to the enforcement of the terms of this Agreement;

14.3.2 required to be made by virtue of the regulations of the FCA and any successor bodies, the UKLA, the LSE or the Panel on Takeovers and Mergers, the SEC or the European Commission or Nasdaq;

14.3.3 required to be disclosed by law or the relevant accounting rules and standards in any annual reports and/or corporate documents prepared in the ordinary course of its business;

14.3.4 by the Institutional and Other Non Management Sellers to investors or potential investors in their funds and existing or potential limited partners (including the internal rate of return and money multiple on their investments in the Group), provided that such information is restricted only to information of a nature ordinarily and usually provided by the Institutional and Other Non Management Sellers to investors or potential investors and existing or potential limited partners in their funds and disclosure takes place in accordance with Clause 14.1.6; or

14.3.5 by the Institutional and Other Non Management Sellers in respect of the realisation of their investment in the Company provided that such announcements contain information disclosed in the Press Announcement and the amount of the return to the Institutional and Other Non Management Sellers,

provided that any public announcement, communication or circular pursuant to sub-Clauses 14.3.1 and 14.3.3 shall be permitted only to the extent required and, to the extent permitted by applicable law, after consultation with the Buyer (in the case of intended disclosure by a Seller) or the Sellers' Representatives (in the case of intended disclosure by the Buyer) and the Party intending to disclose the Confidential Information shall take into account, and to the extent possible, not take any action in contravention of, the reasonable comments or requests of such other Party.

15. COSTS

15.1 Subject always to Clause 15.2, each party to this Agreement will bear its own costs and expenses relating to the negotiation, preparation, execution and implementation of this Agreement.

15.2 The Parties acknowledge and agree that the Company shall bear the reasonable costs and expenses of the professional advisers disclosed to the Buyer in writing prior to the date of this Agreement, engaged in relation to the Transaction Documents and all matters contemplated thereto.

15.3 For the avoidance of doubt, the Buyer will pay any stamp duty in relation to the transfer of the Sale Shares (and any other shares transferred pursuant to the Transaction Documents).

16. SET OFF AND PAYMENTS

16.1 All payments made under this Agreement, or any of the documents referred to in it, shall be made free and clear from any set-off, counterclaim or other withholding or deduction of any nature whatsoever except where any such set-off, counterclaim, withholding or deduction is required by law.

16.2 If any Party is required by law to make a deduction or withholding from any payment made pursuant to this Agreement (other than any payment to the Sellers of any part of the consideration for the Sale Shares) or if any payment made pursuant to this Agreement (other than a payment to

the Seller of any part of the consideration for the Sale Shares) is subject to Tax in the hands of the payee (ignoring for these purposes the availability of any relief, loss, allowance, credit, exemption, deduction or set off, or any right to repayment of Tax), the paying Party shall be obliged to pay such sum as will, after the making of such withholding or deduction or after such Tax, leave the recipient Party of the payment with the same amount as it would have received had no deduction or withholding been made or had the payment not been subject to Tax.

16.3 Unless otherwise expressly stated in this Agreement, all payments to be made under this Agreement shall be made in immediately available funds sterling by electronic transfer on the due date for payment to such account as the receiving Party directs by notice to the paying Party.

17. NOTICES

17.1 Any notice or other communication given in connection with this Agreement will be in writing and will be delivered personally or sent by pre-paid first class post (or air mail if overseas), in the case of the Sellers to the recipient's address set out in Schedule 1 or, in the case of the Buyer, to the Buyer's address set out in Clause 17.3 and, in the case of the Sellers' Representatives, to the address set out in Clause 17.4 or to any other address which the recipient has notified in writing to the sender received not less than seven (7) Business Days before the notice was despatched.

17.2 A notice or other communication is deemed given:

17.2.1 if delivered personally, upon delivery at the address provided for in Clause 17.1; or

17.2.2 if sent by pre-paid first class post (other than air mail), on the second Business Day after posting it; or

17.2.3 if sent by air mail, on the sixth Business Day after posting it,

provided that, if it is delivered personally on a day which is not a Business Day or after 4.00 p.m. (in the place of delivery) on a Business Day, it will instead be deemed to have been given or made on the next Business Day.

17.3 The address for the Buyer referred to in Clause 17.1 is:

To: Ctrip.com International, Ltd.

Address: 968 Jin Zhong Road, Shanghai 200335, People's Republic of China

For the attention of: Xiaofan Wang, Chief Financial Officer

With a copy (which shall not constitute, or be essential for valid, notice) to:

To: Skadden, Arps, Slate, Meagher & Flom (UK) LLP

Address: 40 Bank Street, London E14 5DS, United Kingdom

For the attention of: John Adebisi

17.4 The address for the Sellers' Representatives referred to in Clause 17.1 is:

To: Calum Paterson and Carolyn Jameson

Address: Skyscanner Holdings Limited at Quatermile One, 15 Lauriston Place, Edinburgh EH3 9EN

For the attention of: Calum Paterson and Carolyn Jameson

With a copy (which shall not constitute, or be essential for valid, notice) to:

To: Pinsent Masons LLP

Address: Third Floor, Quay 2, 139 Fountainbridge, Edinburgh,
United Kingdom

For the attention of: Alan Diamond and Rosalie Chadwick

17.5 The provisions of this Clause 17 will not apply, in the case of service of court documents, to the extent that such provisions are inconsistent with the Civil Procedure Rules.

18. POWER OF ATTORNEY

18.1 With effect on and from Completion, each of the Sellers irrevocably appoints the Buyer or a Permitted Nominee nominated by the Buyer (the "**Attorney**") as its true and lawful attorney with authority on his/her/its behalf and in his/her/its name for the purpose of exercising any rights, privileges or duties attaching to the Sale Shares previously held by that Seller and for such purpose to do all such acts and things and to execute all such deeds and other documents as the Attorney shall, in its absolute discretion, consider necessary or desirable, including but not limited to receiving notices of and attending and voting at all meetings of the members of the Company and voting on and passing any shareholder resolution.

18.2 Each of the Sellers irrevocably undertakes to the Buyer that, for as long as he/she/it remains the registered holder of any Sale Shares after Completion held by him/her/it prior to Completion, the Seller shall:

18.2.1 hold such Sale Shares registered in his/her/its name and any dividends and other moneys or assets paid or distributed in respect of it which are referable to any period following Completion and all rights arising out of or in connection with it from Completion in trust for the Attorney;

18.2.2 not exercise any of the rights, powers and privileges attaching to the Sale Shares or otherwise which are capable of being exercised by the registered holder of the Sale Shares without the prior express written consent of the Attorney; and

18.2.3 act promptly in accordance with the Attorney's instructions in relation to any rights exercisable or anything received by the Seller in the Seller's capacity as registered holder of the Sale Shares.

18.3 Each of the Sellers undertakes to ratify and confirm everything the Attorney shall lawfully do or cause to be done in pursuance of the power of attorney granted by that Seller pursuant to Clause 18.1.

18.4 Each of the Sellers hereby declares that the power of attorney granted by that Seller pursuant to Clause 18.1 shall be irrevocable but shall expire upon the earlier of:

18.4.1 the registration of the Attorney as the holder of the Sale Shares previously held by that Seller in the register of members of the Company; and

18.4.2 with respect to:

(a) the Management Sellers, two months following the date of Completion and,

(b) the Institutional and Other Non Management Sellers, 30 days following the date of Completion, subject to HMRC stamping the stock transfer forms with respect to the Sale Shares on a timely basis or, in the event of a delay in stamping by HMRC (and provided the Buyer has submitted the stock transfer forms for

stamping promptly after Completion), the Business Day following the date on which such stamping takes place.

18.5 Each Seller declares that a person who deals with the Attorney in good faith may accept a written statement signed by the Attorney to the effect that the power of attorney granted by that Seller pursuant to Clause 18.1 has not been revoked as conclusive evidence of that fact. No person or corporation having dealings with the Attorney under the power of attorney granted by that Seller pursuant to Clause 18.1 shall be under any obligation to make any enquiries as to whether the power to act hereunder has arisen and all lawful acts hereunder shall be valid and binding upon such Seller.

19. TERMINATION RIGHTS

19.1 If this Agreement terminates pursuant to Clauses 4.6 and 7.3 the rights and obligations of the Buyer and Sellers shall cease immediately on termination save for:

19.1.1 each Party's accrued rights and obligations at the date of termination; and

19.1.2 the provisions of Clauses 1 (*Definitions and Interpretation*), 13 (*Sellers' Representatives*), 15 (*Costs*), 17 (*Notices*), 21 (*Entire Agreement*), 22 (*Invalidity*), 24 (*Variation and Waiver*), 25 (*Assignment*), 26 (*Contracts (Rights of Third Parties) Act 1999*), 27 (*Counterparts*), 29 (*Law and Jurisdiction*) and 30 (*Service Process*) which shall remain in full force and effect.

19.2 Save as set out in Clauses 4.6 and 7.3, neither the Sellers nor the Buyer shall have any right (whether under the common law or otherwise, save as a result of fraud) before, on or after Completion, to rescind or terminate or fail to perform this Agreement and shall not be entitled to treat the Sellers or the Buyer as having repudiated this Agreement.

20. FURTHER ASSURANCE

Each Party shall, and shall use all reasonable endeavours to, and to procure that any necessary third party shall, promptly execute and deliver such documents and perform such acts as the other Party/ies may reasonably require for the purpose of giving full effect to this Agreement and any other Transaction Document.

21. ENTIRE AGREEMENT

21.1 This Agreement and the other Transaction Documents constitutes the entire agreement between the Parties and supersede and extinguish all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations, arrangements and understandings between them, whether written or oral, relating to its subject matter.

21.2 Each Party acknowledges that in entering into this Agreement, it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement or any of the other Transaction Documents.

21.3 Nothing in this Clause 21 shall limit or exclude any liability for fraud or fraudulent misrepresentation.

22. **INVALIDITY**

If any provision of this Agreement is held to be unenforceable or illegal, in whole or in part, such provision or part shall to that extent be deemed not to form part of this Agreement but the validity and enforceability of the remainder of this Agreement shall remain unaffected and the Parties shall use all reasonable endeavours to replace such a provision with a valid and enforceable substitute provision which carries out, as closely as possible, the intentions of the Parties under this Agreement.

23. **EFFECT OF COMPLETION**

This Agreement (and in particular the Sellers' Warranties) in so far as any of its provisions remain to be, or are capable of being, performed or observed, shall remain in full force and effect after Completion.

24. **VARIATION AND WAIVER**

24.1 No variation of this Agreement shall be effective unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the Parties. The expression "variation" shall, in each case, include any variation, supplement, deletion or replacement however effected.

24.2 The failure by the Buyer or the Sellers to exercise or delay in exercising any right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies the Buyer or the Sellers (as applicable) may otherwise have and no single or partial exercise of any right or remedy under this Agreement shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

24.3 Any waiver or any right or default hereunder shall be effective only in the instance given and will not operate as or imply a waiver of any other or similar right, claim or default on any subsequent occasion. No waiver of this Agreement or of any provision hereof will be effective unless it is in writing and signed by the Party against whom such waiver is sought to be enforced.

25. **ASSIGNMENT**

25.1 Except as provided in Clause 25.2, no Party may transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this Agreement whether in whole or in part without the prior written consent of the other Parties. Any purported assignment in contravention of this Clause 25 shall be void.

25.2 The Buyer may at any time and on more than one occasion assign (and create any Encumbrance over) its rights (but not its obligations) whether in full or in part under this Agreement or any other Transaction Document to:

25.2.1 any member of the Buyer Group (provided that if such assignee ceases to be a member of the Buyer Group, such assignee shall re-assign such rights under this Agreement (whether assigned to it in full or in part) back to the Buyer immediately prior to such cessation); or

25.2.2 its financial institutions, lenders or banks as security for any financing or refinancing or other banking, financing or related facilities in respect of or in connection with any transactions contemplated by this Agreement or the other Transaction Document and such rights may further be assigned to any other financial institution by way of security for the borrowings made under such agreement or to any person entitled to enforce any such security,

provided that each Seller's liability to any such assignee in respect of any rights assigned pursuant to this Clause 25.2 shall not be greater than if such assignment had never occurred.

25.3 Within five Business Days after any assignment in accordance with Clause 25.2, the Buyer shall give written notice of the assignment to the Sellers' Representative, such notice to contain details

of the assignment or Encumbrance reasonably available to the Buyer, including (without limitation) the identity of the assignee.

26. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

26.1 Subject to Clause 26.2, a person who is not a party to this Agreement (a “**Third Party**”) shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of this Agreement provided that this does not affect any right or remedy of the Third Party which exists or is available apart from that Act. No party may declare itself as a trustee of the rights under this Agreement for the benefit of any Third Party save as expressly provided in this Agreement.

26.2 The Company shall be entitled to enforce the provisions of Clauses 9.1 to 9.5 and the Transaction Solicitors shall be entitled to enforce the provisions of Clause 7.4.

26.3 Notwithstanding the provisions of Clause 26.2 or any benefits conferred by this Agreement on any Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999, the Parties may amend, vary, waive, terminate or rescind this Agreement at any time and in any way without the consent of any Third Party.

27. COUNTERPARTS

This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which when executed and delivered will be an original, but all the counterparts will together constitute one and the same agreement.

28. RIGHTS CUMULATIVE WITH THOSE AT LAW

The powers, rights and remedies of the Parties under this Agreement are in addition to and not exclusive of any other powers, rights or remedies provided by law.

29. LAW AND JURISDICTION

29.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes and claims) are governed by, and shall be construed in accordance with, English law.

29.2 The Parties hereby submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any matter, dispute or claim arising out of or in connection with this Agreement, its implementation or effect or in relation to its existence or validity (including non-contractual disputes or claims).

30. SERVICE OF PROCESS

30.1 In relation to this Agreement:

30.1.1 the Buyer appoints Travelfusion Limited of Unit 3.01, The Wenlock Building, 50-52 Wharf Road, London N1 7EU, United Kingdom;

30.1.2 subject to Pulau Dinawan Investments Limited adhering to this Agreement, Pulau Dinawan Investments Limited appoints Khazanah Europe Investment Limited, of Level 22, 32 London Bridge Street, London SE1 9SG;

30.1.3 Islay Sky SARL hereby appoints Vitruvian Worldwide Limited of 105 Wigmore Street, London W1U1QY;

30.1.4 Sequoia Capital Global Growth Fund LP, Sequoia Capital Global Growth Principals Fund LP and SC US GF V Holdings Ltd each hereby appoint Skyscanner Holdings Limited of Suite 7-001, 1 Fore Street, London EC2Y 5EJ; and

30.1.5 subject to Yahoo Japan Corporation adhering to this Agreement, Yahoo Japan Corporation hereby appoints Skyscanner Holdings Limited of Suite 7-001, 1 Fore Street, London EC2Y 5EJ,

(each such appointee or any replacement agent appointed pursuant to Clause 30.2, the "**Agent**") to be its agent for the receipt of service of Service Documents. Each Party agrees that any Service Documents may be effectively served on it in connection with any proceedings in England and Wales by service on its Agent effected in any manner permitted at that time by the Civil Procedure Rules of England and Wales, save that the Parties agree that service shall not be permitted by e-mail.

30.2 If an Agent at any time ceases for any reason to act as such for a Party, the appointing Party shall appoint a replacement Agent having an address for service in England or Wales and shall promptly notify the other Parties of the name and address of the replacement Agent. Failing such appointment and notification, any other Party shall be entitled, by notice to that appointing Party, to appoint a replacement Agent to act on its behalf. The provisions of this Clause 30 applying to service on an Agent apply equally to service on a replacement Agent.

30.3 A copy of any Service Document served on an Agent shall also be sent directly to the appointing Party in accordance with the provisions of Clause 17 (*Notices*) above. Failure or delay in so doing shall not prejudice the effectiveness of the service of the Service Document.

EXECUTED AS A DEED by or on behalf of the Parties on the date which first appears on this Deed.

SCHEDULE 1

THE SELLERS

PART 1

MANAGEMENT SELLERS

(1) Name and address of registered and beneficial owner	(2) Number of shares and Class of Shareholding (at exchange, prior to exercise of any share options and excluding SIP Shares)	(3) Number of share options held (and which are to be exercised between exchange and completion)	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Gareth John Williams 28 Inverleith Place, Edinburgh EH3 5QB	944,601 Ordinary Shares 42,500 C2 Shares 13,000 C4 Shares 2,898 C8 Shares 11,625 C10 Shares	option in respect of 75,877 Ordinary Shares (EMI tranche 7)	1,020,478 Ordinary Shares 42,500 C2 Shares 13,000 C4 Shares 2,898 C8 Shares 11,625 C10 Shares	£114,994,187.90	1,068,866	N/A	£350,551.74	N/A

(1) Name and address of registered and beneficial owner	(2) Number of shares and Class of Shareholding (at exchange, prior to exercise of any share options and excluding SIP Shares)	(3) Number of share options held (and which are to be exercised between exchange and completion)	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Gareth John Williams, Thomas Edward Williams and Lisa Jane Williams as trustees of the Gareth Williams Family Trust c/o Morton Fraser, Quartermile Two, 2 Lister Square, Edinburgh EH3 9GL	342,570 Ordinary Shares	N/A	342,570 Ordinary Shares	£24,886,417.90	693,955	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number of shares and Class of Shareholding (at exchange, prior to exercise of any share options and excluding SIP Shares)	(3) Number of share options held (and which are to be exercised between exchange and completion)	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Mark Logan Flat 2, 2 Park Circus Place, Glasgow G3 6AN	12,750 C2 Shares 8,500 C4 Shares 15,000 C8 Shares 11,625 C10 Shares	option in respect of 78,378 Ordinary Shares (EMI tranche 7)	78,378 Ordinary Shares 12,750 C2 Shares 8,500 C4 Shares 15,000 C8 Shares 11,625 C10 Shares	£9,180,013.09	55,809	£3,321,003.58	£362,106.36	N/A
Bryan Dove 15a Shepherd Market, London W1J 7PH	43,877 C8 Shares 8,715 C10 Shares	N/A	43,877 C8 Shares 8,715 C10 Shares	First instalment amount - £2,072,299.18 Second instalment amount - £749,745.78	12,598	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number of shares and Class of Shareholding (at exchange, prior to exercise of any share options and excluding SIP Shares)	(3) Number of share options held (and which are to be exercised between exchange and completion)	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Stuart Middleton 11 Perth Road, Milnathort, Near Kinross KY13 9XU	1,000 C2 Shares 310 C4 Shares 1,202 C8 Shares 5,736 C10 Shares	option in respect of 3,236 Ordinary Shares (EMI tranche 6) option in respect of 7,125 Ordinary Shares (EMI tranche 7)	10,361 Ordinary Shares 1,000 C2 Shares 310 C4 Shares 1,202 C8 Shares 5,736 C10 Shares	£1,194,303.97	7,260	£432,072.76	£39,907.26	N/A

(1) Name and address of registered and beneficial owner	(2) Number of shares and Class of Shareholding (at exchange, prior to exercise of any share options and excluding SIP Shares)	(3) Number of share options held (and which are to be exercised between exchange and completion)	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Carolyn Jameson 27 Dean Street, Edinburgh EH4 1LN	1,275 C1 Shares 1,766 C4 Shares 6,500 C8 Shares 11,625 C10 Shares	option over 8,615 Ordinary Shares (unapproved option)	8,615 Ordinary Shares 1,275 C1 Shares 1,766 C4 Shares 6,500 C8 Shares 11,625 C10 Shares	£1,506,803.96	9,161	£544,673.84	£1.00	£586,869.78
Ruth Chandler 7 Tranter Road, Aberlady EH32 0UE	772 C4 Shares 3,975 C8 Shares 5,000 C10 Shares	option over 3,968 Ordinary Shares (unapproved option)	3,968 Ordinary Shares 772 C4 Shares 3,975 C8 Shares 5,000 C10 Shares	£681,594.39	4,146	£246,290.74	£1.00	£270,307.77

(1) Name and address of registered and beneficial owner	(2) Number of shares and Class of Shareholding (at exchange, prior to exercise of any share options and excluding SIP Shares)	(3) Number of share options held (and which are to be exercised between exchange and completion)	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Colin McLellan 39 Cooper Avenue, Carlisle ML8 5US	1,385 C4 Shares 1,563 C8 Shares 5,736 C10 Shares	option over 3,668 Ordinary Shares (unapproved option)	3,668 Ordinary Shares 1,385 C4 Shares 1,563 C8 Shares 5,736 C10 Shares	£596,686.49	3,633	£215,515.29	£1.00	£249,871.23

PART 2

INSTITUTIONAL AND OTHER NON MANAGEMENT SELLERS

(1) Name and address of registered and beneficial owner	(2) Number and Class of Shareholding	(3) Number of share options held	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
SEP III 17 Blythswood Square, Glasgow G2 4AD	3,230,605 A Ordinary Shares	N/A	3,230,605 A Ordinary Shares	£441,898,508.99	863,854	N/A	N/A	N/A
Sequoia Capital Global Growth Fund LP 3000 Sand Hill Road, 4-250 Menlo Park, CA 94025, USA	322,964 A Ordinary Shares	N/A	322,964 A Ordinary Shares	N/A	1,308,478	N/A	N/A	N/A
Sequoia Capital Global Growth Principals Fund LP 3000 Sand Hill Road, 4-250 Menlo Park, CA 94025, USA	9,372 A Ordinary Shares	N/A	9,372 A Ordinary Shares	N/A	37,970	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number and Class of Shareholding	(3) Number of share options held	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
SC US GF V Holdings Ltd Codan Trust Company (Cayman) Limited, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands	664,673 A Ordinary Shares	N/A	664,673 A Ordinary Shares	N/A	2,692,901	N/A	N/A	N/A
Scottish Mortgage Investment Trust PLC (acting through Baillie Gifford & Co, its agent) Calton Square, 1 Greenside Row, Edinburgh EH1 3AN	96,013 Ordinary Shares	N/A	96,013 Ordinary Shares	£13,949,964.34	N/A	N/A	N/A	N/A
Edinburgh Worldwide Investment Trust PLC (acting through Baillie Gifford & Co, its agent) Calton Square, 1 Greenside Row, Edinburgh EH1 3AN	19,594 Ordinary Shares	N/A	19,594 Ordinary Shares	£2,846,860.33	N/A	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number and Class of Shareholding	(3) Number of share options held	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Vanguard Variable Insurance Funds (acting through Baillie Gifford Overseas Limited, its agent) Calton Square, 1 Greenside Row, Edinburgh EH1 3AN	41,148 Ordinary Shares	N/A	41,148 Ordinary Shares	£5,978,493.88	N/A	N/A	N/A	N/A
Vanguard World Fund (acting through Baillie Gifford Overseas Limited, its agent) Calton Square, 1 Greenside Row, Edinburgh EH1 3AN	366,415 Ordinary Shares	N/A	366,415 Ordinary Shares	£53,237,334.35	N/A	N/A	N/A	N/A
Islay Sky SARL 7 A Rue Robert Stumper, L-2557, Luxembourg	243,979 Ordinary Shares	N/A	243,979 Ordinary Shares	£17,724,226.40	494,238	N/A	N/A	N/A
SR Consulting & Design Limited Leigh Saxton Green LLP, Mutual House, 70 Conduit Street, London, England, W1S 2GF	950 Ordinary Shares	N/A	950 Ordinary Shares	£69,013.92	1,924	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number and Class of Shareholding	(3) Number of share options held	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Yahoo Japan Corporation Midtown Tower 9-7-1, Akasaka, Minato-ku, Tokyo, 107-6211, Japan	98,265 Ordinary Shares	N/A	98,265 Ordinary Shares	£14,277,162.94	N/A	N/A	N/A	N/A
Artemis Strategic Assets Fund (as beneficial owner) and Chase Nominees Limited (A/C Artemis) (as registered owner) Cassini House, 57 St James's Street, London SW1A 1LD	48,985 Ordinary Shares	N/A	48,985 Ordinary Shares	£7,117,150.84	N/A	N/A	N/A	N/A
Pulau Dinawan Investments Limited Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia (c/o Khazanah Nasional Berhad, Petronas Twin Towers, Level 33, Tower 2, 50088 Kuala Lumpur, Wilayah Persekutuan, Malaysia)	342,901 Ordinary Shares	N/A	342,901 Ordinary Shares	£49,820,927.60	N/A	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number and Class of Shareholding	(3) Number of share options held	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Bonamy Charles Grimes Redhouse, Grove Road, Brockdish, Norfolk IP21 4JP	299,450 Ordinary Shares	option over 12,492 Ordinary Shares	311,942 Ordinary Shares	£45,322,818.53	N/A	N/A	£57,713.04	£822,758.18
Juliet Grimes Redhouse, Grove Road, Brockdish, Norfolk IP21 4JP	552,567 Ordinary Shares	N/A	552,567 Ordinary Shares	£80,283,815.16	N/A	N/A	N/A	N/A
Mr Bonamy Charles Grimes and Mrs Juliet Grimes as trustees of the Grimes Family Trust Redhouse, Grove Road, Brockdish, Norfolk IP21 4JP	60,207 Ordinary Shares	N/A	60,207 Ordinary Shares	N/A	243,927	N/A	N/A	N/A
Barry James Smith 7 Longcroft Avenue, Harpenden, Hertfordshire AL5 2RB	312,535 Ordinary Shares	N/A	312,535 Ordinary Shares	£45,408,976.96	N/A	N/A	N/A	N/A

(1) Name and address of registered and beneficial owner	(2) Number and Class of Shareholding	(3) Number of share options held	(4) Number and Class of Sale Shares	(5) Cash Consideration	(6) Number of Consideration Shares	(7) Number of Loan Notes	(8) Option Exercise Amount	(9) PAYE Reimbursement Amount
Mr Barry James Smith and Mrs Joanne Smith as trustees of the Smith Family Trust 7 Longcroft Avenue, Harpenden, Hertfordshire AL5 2RB	22,085 Ordinary Shares	N/A	22,085 Ordinary Shares	N/A	89,477	N/A	N/A	N/A
Julian Pancholi 7 Westmoreland Road, London SW13 9RZ	27,028 Ordinary Shares 100 C4 Shares	option over 8,766 Ordinary Shares (unapproved option)	35,794 Ordinary Shares 100 C4 Shares	£5,208,476.64	N/A	N/A	£40,498.92	£577,026.99
Nitro Ventures Limited 54 Claredon Road, Watford, Hertfordshire WD17 1DU	223,253 Ordinary Shares	N/A	223,253 Ordinary Shares	£27,360,603.09	141,554	N/A	N/A	N/A
Ray Nolan 49 Abington, Malahide, County Dublin, Ireland	168,580 Ordinary Shares	N/A	168,580 Ordinary Shares	£22,876,877.98	45,077	N/A	N/A	N/A
Lara Bayley Crownland Farm, Muiravonside, Linlithgow EH49 6LN	7,904 Ordinary Shares	N/A	7,904 Ordinary Shares	£1,072,548.89	2,115	N/A	N/A	N/A

SCHEDULE 2

EXCHANGE

PART 1

EXCHANGE OBLIGATIONS OF THE SELLERS

1. At exchange:
 - 1.1 each Seller shall deliver to the Buyer a copy of this Agreement duly executed by him or it;
 - 1.2 the Management Sellers shall deliver to the Buyer:
 - 1.2.1 a copy of the Warranty Deed signed by each of the Management Sellers;
 - 1.2.2 a copy of the Disclosure Letter signed by each of the Management Sellers; and
 - 1.2.3 a memory stick containing the Data Room.
 - 1.3 the Sellers shall deliver as evidence of the authority of any person signing any Transaction Document a copy of the duly executed power of attorney (in Agreed Form to the extent not executed prior to the date of this Agreement or otherwise in a form reasonably satisfactory to the Buyer) or other evidence of authority, reasonably satisfactory to the Buyer, under which any Transaction Document has been or is to be executed by any Seller;
 - 1.4 any Seller that is a corporate entity shall deliver, in respect of itself, a copy of a board resolution or minutes of a meeting duly convened of that Seller, or other evidence of authority, reasonably satisfactory to the Buyer, authorising the execution of and performance by that Seller of its obligations under this Agreement, each other Transaction Document to which such Seller is expressed to be a party and each of the documents in the Agreed Form to which such Seller is expressed to be a party;
 - 1.5 the Management Sellers shall procure that the Company shall issue to employees of the Group letters in the Agreed Form setting out the terms of, and each employee's conditional award under, the Retention Cash Bonus Arrangements, which letters will also refer to the Additional Performance Bonus Arrangements (but, for the avoidance of doubt, shall not specify the amount of any employee's conditional award thereunder).
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PART 2

EXCHANGE OBLIGATIONS OF THE BUYER

1. At exchange, the Buyer shall:
 - 1.1 deliver to the Sellers:
 - 1.1.1 a copy of a resolution or minutes of a meeting duly convened by the Buyer's board of directors (or an authorised committee of such board) authorising execution of this Agreement and the other Transaction Documents to which the Buyer is expressed to be a party;
 - 1.1.2 a counterpart of this Agreement duly executed by the Buyer;
 - 1.1.3 a counterpart of the Disclosure Letter signed by the Buyer;
 - 1.1.4 a counterpart of the Incentive Arrangements Agreement;
 - 1.1.5 a counterpart of the Warranty Deed signed by the Buyer;
 - 1.2 procure, to the extent it is able to do, (in conjunction with the Company) that the SIP Participant Offer Document and related communication to the SIP Participants and the SIP Equivalent Participants are issued to the intended recipients thereof;
 - 1.3 procure, to the extent it is able to do, (in conjunction with the Company) that the Minority Offer Document is issued to the Minority Shareholders and that the personalised forms of acceptance relating thereto are made available to the Minority Shareholders;
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SCHEDULE 3

SELLERS' WARRANTIES

1. TITLE

1.1 Each of the Sellers warrants to the Buyer that:

- 1.1.1 it is the sole legal and beneficial owner of the Shares set out next to its name in column 2 of Part 1 of Schedule 1 and column 2 of Part 2 of Schedule 1 (and in the case of Artemis Strategic Assets Fund that it is the beneficial owner and that Chase Nominees is the registered owner of such Shares); and
- 1.1.2 it is the sole legal and beneficial owner of the Sale Shares set out next to its name in column 4 of Part 1 of Schedule 1 and column 4 of Part 2 of Schedule 1 (and in the case of Artemis Strategic Assets Fund that it is the beneficial owner and that Chase Nominees is the registered owner of such Sale Shares); and
- 1.1.3 it is entitled to sell and transfer the full legal and beneficial ownership of such Sale Shares with Full Title Guarantee on the terms set out in this Agreement; and
- 1.1.4 such Sale Shares are free from any Encumbrances (save only in respect of the provisions relating to transfer of Company Shares as set out in the Current Articles).

2. CAPACITY

2.1 Each of the Sellers warrants in respect of himself or itself only that:

- 2.1.1 in the case of a Seller which is not an individual seller, the Seller is validly incorporated, in existence and duly registered, as applicable;
- 2.1.2 the Seller has the requisite capacity and authority to enter into and perform this Agreement and to execute, deliver and perform any obligations it may have under each Transaction Document to be delivered by the Seller;
- 2.1.3 this Agreement and each other Transaction Document to be entered into by it constitutes (or will when executed constitute) valid and binding obligations on him or it in accordance with its terms;
- 2.1.4 no consent, approval, authorisation or order of any court or governmental, regulatory or other authority which has not been obtained or made at the date of this Agreement is required by him or it where failure to obtain such consent, approval, authorisation or order would materially and adversely affect his or its ability to enter into and perform his or its obligations under this Agreement and each other Transaction Document to be entered into by it and the transactions contemplated thereby;
- 2.1.5 the execution and delivery of, and the performance by each Seller of its obligations under, this Agreement and each Transaction Document to be entered into by that Seller will not:
 - (a) in the case of a Seller which is not an individual Seller, result in a breach of any provision of the constitutional documents of such Seller, if applicable;
 - (b) result in a breach of, or constitute a default under, any material contract or other material instrument by which such Seller is bound; or
 - (c) result in a breach of any applicable statute, law, rule, regulation, order, judgment or decree of any court, governmental agency or regulatory authority by which such Seller is bound.

3. **INSOLVENCY**

3.1 In relation to the Seller, if that Seller is an individual:

- 3.1.1 no statutory demand has been issued against him or her nor are there any reasonable grounds for believing that he or she is unable to pay any debts within the meaning of section 268 of the Insolvency Act 1986 as amended;
- 3.1.2 no petition has been presented and no order made for his or her bankruptcy or for the appointment of a receiver over any of his or her assets;
- 3.1.3 no Encumbrance has been enforced and no distress, execution or other process has been levied, on or over any of the Shares or any assets held by him or her;
- 3.1.4 no proposal has been made in respect of an individual voluntary arrangement of him or her, pursuant to the Insolvency Act 1986 as amended; and
- 3.1.5 no event analogous to any of the above has occurred in any other jurisdiction.

3.2 In relation to the Seller, if that Seller is a body corporate:

- 3.2.1 no resolution has been passed (and no meeting has been convened, and no written resolution has been circulated with a view to any resolution), no petition has been presented and no order has been made, for the purpose of its winding up and no application or order has been made for a provisional liquidator to be appointed;
- 3.2.2 no notice of intention to appoint an administrator has been filed, no application for the appointment of an administrator has been made and no other steps in relation to the appointment of an administrator have been taken nor has any administrator been appointed;
- 3.2.3 no procedure has been commenced, by the Registrar of Companies or any other person, with a view to striking off under section 1000 of the 2006 Act;
- 3.2.4 no administrative receiver, receiver, administrator, liquidator or provisional liquidator or similar officer has been appointed and no Encumbrance has been enforced;
- 3.2.5 no floating charge has crystallised and no holder of a floating charge has taken any steps to enforce such security;
- 3.2.6 it has not stopped paying its creditors, is not insolvent, and is not unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
- 3.2.7 there is no unsatisfied judgment or order of any court or tribunal, or award of any arbitrator, outstanding against it;
- 3.2.8 no distress, attachment, execution or other process has been levied against any of its assets;
- 3.2.9 no meeting of its creditors, or any class of them, has been held or summoned and no proposal has been made for a moratorium, composition or arrangement in relation to any of its debts, or for a voluntary arrangement under Part 1 of the Insolvency Act 1986; and
- 3.2.10 no event or step analogous to any of the above has occurred in any jurisdiction.

4. **ADDITIONAL MANAGEMENT SELLERS' WARRANTIES**

4.1 Each of the Management Sellers warrants that:

- 4.1.1 each director of a Subsidiary (other than Skyscanner Limited) can be removed following Completion and replaced with a person nominated by the Buyer (which satisfied the relevant applicable law requirements for directors) without any material cost or liability for any member of the Group and the Buyer Group; and
- 4.1.2 all obligations owed by any Group Company in connection with the Company's acquisition of Skyscanner Limited (including any obligation to make payments as deferred consideration or pursuant to any loan note instruments) have been satisfied, repaid, settled, redeemed or cancelled (as the case may be) in full.

SCHEDULE 4

COMPLETION ARRANGEMENTS

PART 1

COMPLETION OBLIGATIONS OF THE SELLERS

At Completion:

1. each Seller shall deliver or procure to be delivered to the Buyer:
 - 1.1 duly executed stock transfer forms in favour of the Buyer (or a Permitted Nominee) in respect of the Sale Shares to be sold by that Seller together with the certificate(s) for those Shares or a lost share certificate indemnity in the Agreed Form in relation thereto;
 - 1.2 a copy of any power of attorney under which this Agreement, or any of the transfers or other documents referred to in paragraph 1.1 of Part 1 of this Schedule 4, is executed by that Seller, in the Agreed Form;
 - 1.3 a deed duly executed by that Seller relating to the termination in full of the Shareholders Agreement with effect from Completion;
 - 1.4 a copy of the Shareholder Resolutions signed by that Seller;
 2. each of the Management Sellers shall use all reasonable endeavours to procure that duly executed copies of the Former Employee SPAs signed by each of the Former Employees are delivered to the Buyer;
 3. each Management Seller shall deliver a copy of the Second Disclosure Letter signed by that Management Seller to the Buyer;
 4. each Management Seller shall deliver a copy of the Employment Contract Amendment signed by that Management Seller;
 5. the Management Sellers shall procure that they and Other Non Management Sellers who will acquire Loan Notes as part of their consideration under the Transaction Documents deliver signed joint tax elections with the Group Company which is that Seller's employer under section 431(1) of Chapter 2 of Part 7, Income Tax (Earnings and Pensions) Act 2003 in respect of the Loan Notes in the Agreed Form;
 6. the Management Sellers shall procure and the Institutional and Other Non Management Sellers shall exercise their Shareholder Rights to procure (in so far as the Institutional and Other Non Management Sellers are able to procure by the exercise of those Shareholder Rights) that each of the Company and Skyscanner Limited holds a meeting of its board of directors to, amongst others, accept the resignation letters of Barry Smith, Julian Pancholi, Calum Paterson, Sir Michael Moritz and Mark Logan and appoint the persons as notified by the Buyer to the Sellers' Representatives in writing prior to the Completion Date as new directors of the Company and Skyscanner Limited (as applicable) with effect on and from Completion and deliver the minutes of such meetings to the Buyer;
 7. the Management Sellers, Barry Smith, Julian Pancholi, SEP III, Sequoia Capital Growth Fund LP, Sequoia Capital Growth Principals Fund LP and SC US GF V Holdings Ltd shall deliver or procure to be delivered to the Buyer (in the case of paragraph 5 of Part 1 of this Schedule 4, delivery shall be to the Company's registered office): letters of resignation in the Agreed Form from Barry Smith, Julian Pancholi, Calum Paterson, Sir Michael Moritz and Mark Logan;
-

8. the Management Sellers shall procure that duly executed copies of the Edinburgh Digital SPA signed by Ross McNair and Edward Taylor are delivered to the Buyer;
9. the Management Sellers shall procure that (i) duly executed copies of the Edinburgh Digital Buy Back Agreements signed by all parties thereto, (ii) duly executed stock transfer forms in respect thereof and (iii) a copy of the shareholder resolution approving the buy backs of Company Shares pursuant to the Edinburgh Digital Buy Back Agreements are delivered to the Buyer; and
10. the Management Sellers shall procure that duly executed copies of the Youbibi Variation and Call Option Letters signed by the Company and each of Steven Pang, Lincoln Tso and Wiki Zhou are delivered to the Buyer.

PART 2

COMPLETION OBLIGATIONS OF THE BUYER

At Completion the Buyer shall:

1. arrange for the telegraphic transfer of the Cash Consideration less the Second Instalment Amount and the Third Instalment Amount to the Transaction Solicitors Bank Account (receipt of which shall discharge the Buyer from its obligations to pay such amount to the Sellers fully, unconditionally and irrevocably);
2. deliver to the Transaction Solicitors an extract of the updated register of members of the Buyer post-allotment of the Consideration Shares and share certificates representing the Consideration Shares
3. deliver to the Transaction Solicitors a copy of a board resolution of the Buyer authorising the execution and performance by the Buyer of its obligations under this Agreement and each of the Transaction Documents to which the Buyer is a party;
4. deliver duly executed counterpart of each of the Former Employee SPAs signed by the Buyer to the Sellers;
5. deliver a counterpart of the Second Disclosure Letter signed by the Buyer to the Sellers' Representatives;
6. deliver a duly executed copy of the Loan Note Instrument and duly executed certificates for the Loan Notes so issued to the Sellers' Representatives and enter the names of the relevant Management Sellers in the Buyer's register of debentures as the holders of the Loan Notes;
7. deliver a duly executed counterpart of the Edinburgh Digital SPA signed by the Buyer to the Sellers' Representatives;
8. deliver duly executed counterparts of the Youbibi Variation and Call Option Letters signed by the Buyer to the Sellers' Representatives; and
9. deliver a duly executed counterpart of the GW Side Letter (it being acknowledged by the Buyer that on or around Completion the Company will enter into the GW Subscription Agreement and the GW Share Option Agreement).

SCHEDULE 5

RESTRICTED TRANSACTIONS

1. Acquire, dispose of or create any Encumbrance in respect of any part of its assets other than in the ordinary course of business carried out consistent with past practice;
2. incur any expenditure on capital account exceeding £100,000 (exclusive of VAT) in the case of any single item or £500,000 (exclusive of VAT) in aggregate;
3. create or raise any debt or borrow any money;
4. grant, issue or redeem any mortgage, charge, debenture or other security or give any guarantee or indemnity other than in the ordinary course of business;
5. make any change in the terms and conditions of employment of any of the directors or Senior Employees of the Group Companies, including but not limited to remuneration, or the terms on which they are entitled to pension or other benefits or make payments of bonuses or other discretionary amounts to any directors or employees of any of the Group Companies;
6. appoint any new director or employ or terminate the employment of any Senior Employee other than for cause as set out in their respective employment agreements or in circumstances justifying summary dismissal;
7. fail to comply with the terms of, and perform its obligations under all Material Contracts, save to the extent that a failure to comply with the terms or to perform the obligations would be immaterial to the relevant Group Company;
8. amend, or terminate any Material Contract;
9. create, allot, issue, redeem or grant any option or right to subscribe for any share capital or loan capital, or agree to do so, or repay, redeem, reduce or repurchase any share capital or loan capital or agree to do so;
10. declare, make or pay any dividend or other distribution to shareholders or agree to do so other than any distribution of assets between members of the Group;
11. enter into any contracts, transactions, or commitments outside the ordinary course of business consistent with past practice;
12. save for any resolutions required to give effect and implement the matters contemplated in the Transaction Documents, pass any resolution of any Group Company (including for the purpose of creating, issuing, purchasing or redeeming any class of share or loan capital) or amend any of their constitutional documents, including but not limited to the articles of association and equivalent documentation in the other jurisdictions in which a Group Company is incorporated;
13. save pursuant to the Transaction Documents, introduce any new share incentive, share option, profit sharing, bonus, or other incentive scheme or vary in any way the terms of any such scheme currently operated by any member of the Group, including, without limitation, any variation to performance targets, objectives, quanta of payment or any variation to the identities of participants;
14. enter into or settle any litigation;
15. permit any of its insurances to lapse or knowingly do anything which would make any policy of insurance void or avoidable or fail to notify any material insurance claim of which such member of the Group has become aware, in accordance with the provisions of the relevant policy or settle any such claim materially below the amount claimed;

16. fail to pay any renewal fees for any Intellectual Property, save to the extent that such a failure to pay renewal fees would be immaterial to the Business or the relevant Group Company;
17. save pursuant to the Transaction Documents, enter into any arrangement with any Seller or any of its Connected Persons;
18. change the residence for Tax purposes of any Group Company;
19. wilfully or knowingly do or permit to be done anything which would cause any material breach of any of Management Warranties when repeated immediately before the time of Completion; or
20. agree, conditionally or otherwise, to do any of the foregoing.

SCHEDULE 6

LOCK IN AGREEMENT

Each Seller who receives Consideration Shares pursuant to this Agreement hereby undertakes to the Buyer that during the Lock-up Period it will not sell, contract to sell, transfer, dispose of, grant any option over or otherwise create, or permit the creation of, an Encumbrance over any of his/its Consideration Shares or any interest in his/its Consideration Shares (or enter into any agreement or arrangement with equivalent economic effect), directly or indirectly, which for the purposes of this Schedule 6 shall include any other securities for the time being representing or derived from the Consideration Shares (whether by way of consolidation, sub-division, capitalisation, rights issue or otherwise) except:

- (a) with the prior written consent of the Buyer (which consent shall be at Buyer's sole discretion);
- (b) pursuant to a tender or takeover offer of shares of the Buyer;
- (c) pursuant to any scheme of arrangement in respect of the Buyer under section 86 of the Companies Law of the Cayman Islands;
- (d) pursuant to any insolvency or reconstruction-related proceeding;
- (e) pursuant to an offer by the Buyer to purchase its own shares if such offer is made to all Buyer shareholders and constitutes an on-market buy back in which any shareholder of the Buyer may participate, excluding any Buyer's existing and future share repurchase plans administered in accordance with Rules 10b5-1 and/or 10b-18 of the Exchange Act;
- (f) in connection with any reorganisation in relation to the Buyer which results in a new holding company of the Buyer but only to the extent required to effect such reorganisation;
- (g) in accordance with any order made by a court of competent jurisdiction or as required by law, regulation or competent authority to which the relevant Seller is subject;
- (h) in the case of a relevant Seller which is an individual by way of gift to such Seller's immediate family (meaning his or her spouse, civil partner, sibling, parent, adult child or grandchild) or family trust controlled by the Seller, for estate planning purposes, provided that in each case such donee enters into an undertaking in writing agreeing to be bound by the restrictions set out in this Schedule 6;
- (i) in satisfaction of a Relevant Claim in accordance with Clause 11.4; or
- (j) by way of transfer not for value to a Seller's Connected Person, subject to an obligation for the transferring Seller to cause Consideration Shares to be transferred back to it/him prior to a transferee ceasing to be a Connected Person.

SCHEDULE 7

CONDUCT OF BUYER

The Buyer acknowledges the interests of, inter alia, the Management Sellers in the Forward Incentive Arrangements and, in particular, in the achievement of the Financial Performance Conditions. Accordingly, the Buyer undertakes to the Management Sellers that it will:

- (a) act in good faith towards the Management Sellers in relation to Forward Incentive Arrangements and the achievement of the Financial Performance Conditions; and
- (b) not wilfully and in bad faith take or refrain from taking any material actions or decisions in relation to the Group (including amending or varying in any material respect or terminating the Incentive Arrangements Agreement save for amendments permitted under clause 9.3 of that agreement) which are intended to impede or prevent the achievement of the Financial Performance Conditions or the ability of the Management Sellers to earn rewards under the Forward Incentive Arrangements.

“Financial Performance Conditions” means the performance conditions set out in clauses 4.3 and 4.4 of the Incentive Arrangements Agreement.

“Forward Incentive Arrangements” means awards under the Retention Cash Bonus Arrangements, the Additional Performance Bonus Arrangements and the Skyscanner Option Plan.

SCHEDULE 8
FORMER EMPLOYEES

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Catharine Wilson	10,717 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Ian Murray	340 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Eliana Gomez	459 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Joanna Turban	5,477 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Mike Perrin	1,967 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Nigel Davis	38 D Shares

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Nader Khrosvani	6 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Louise McCloy	298 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Jo Sim	12 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Kavitha Gnanamurthy	353 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Maria Paulsen	322 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Yoshi Haruyama	281 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Hyunim Kim	382 D Shares

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Dominik Arciszewski	1,114 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	David Laing	644 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Mateus Rocha	365 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Lincoln Tso	136 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Gregor Urquhart	1,601 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Iain Elder	1,286 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Craig Syme	5 D Shares

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Andreas Granstroem	30 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Ravish Doctor	14 D Shares
Sergio Antonio Berna Ninerola Calle Balmes 434 7A Barcelona 8022 Spain	Sergio Antonio Berna Ninerola	44,535 C3 Shares 703 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	James Teideman	537 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Agnieszka Cieslak	723 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Linda Hoebe	499 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Alex Ionita	29 D Shares

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Ira Noviani	686 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Pierre-Alain Guillou	5 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Chris Roy	40 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Lukasz Sulkowski	7 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Plamen Aleksandrov	143 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Marco Amico	43 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Frank Skivington	61,557 D Shares

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Alastair Haan	59,450 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Fabio Venni	35 D Shares
Zedra Trust Company (Guernsey) Limited Floor 2 Le Marchant House Le Truchot St Peter Port Guernsey, GY1 1GR	Areerat Pobpabhia	21 D Shares
Carlos Gonzales Cadenas Flat 35 11 Simpson Loan Edinburgh EH3 9GR United Kingdom	Carlos Gonzales Cadenas	20,759 D Shares
Margaret Rice-Jones Longacres Wellingtonia Avenue Crowthorne Berks RG45 6AF United Kingdom	Margaret Rice-Jones	2,800 C4 Shares 1,000 C8 Shares 250 C10 Shares
Zsolt Weiszbart Normafa ut 19 1121 Budapest Hungary	Zsolt Weiszbart	3,735 Ordinary Shares
Andrew Sleigh 4 London Street Edinburgh EH3 6NA United Kingdom	Andrew Sleigh	Right to subscribe for: 1,688 C1 Shares 1,781 C2 Shares 1,234 C4 Shares 376 C8 Shares
David Boyte Laan van Nieuw Oosteinde 175, Voorburg, 2274 GA, Netherlands	David Boyte	Option over 375 Ordinary Shares

(1) Name and address of registered owner/ person holding option/ right to subscribe	(2) Name of beneficial owner	(3) Number and Class of Sale Shares
Grzegorz Janas 3/7 West Montgomery Place Edinburgh EH7 5EZ United Kingdom	Grzegorz Janas	Option over 1,500 Ordinary Shares

EXECUTED by the Parties as a deed

SIGNED as a deed but not delivered until the date hereof by)
GARETH WILLIAMS)

) /s/ Gareth Williams

in the presence of:

Signature of witness: /s/ Catherine Loughran

Name of witness: Catherine Loughran

Address of witness: 43/9 Deanhaugh Street
Edinburgh EH4 1LR

Occupation of witness: Solicitor

SIGNED as a deed but not delivered until the date hereof by)
MARK LOGAN)

) /s/ Mark Logan
)

in the presence of:

Signature of witness: /s/ Carolyn Jameson

Name of witness: Carolyn Jameson

Address of witness: 27 Dean St.
Edinburgh EH4 1LN

Occupation of witness: Solicitor

SIGNED as a deed but not delivered until the date hereof by)
CAROLYN JAMESON)

) /s/ Carolyn Jameson
)

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
BRYAN DOVE)

) /s/ Bryan Dove
) _____

in the presence of:

Signature of witness: /s/ Carolyn Jameson _____

Name of witness: Carolyn Jameson

Address of witness: 27 Dean St.
Edinburgh EH4 1LN

Occupation of witness: Solicitor

SIGNED as a deed but not delivered until the date hereof by)
STUART MIDDLETON)

) /s/ Stuart Middleton
)

in the presence of: David Hodgkinson

Signature of witness: /s/ David Hodgkinson

Name of witness: David Hodgkinson

Address of witness: Lindisfarne
Old Perth Road
Milnathort
KY13 9YA

Occupation of witness: Chartered Surveyor

SIGNED as a deed but not delivered until the date hereof by)
RUTH CHANDLER)

) /s/ Ruth M. Chandler
)

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
COLIN MCLELLAN)

) /s/ Colin Mclellan
)

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof
for and on behalf of
SCOTTISH EQUITY PARTNERS LLP
acting as manager of **SEP III**

)
)
)

A handwritten signature in black ink, appearing to be 'llal'.

Authorized Signatory

in the presence of:

Signature of witness: /s/ Lorna Foy

Name of witness: Lorna Foy

Address of witness: 17 Blythswood Square
Glasgow

Occupation of witness: Chartered Accountant

SIGNED as a deed but not delivered until the date hereof for and on behalf of
SC US GF V HOLDINGS, LTD.

Acting by: SEQUOIA CAPITAL U.S. GROWTH FUND V, L.P.
SEQUOIA CAPITAL USGF PRINCIPALS FUND V, L.P.
both Cayman Islands exempted limited partnerships, its Members

Acting by: SCGF V MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership, their General Partner

Acting by: SC GF V TT, LTD.,
a Cayman Islands exempted company, its General Partner

Acting by: _____

being a person who, in accordance with the laws of the territory in which the General Partner is incorporated is acting under the authority of that company

/s/ Jim Goetz _____

Authorised Signatory

Name: Jim Goetz

Title: Director

SIGNED as a deed but not delivered until the date hereof for and on behalf of
SEQUOIA CAPITAL GLOBAL GROWTH FUND, LP

Acting by: SCGGF Management, LP
A Cayman Islands exempted limited partnership
Its General Partner

Acting by: SCGGF (TTGP), Ltd.
A Cayman Islands limited liability company
Its General Partner

Acting by: _____

being a person who, in accordance with the laws of the territory in which the General Partner is incorporated is acting under the authority of that company

/s/ Jim Goetz

Authorised Signatory

Name: Jim Goetz

Title: Managing Director

SIGNED as a deed but not delivered until the date hereof for and on behalf of
SEQUOIA CAPITAL GLOBAL GROWTH PRINCIPALS FUND, LP

Acting by: SCGGF Management, LP
A Cayman Islands exempted limited partnership
Its General Partner

Acting by: SCGGF (TTGP), Ltd.
A Cayman Islands limited liability company
Its General Partner

Acting by: _____

being a person who, in accordance with the laws of the territory in which the General Partner is incorporated is acting under the authority of that company


/s/ Jim Goetz

Authorised Signatory

Name: Jim Goetz

Title: Managing Director

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
SCOTTISH MORTGAGE INVESTMENT TRUST PLC)
acting through its agent Baillie Gifford & Co



GRAHAM LAYBOURN

Partner

in the presence of:


Signature of witness: /s/ C.D. Smith

Name of witness: Christopher Smith

Address of witness: Baillie Gifford & Co.,
Calton Square,
1 Greenside Row,
Edinburgh EH1 3AN

Occupation of witness: Legal Counsel

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
EDINBURGH WORLDWIDE INVESTMENT TRUST PLC)
acting through its agent Baillie Gifford & Co



GRAHAM LAYBOURN

Partner

in the presence of:


Signature of witness: /s/ C.D. Smith

Name of witness: Christopher Smith

Address of witness: Baillie Gifford & Co.,
Caltan Square,
1 Greenside Row,
Edinburgh EH1 3AN

Occupation of witness: Legal Counsel

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
VANGUARD VARIABLE INSURANCE FUNDS, on behalf)
of its series of shares known as the International Portfolio)
acting through its agent Baillie Gifford Overseas Limited



GRAHAM LAYBOURN

Director

in the presence of:


Signature of witness: /s/ C.D. Smith

Name of witness: Christopher Smith

Address of witness: Baillie Gifford & Co.,
Caltan Square,
1 Greenside Row,
Edinburgh EH1 3AN

Occupation of witness: Legal Counsel

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
VANGUARD WORLD FUND, on behalf of its series of)
shares known as the Vanguard International Growth Fund
acting through its agent Baillie Gifford Overseas Limited



GRAHAM LAYBOURN

Director

in the presence of:

Signature of witness: /s/ C.D. Smith

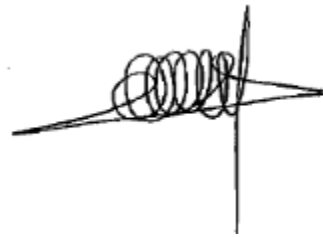
Name of witness: Christopher Smith

Address of witness: Baillie Gifford & Co.,
Caltan Square,
1 Greenside Row,
Edinburgh EH1 3AN

Occupation of witness: Legal Counsel

SIGNED as a deed but not delivered until the date hereof
for and on behalf of
ISLAY SKY SARL
represented by Goiel Secretary, B Manager
and authorised signatory

)
)
)



In the presence of:

Signature of witness:



Name of witness: *Antony Bormann*

Address of witness: *5, rue Guillaume Kroll,
L-1882 Luxembourg*

Occupation of witness: *Chartered Accountant*

**SIGNED as a deed but not delivered until the)
date hereof for and on behalf of
SR CONSULTING & DESIGN LIMITED**



Director

in the presence of: Thomas Holroyd

Signature of witness: /s/ Thomas Holroyd

Name of witness: Thomas Holroyd

Address of witness: 105 Wigmore Street
London
W1U 1QY

Occupation of witness: Accountant

SIGNED as a deed but not delivered until the date hereof
for and on behalf of
ARTEMIS INVESTMENT MANAGEMENT LLP as
Investment Adviser for and on behalf of ARTEMIS
STRATEGIC ASSETS FUND
(as beneficial owner)

)
) /s/ D. M. Cooper
)

Douglas Cooper,

Member

in the presence of:

Signature of witness: /s/ Michael Denis Breen

Name of witness: Michael Denis Breen

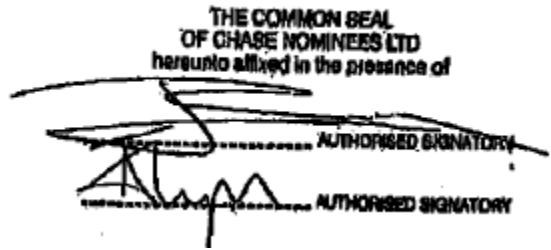
Address of witness: 42 Melville Street
Edinburgh

Occupation of witness: Solicitor

and

SIGNED as a deed but not delivered until the date hereof
for and on behalf of
CHASE NOMINEES LIMITED (as registered owner)

)
)
)



Director

51773

in the presence of:

Signature of witness:

Name of witness:

Address of witness:

Occupation of witness:

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
NITRO VENTURES LIMITED)



Director

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh, EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
CALUM PATERSON)

/s/ Calum Paterson _____)

in the presence of:

Signature of witness: /s/ Lorna Foy _____

Name of witness: Lorna Foy

Address of witness: 17 Blythswood Square
Glasgow

Occupation of witness: Chartered Accountant

SIGNED as a deed but not delivered until the date hereof by)
BONAMY CHARLES GRIMES)

/s/ Bonamy Charles Grimes _____)

in the presence of:

Signature of witness: /s/ Flaviana Preston _____

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh, EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
JULIET GRIMES)

/s/ Juliet Grimes _____)

in the presence of:

Signature of witness: /s/ Flaviana Preston _____

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh, EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
BARRY JAMES SMITH)

/s/ Barry James Smith _____)

in the presence of:

Signature of witness: /s/ Flaviana Preston _____

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh, EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
JULIAN PANCHOLI)

/s/ Julian Pancholi

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
RAY NOLAN)

) /s/ Ray Nolan
) _____

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof by)
LARA BAYLEY)

) /s/ Lara Bayley
) _____

in the presence of:

Signature of witness: /s/ Lorna Foy _____

Name of witness: Lorna Foy

Address of witness: 17 Blythswood Square
Glasgow

Occupation of witness: Chartered Accountant

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
THE GARETH WILLIAMS FAMILY TRUST)



in the presence of:

Signature of witness: /s/ Catherine Loughran

Name of witness: Catherine Loughran

Address of witness: 43/9 Deanhaugh Street
Edinburgh EH4 1LR

Occupation of witness: Solicitor

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
THE GRIMES FAMILY TRUST)

A handwritten signature in black ink, appearing to be 'Flaviana Preston', written over a horizontal line.

in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof)
for and on behalf of)
THE SMITH FAMILY TRUST)



in the presence of:

Signature of witness: /s/ Flaviana Preston

Name of witness: Flaviana Preston

Address of witness: 275/5 Dalkeith Road
Edinburgh EH16 5JT

Occupation of witness: Legal Executive

SIGNED as a deed but not delivered until the date hereof)
by)
CTIP.COM INTERNATIONAL, LTD.)
acting by its duly authorised signatory)

/s/ Cindy Xiaofan Wang

English Translation

Subscription Agreement

For

Private Placement Shares

Of

China Eastern Airlines Corporation Limited

_____, 2016

Subscription Agreement for Private Placement Shares of China Eastern Airlines Corporation Limited

This Agreement is entered into as of _____, 2016 by and between:

Party A: China Eastern Airlines Corporation Limited

Registered Address: 66 Airport Avenue, Pudong International Airport, Shanghai

Business Address: 2550 Hong Qiao Road, Shanghai

Legal Representative: Liu Shaoyong

Party B: Shanghai Licheng Information Technology Consulting Co., Ltd.

Legal Representative: Xiong Xing

Contact: Lu Zuying

Tel: (021) 34064880 ext.: 12786

Registered Address: Section C, 5/F Block 1, 99 Fu Quan Road, Changning District, Shanghai

WHEREAS:

1. China Eastern Airlines Corporation Limited (the “Issuer,” “Party A” or “China Eastern”), a company limited by shares duly incorporated and listed on Shanghai Stock Exchange, has had its plan to issue, through private placement, up to (and including) 2,329,192,546 shares (the “Private Placement”) deliberated and adopted at its 2014 annual shareholders’ meeting, and ratified and approved by China Securities Regulatory Commission (“CSRC”) with a document titled *Approval on Private Placement of Shares by China Eastern Airlines Corporation Limited* and numbered Zheng Jian Xu Ke [2016] No. 8.
2. In connection with the matters regarding the Private Placement, China Eastern has engaged China International Capital Corporation Limited (the “Sponsor/Joint Lead Manager” or “CICC”) as the sponsor/joint lead manager of the Private Placement, and Credit Suisse Founder Securities Limited (the “Joint Lead Manager” or “CSFS”) and Everbright Securities Co., Ltd. (the “Joint Lead Manager” or “EB Securities”) as joint lead managers of the Private Placement.
3. The book-building of the Private Placement was completed on June 16, 2016, pursuant to which it has been finally determined that 1,327,406,822 shares are to be issued under the Private Placement at a price of RMB6.44 per share (with a par value of RMB1 per share).
4. Party B is a qualified investor under relevant CSRC rules and resolutions of China Eastern relating the Private Placement, and is aware of all the information relating to the Private Placement disclosed by China Eastern. Party B has been confirmed as the final target after the placement made by the Joint Lead Managers in accordance with relevant CSRC rules and purchase and placement procedures and rules.

Based on the above and in accordance with the provisions of the *Company Law of the People’s Republic of China*, *Securities Law of the People’s Republic of China*, *Administrative Measures for the Issuance of Securities by Listed Companies* and such other pertinent laws and regulations, to set forth the respective rights and obligations of Party A and Party B in connection with the Private Placement, Party A and Party B, upon mutual consultations, hereby agree as follows with

respect to the relevant matters regarding Party B's subscription of the shares issued under Private Placement of Party A:

Article 1: Number of Shares Subscribed, Subscription Price and Payment of Subscription Consideration

1. Number of Shares Subscribed. Subject to the condition that Party B has received the invitation for subscription from Party A and replied to the Quotation for Share Purchase attached thereto, the Parties agree, based on Party B's intention of purchase and the book-building results of the Private Placement, that Party A will issue **465,838,509** shares to Party B (being the specific target of the Private Placement).
2. Subscription Price. The subscription price shall be RMB**6.44** per share.
3. Total Amount of Subscription Consideration. Party B agrees that the total consideration for the subscription of shares shall be RMB**2,999,999,997.96** (Renminbi **two billion nine hundred and ninety-nine million nine hundred and ninety-nine thousand nine hundred and ninety-seven Yuan ninety-six cents**).
4. Means of Payment. After this Agreement becomes effective, Party B shall pay the full amount of the subscription consideration set forth herein to the account designated by the Joint Lead Managers of the Private Placement pursuant to the timeline provided in the payment notice delivered by the Joint Lead Managers.

Article 2: Rights and Obligations of Party A

(I) Rights of Party A

1. Party A may require Party B to assist China Eastern in the application of the Private Placement, and provide true, accurate and complete materials in accordance with the CSRC requirements governing the application documents.
2. Party A may require Party B to promptly inform Party A upon the occurrence of any significant event that falls within the scope of disclosure stipulated by CSRC and Shanghai Stock Exchange.
3. Party A may require Party B to pay the entire subscription consideration within the time period provided in the payment notice.

(II) Obligations of Party A

1. Party A guarantees that the application documents for securities issuance submitted to CSRC are true, accurate, complete and free of false records, misleading statements or material omissions.
2. Party A guarantees to promptly inform Party B upon the occurrence of any significant event that falls within the scope of disclosure stipulated by CSRC and Shanghai Stock Exchange.

3. Party A shall go through the procedures to register the relevant shares according to relevant laws and regulations as soon as practicable after Party B has paid subscription consideration pursuant to this Agreement.
4. Any other obligation that should be assumed by Party A in connection with the Private Placement as required by law or administrative regulations or as agreed by the Parties upon consultation.

Article 3: Rights and Obligations of Party B

(I) Rights of Party B

1. Party B may require that the application documents for securities issuance submitted to CSRC by Party A be true, accurate, complete and free of false records, misleading statements or material omissions.
2. Party B may require Party A to promptly inform Party B upon the occurrence of any significant event that falls within the scope of disclosure stipulated by CSRC and Shanghai Stock Exchange.
3. Any other rights that are entitled by Party B in accordance with laws, regulations and other relevant policies.

(III) Obligations of Party B

1. Party B warrants and covenants that it owns the intention, qualification and capabilities to subscribe for the shares issued by the Issuer under the Private Placement, has obtained necessary authorizations and approvals for such subscription, and such subscription will not violate or conflict with the provisions of any applicable current laws, regulations or regulatory documents, or other contracts or agreements to which it is a party.
2. Party B shall assist Party A and the Sponsor in the application of the Private Placement, and provide true, accurate and complete materials in accordance with the relevant requirements of CSRC, Shanghai Stock Exchange, China Securities Depository and Clearing Company Limited (CSDCC) Shanghai Branch and such other competent authority.
3. Party B shall promptly inform Party A upon the occurrence of any significant event that falls within the scope of disclosure stipulated by CSRC and Shanghai Stock Exchange.
4. Party B covenants that Party B and its final subscribing entity will not include Party A and its subsidiaries, controlling shareholders, de-facto controller or any affiliate controlled by it, directors, supervisors, officers, Joint Lead Managers and any other parties otherwise affiliated with any of the foregoing, and none of the foregoing entities or persons will participate in the subscription in connection with the Private Placement indirectly through Party B.

5. Party B shall pay the full amount of the subscription consideration within the time provided in the payment notice and guarantee that all the capitals used to pay the subscription consideration of the Private Placement are from legitimate source and in compliance with relevant CSRC rules; otherwise, all consequences thus brought about shall be fully borne by Party B.
6. Other obligations that should be assumed by Party B as required by laws and administrative regulations or as agreed between the Parties.

Article 4: Lockup Period

Party B acknowledges that the lockup period for the new shares subscribed in the Private Placement shall be twelve (12) months from the completion of the Private Placement, during which no shares may be listed or transferred.

Article 5: Confidentiality

Both Parties guarantee that unless a disclosure to a third party or to the public is required for purposes of processing approval and recordation procedures with competent government authorities or regulatory securities departments pursuant to relevant laws, regulations and department rules, or for the performance of their respective obligations or representations and warranties hereunder, each Party agrees, and shall cause relevant persons having access, to keep in strict confidence all the provisions hereof and matters regarding the Private Placement, and not to provide such information to any third party in any manner or through any source whatsoever without the consent of the other Party.

Article 6: Liabilities for Breach

1. In the event that a Party is in breach of any PRC law or relevant provision hereof and thus causes loss to the other Party, then such other Party (being the non-defaulting Party) shall be entitled to claim damages, and the defaulting Party shall indemnify the non-defaulting Party, for such loss as actually incurred.
2. Notwithstanding the foregoing, Party B's failure to pay Party A the full amount of the subscription consideration within the time provided in the payment notice after this Agreement becomes effective shall be deemed as its waiver of the right to subscribe for the shares issued under the Private Placement, in which case Party A may negotiate with the Sponsor and the Joint Lead Managers with respect to the treatment of such shares, and the security deposit already paid by Party B for the subscription will become part of the penalty fine to be owned by Party A, non-refundable to Party B.

Article 7: Assignment and Waiver

1. Neither Party may assign any of its rights or obligations hereunder.
2. During the term agreed herein, no failure by a Party to exercise any of its rights hereunder shall constitute or be construed as its waiver of such right, nor will it preclude in any respect the subsequent exercise of such right by such Party.

Article 8: Notices and Delivery

All notices hereunder shall be delivered in written form, including via fax, email or mail, which shall be deemed duly served upon signed and accepted by the addressee; notices sent in person shall be deemed duly served when left at the address of the addressee.

Article 9: Dispute Resolution

Any dispute arising hereunder shall first be resolved through amicable negotiations between the Parties. If the dispute fails to be resolved through negotiations within fifteen (15) days after either Party's written notice to the other specifying such dispute, either Party may bring a lawsuit to the People's Court of competent jurisdiction over the domicile of Party A.

Article 10: Effectiveness, Term and Termination

1. This Agreement shall become effective upon affixed with signature and official seal of the legal representatives of the Parties or their respective authorized representatives.
2. This Agreement shall terminate, without imposing any legal liabilities for either Party, if:
 - (1) both Parties have completed their respective obligations hereunder; or
 - (2) the Private Placement by the Issuer fails; or
 - (3) an event of force majeure occurs during the performance of this Agreement.

Article 11: Uncovered Matters

1. Any matters not covered herein shall be subject to a supplementary agreement separately entered into between the Parties through negotiations, which shall be equally binding as this Agreement.
2. Any supplement or amendment to this Agreement shall be made by both Parties in writing.

Article 12: Counterparts

This Agreement shall be made in four counterparts, all being equally binding after signed by both Parties on separate signature pages. Each Party shall hold one original and the remaining two shall be used for filing or recordation purposes.

(The remainder of this pages is intentionally left blank)

English Translation

(This page contains no body text and is the signature page of *Subscription Agreement for Private Placement Shares of China Eastern Airlines Corporation Limited*)

China Eastern Airlines Corporation Limited (seal)

Legal Representative (or Authorized Representative): /s/ Yongliang Wu

Date:

English Translation

(This page contains no body text and is the signature page of *Subscription Agreement for Private Placement Shares of China Eastern Airlines Corporation Limited*)

Name of Subscriber (seal): Shanghai Licheng Information Technology Consulting Co., Ltd.

Legal Representative (or Authorized Representative): Xiong Xing

Date: June 27, 2016

Ctrip.com International, Ltd.
List of Significant Consolidated Entities

Significant Subsidiaries*

C-Travel International Limited, a Cayman Islands company
Ctrip.com (Hong Kong) Limited, a Hong Kong company
Ctrip Computer Technology (Shanghai) Co., Ltd., a PRC company
Ctrip Travel Information Technology (Shanghai) Co., Ltd., a PRC company
Ctrip Travel Network Technology (Shanghai) Co., Ltd., a PRC company
Wancheng (Shanghai) Travel Agency Co., Ltd., a PRC company
Shanghai Hecheng International Travel Agency Co., Ltd., a PRC company
Ctrip Information Technology (Nantong) Co., Ltd., a PRC company
Beijing JointWisdom Information Technology Co., Ltd., a PRC company
Qunar Cayman Islands Limited, a Cayman Islands company
Beijing Qunar Software Technology Co., Ltd., a PRC company

Significant Consolidated Affiliated Chinese Entities*

Beijing Ctrip International Travel Agency Co., Ltd., a PRC company
Shanghai Ctrip Commerce Co., Ltd., a PRC company
Guangzhou Ctrip Travel Agency Co., Ltd., a PRC company
Shanghai Huacheng Southwest International Travel Agency Co., Ltd., a PRC company
Shanghai Ctrip International Travel Agency Co., Ltd., a PRC company
Shenzhen Ctrip Travel Agency Co., Ltd., a PRC company
Chengdu Ctrip Travel Service Co., Ltd., a PRC company
Chengdu Ctrip International Travel Service Co., Ltd., a PRC company
Ctrip Insurance Agency Co., Ltd., a PRC company
Beijing Qu Na Information Technology Co., Ltd., a PRC company

* Other consolidated entities of Ctrip.com International, Ltd. have been omitted from this list since, considered in the aggregate as a single entity, they would not constitute a significant subsidiary.

**Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jane Jie Sun, certify that:

1. I have reviewed this annual report on Form 20-F of Ctrip.com International, Ltd. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 13, 2017

By: /s/ Jane Jie Sun
Name: Jane Jie Sun
Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Cindy Xiaofan Wang, certify that:

1. I have reviewed this annual report on Form 20-F of Ctrip.com International, Ltd. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 13, 2017

By: /s/ Cindy Xiaofan Wang

Name: Cindy Xiaofan Wang
Title: Chief Financial Officer

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Ctrip.com International, Ltd. (the "Company") on Form 20-F for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jane Jie Sun, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 13, 2017

By: /s/ Jane Jie Sun
Name: Jane Jie Sun
Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Ctrip.com International, Ltd. (the "Company") on Form 20-F for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cindy Xiaofan Wang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 13, 2017

By: /s/ Cindy Xiaofan Wang
Name: Cindy Xiaofan Wang
Title: Chief Financial Officer

[Maples and Calder (Hong Kong) LLP Letterhead]

Our ref RDS/302248-000002/10974333v1
Direct tel +852.2971.3046
Email richardspooner@maplesandcalder.com

Ctrip.com International, Ltd.
968 Jin Zhong Road
Shanghai 200335
People's Republic of China

April 13, 2017

Dear Sirs

Ctrip.com International, Ltd. (the "Company")

We consent to the reference to our firm under the heading "Taxation" in the Company's Annual Report on Form 20-F for the year ended December 31, 2016, which will be filed with the Securities and Exchange Commission in the month of April 2017.

Yours faithfully,

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP

Commerce & Finance Law Offices
6F NCI Tower, A12 Jianguomenwai Avenue,
Chaoyang District, Beijing, PRC; Postcode: 100022
Tel: (8610) 65693399 Fax: (8610) 65693838, 65693836, 65693837, 65693839
E-mail Add: beijing@tongshang.com Website: www.tongshang.com.cn

April 13, 2017

Ctrip.com International, Ltd.

968 Jin Zhong Road
Shanghai 200335
People's Republic of China

Dear Sirs,

We consent to the reference to our firm under the headings “Key Information — Risk Factors,” “Information on the Company — Business Overview — PRC Government Regulations,” “Major Shareholders and Related Party Transactions — Related Party Transactions” and “Financial Statements — Notes to the Consolidated Financial Statements” in Ctrip.com International, Ltd.’s Annual Report on Form 20-F for the year ended December 31, 2016, which will be filed with the Securities and Exchange Commission in the month of April 2017, and further consent to the incorporation by reference of the summaries of our opinions under these captions into Ctrip.com International, Ltd.’s Registration Statements on Form S-8 (No. 333-116567, No. 333-136264 and No. 333-146761) that were filed on June 17, 2004, August 3, 2006 and October 17, 2007, respectively, and Registration Statement on Form F-3 (No. 333-208399) that was filed on December 9, 2015.

Yours faithfully,

/s/ Commerce & Finance Law Offices

Commerce & Finance Law Offices

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-116567, No. 333-136264, and No. 333-146761) and in the Registration Statement on Form F-3 (No. 333-208399) of Ctrip.com International, Ltd. of our report dated April 13, 2017 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, People's Republic of China

April 13, 2017

ctrp-20161231.xml

ctrp-20161231.xsd

ctrp-20161231_cal.xml

ctrp-20161231_def.xml

ctrp-20161231_lab.xml

ctrp-20161231_pre.xml