Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

among

SOHU.COM INC.,

ALPHA SUB INC.

and

CHINAREN, INC.

Dated as of September 13, 2000

TABLE OF CONTENTS

ARTICLE V

Representations and Warranties

ARTICLE VI

Covenants

ARTICLE VII

Conditions

ARTICLE VIII

Termination

ARTICLE IX

Survival of Representations; Remedies

ARTICLE X

Miscellaneous and General

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (hereinafter called this "Agreement"), dated as of September 13, 2000, among Sohu.com Inc., a Delaware corporation (the "Parent"), Alpha Sub Inc., a California corporation and a wholly-owned subsidiary of the Parent (the "Merger Sub"), and ChinaRen, Inc., a California corporation (the "Company", the Company and the Merger Sub sometimes being hereinafter collectively referred to as the "Constituent Corporations.")

RECITALS

WHEREAS, the respective boards of directors of each of the Parent and the Company have approved, and the Parent as sole stockholder of the Merger Sub has approved, the merger of the Merger Sub with and into the Company (the "Merger") and approved the Merger upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, it is intended that, for Federal income tax purposes, the Merger shall qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the rules and regulations promulgated thereunder; and

WHEREAS, the Company, the Parent and the Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

The Merger; Closing; Effective Time

1.1. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time (as defined in Section 1.3) the Merger Sub shall be merged with and into the Company and the separate corporate existence of the Merger Sub shall thereupon cease. The Company shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation") and shall continue to be governed by the laws of the State of California, and the separate corporate existence of the Company with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger, except as set forth in Article II. The

Merger shall have the effects specified in the California Corporations Code, as amended (the "CACC").

1.2. Closing. The closing of the Merger (the "Closing") shall take place (i) at the offices of Sullivan & Cromwell, Suite 501, China World Trade Center Tower 1, No. 1, Jianguomenwai Avenue, Beijing 100004, People's Republic of China ("PRC") at 10:00 A.M. on the first business day on which the last to be fulfilled or waived of the conditions set forth in ArticleVII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) shall be satisfied or waived in accordance with this Agreement or (ii) at such other place and time and/or on such other date as the Company and the Parent may agree in writing (the "Closing Date").

1.3. Effective Time. As soon as practicable following the Closing, the Company and the Parent will cause an Agreement of Merger (the "Agreement of Merger") to be executed, acknowledged and filed with the Secretary of State of California as provided in Section 1107 of the CACC. The Merger shall become effective at the time when the Agreement of Merger has been duly filed with the Secretary of State of California (the "Effective Time").

ARTICLE II

Articles of Incorporation and By-Laws of the Surviving Corporation

2.1. The Articles of Incorporation. The articles of incorporation of the Merger Sub as in effect immediately prior to the Effective Time shall be the articles of incorporation of the Surviving Corporation (the "Charter"), until duly amended as provided therein or by applicable law.

2.2. The By-Laws. The by-laws of the Merger Sub in effect at the Effective Time shall be the by-laws of the Surviving Corporation (the "By-Laws"), until thereafter amended as provided therein or by applicable law.

ARTICLE III

Officers and Directors of the Surviving Corporation

3.1. Directors. The directors of the Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the By-Laws.

3.2. Officers. The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their

successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the By-Laws.

ARTICLE IV

Effect of the Merger on Capital Stock;
Exchange of Certificates

4.1. Effect on Capital Stock. At the Effective Time, as a result of the Merger and without any action on the part of the holder of any capital stock of the Company:

(a) Merger Consideration.

(i) The total number of shares of Common Stock, par value US$0.001 per share, of the Parent ("Parent Common Stock"), to be issued in connection with the Merger, subject to any adjustment pursuant to Section 4.1(b), shall be equal to 4,366,835 shares (the "Merger Consideration").

(ii) Each share of (A) Common Stock, no par value, of the Company ("Common Stock"), (B) Series A Preferred Stock, no par value, of the Company ("Series A Preferred") and (C) Series B Preferred Stock, no par value, of the Company ("Series B Preferred", and together with the Common Stock and the Series A Preferred, each a "Share" and collectively the "Shares") issued and outstanding prior to the Effective Time, in each case other than Shares owned by the Parent, the Merger Sub or any other direct or indirect subsidiary of the Parent (collectively, the "Parent Companies") or Shares that are owned by the Company or any direct or indirect subsidiary of the Company and in each case not held on behalf of third parties or Shares ("Dissenting Shares") that are owned by shareholders ("Dissenting Shareholders") exercising appraisal rights pursuant to Section 1300 of the CACC (each, an "Excluded Share" and collectively, "Excluded Shares"), shall be converted into, and become exchangeable for shares of Parent Common Stock in accordance with Section 4.1(e) below. At the Effective Time, all Shares shall no longer be outstanding and shall be cancelled and retired and shall cease to exist, and each certificate (a "Certificate") formerly representing any of such Shares (other than Excluded Shares) shall thereafter represent only the right to a portion of the Merger Consideration and the right, if any, to receive pursuant to Section 4.2(d) cash in lieu of fractional shares into which such Shares have been converted pursuant to this Section 4.1 and any distribution or dividend pursuant to Section 4.2(b). At the Effective Time, each warrant outstanding to purchase Series B Preferred shall no longer be outstanding and shall be cancelled and retired and shall cease to exist.

(b) Merger Consideration Adjustments.

(i) The Merger Consideration shall be adjusted on the Closing Date by an amount equal to the Adjustment Amount (as defined below). If the Adjustment Amount is positive, the Merger Consideration shall be increased by such Adjustment Amount. If the Adjustment Amount is negative, the Merger Consideration shall be

reduced by such Adjustment Amount. For purposes of this Section 4.1(b): (A) "Adjustment Amount" shall be determined by dividing the sum of the Loan Repayment Amount (as defined below) and the Balance of Legal Fees (as defined below) by US$6.63; (B) "Loan Repayment Amount" shall be equal to the U.S. dollar equivalent of the total amount (calculated based on the noon buying rate in The City of New York on the date that is three days prior to the Closing Date for cable transfers in Renminbi, as certified for custom purposes by the Federal Reserve Bank of New York) repaid in accordance with the laws of the PRC to Sandhill Information Technology (Beijing) Co. Ltd., as of the date three days prior to the Closing Date, by or on behalf of Yunfan Zhou, Yan Zhou and Xiaohua Lin under the Loan Agreement, dated April 25, 2000, among Yunfan Zhou, Yan Zhou, Xiaohua Lin and Sandhill Information Technology (Beijing) Co. Ltd.; and (C) "Balance of Legal Fees" shall be determined by subtracting the estimated fees and expenses of counsel for the Company in connection with the Merger (as set forth in an invoice from such counsel to the Parent dated three days prior to the Closing Date) from US$500,000.

(ii) All adjustments to the Merger Consideration pursuant to Section 4.1(b) shall be finally determined by no later than the third day preceding the Closing Date.

(c) Cancellation of Shares. Each Excluded Share shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, shall be cancelled and retired without payment of any consideration therefor, except as required pursuant to Section 4.4, and shall cease to exist.

(d) Merger Sub. At the Effective Time, each share of Common Stock, par value $0.001 per share, of the Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Corporation.

(e) Exchange Ratios.

(i) Each share of Common Stock shall be converted into, and become exchangeable for, a fraction of a share of Parent Common Stock determined pursuant to the Common Stock Exchange Ratio (as defined below). For the purposes of this clause (i), "Common Stock Exchange Ratio" means:

(A) the Merger Consideration (as adjusted pursuant to Section 4.1(b)) (the "Adjusted Merger Consideration") minus the sum of (I) the Series A Liquidation Preference Ratio (as defined below) multiplied by the total number of shares of Series A Preferred less any Excluded Shares thereof, and (II) the Series B Liquidation Preference Ratio (as defined below) multiplied by the total number of shares of Series B Preferred less any Excluded Shares thereof;

(B) divided by the sum of (I) the total number of shares of Common Stock less any Excluded Shares thereof, (II) the total number of shares of Series A

Preferred less any Excluded Shares thereof and (III) 1.20 divided by 0.90 multiplied by the total number of shares of Series B Preferred less any Excluded Shares thereof.

(ii) Each share of Series A Preferred shall be converted into, and become exchangeable for, a fraction of a share of Parent Common Stock determined pursuant to the Series A Preferred Exchange Ratio (as defined below). For the purposes of this clause (ii), "Series A Preferred Exchange Ratio" means the Common Stock Exchange Ratio plus the Series A Liquidation Preference Ratio. The "Series A Liquidation Preference Ratio" means 0.10 divided by the Parent Share Price (as defined below).

(iii) Each share of Series B Preferred shall be converted into, and become exchangeable for, a fraction of a share of Parent Common Stock determined pursuant to the Series B Preferred Exchange Ratio (as defined below). For the purposes of this clause (iii), "Series B Preferred Exchange Ratio" means the sum of (A) 1.20 divided by 0.90 multiplied by the Common Stock Exchange Ratio and (B) the Series B Liquidation Preference Ratio. The "Series B Liquidation Preference Ratio" means 1.20 divided by the Parent Share Price.

(iv) "Parent Share Price" means the average closing price of Parent Common Stock on Nasdaq over the thirty-day period ending three days prior to the Closing Date.

4.2. Exchange of Certificates for Shares.

(a) At Closing. At the Closing and subject to the terms of the Escrow Agreement, upon receipt of the certificates (or affidavits of loss in lieu thereof) representing the Shares, the Parent or the Merger Sub shall deliver to each holder of Shares in exchange therefor for a certificate for the number of shares of Parent Common Stock to which such holder is entitled pursuant to Section 4.1 and a check representing any cash payment in lieu of fractional shares pursuant to Section 4.2(d). Certificates representing the shares of Parent Common Stock to be issued pursuant to Section 4.1 shall include an appropriate Securities Act of 1933 legend (Rule 144 legend) providing that the stock evidenced by the certificates are restricted certificates. Any certificates not delivered at the Closing may be delivered to Parent and Parent shall promptly exchange such certificates for shares of Parent Common Stock and cash consideration for fractional shares as described above. Notwithstanding the foregoing, none of the Parent, the Surviving Corporation or any other Person shall be liable to any former holder of Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(b) Distributions with Respect to Unexchanged Shares; Voting. (i) All shares of Parent Common Stock to be issued pursuant to the Merger shall be deemed issued and outstanding as of the Effective Time and whenever a dividend or other distribution is declared by the Parent in respect of the Parent Common Stock, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares issuable pursuant to this Agreement. No

dividends or other distributions in respect of Parent Common Stock shall be paid to any holder of any unsurrendered Certificate until such Certificate is surrendered for exchange in accordance with this Article IV. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be issued and/or paid to the holder of the certificates representing whole shares of Parent Common Stock issued in exchange therefor, without interest, (A) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole shares of Parent Common Stock and not paid and (B) at the appropriate payment date, the dividends or other distributions payable with respect to such whole shares of Parent Common Stock with a record date after the Effective Time but with a payment date subsequent to surrender.

(ii) Holders of unsurrendered Certificates shall be entitled to vote after the Effective Time at any meeting of Parent stockholders the number of whole shares of Parent Common Stock represented by such Certificates, regardless of whether such holders have exchanged their Certificates.

(c) Transfers. After the Effective Time, there shall be no transfers on the stock transfer books of the Company of the Shares that were outstanding immediately prior to the Effective Time.

(d) Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of Parent Common Stock will be issued and any holder of Shares entitled to receive a fractional share of Parent Common Stock but for this Section 4.2(d) shall be entitled to receive a cash payment in lieu thereof, which payment shall represent an amount equal to the fractional share (rounded to the nearest one hundredth of a share) multiplied by the closing price of Parent Common Stock on NASDAQ on the trading day immediately prior to the Closing Date.

(e) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Parent, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Parent will issue in exchange for such lost, stolen or destroyed Certificate the shares of Parent Common Stock and any cash payable and any unpaid dividends or other distributions in respect thereof pursuant to Section 4.2(b) upon due surrender of and deliverable in respect of the Shares represented by such Certificate pursuant to this Agreement.

4.3. Stock Options. At the Effective Time, each outstanding option to purchase shares of Common Stock (an "Option"), whether vested or unvested, shall be assumed by the Parent and shall constitute an option to acquire, on the same terms and conditions as were applicable under such Option, the number of shares of Parent Common Stock as if each share underlying such option were exchanged for Parent Common Stock pursuant to Section 4.1(e) (i) (rounded up to the nearest whole number), at a price per share (rounded down to the nearest whole cent) equal to (y) the aggregate exercise price for the shares of Common Stock otherwise purchasable pursuant to such

Option divided by (z) the number of full shares of Parent Common Stock deemed purchasable pursuant to such Option in accordance with the foregoing; provided, however, that in the case of any Option to which Section 422 of the Code applies, the option price, the number of shares purchasable pursuant to such option and the terms and conditions of exercise of such option shall be determined in accordance with the foregoing, with the exceptions that the number of shares of Parent Common Stock shall be rounded down to the nearest whole share and the purchase price per share shall be rounded up to the nearest cent, and further subject to such adjustments as are necessary in order to satisfy the requirements of Section 424(a) of the Code and the regulations promulgated thereunder. At or prior to the Effective Time, the Company shall make all necessary arrangements to permit the assumption of the unexercised Options by the Parent pursuant to this Section.

4.4. Dissenters' Rights. (a) Notwithstanding any provision of this Agreement to the contrary, Dissenting Shares shall not be converted into or represent a right to receive Parent Common Stock pursuant to Section 4.1 hereof, but the holder thereof shall be entitled to only such rights as are granted by the CACC.

(b) If any holder of Shares who demands appraisal of such holder's Shares under the CACC effectively withdraws or loses (through failure to perfect or otherwise), such holder's right to appraisal, then as of the Effective Time or the occurrence of such event, whichever later occurs, such holder's Shares shall automatically be converted into and represent only the right to receive Parent Common Stock as provided in Section 4.1(a) hereof, without interest, upon surrender of the Certificate or Certificates representing such Shares pursuant to Section 4.4 hereof.

(c) The Company shall give Parent (i) prompt notice of any written demands for appraisal or payment of the fair value of any Shares, withdrawals of such demands, and any other instruments served on the Company pursuant to the CACC received by the Company, and (ii) the opportunity to direct all negotiations and proceedings with respect to demands for appraisal under the CACC. Except with the prior written consent of the Parent, the Company shall not voluntarily make any payments with respect to any demands for appraisal, settle or offer to settle such demands. Any payment in respect of shares pursuant to the CACC shall be made by the Company out of its assets.

4.5. Adjustments to Prevent Dilution. In the event that the Company changes the number of Shares or securities convertible or exchangeable into or exercisable for Shares, or the Parent changes the number of shares of Parent Common Stock or securities convertible or exchangeable into or exercisable for shares of Parent Common Stock, issued and outstanding prior to the Effective Time as a result of a reclassification, stock split (including a reverse split), stock dividend or distribution, recapitalization, merger, subdivision, issuer tender or exchange offer, or other similar transaction, the Merger Consideration shall be equitably adjusted.

4.6. Escrow Stock. Except for the shares of Parent Common Stock to be issued to the Founders (as defined below) pursuant to Article IV in exchange for the

issued and outstanding shares of Series A Preferred owned by the Founders prior to the Effective Time, the shares of Parent Common Stock to be issued to Joseph Chen, Nick Yang and Yunfan Zhou, each a founding shareholder of the Company (each a "Founder" and collectively the "Founders"), pursuant to Article IV shall, upon issuance, be withheld from the Founders and placed in escrow ("Escrow Stock") for one year after the date of issuance (the "Escrow Period"), all pursuant to the terms and conditions of an escrow agreement among the Parent, the Surviving Corporation, the Founders and an escrow agent designated by the Parent and reasonably acceptable to the Company (the "Escrow Agent"), in a form reasonably satisfactory to the parties thereto and containing the principal terms set forth in Exhibit 4.6 attached hereto (the "Escrow Agreement"). The Escrow Stock shall serve as security for the performance of (i) the indemnity obligations of the Founders under Article IX and (ii) the obligations of the Founders under the employment agreements to be entered into with the Parent and described in Section 7.2(g). The Escrow Stock shall be deposited in escrow together with the related stock powers endorsed in blank. The fees of the Escrow Agent shall be paid by the Parent.

ARTICLE V

Representations and Warranties

5.1. Representations and Warranties of the Company. Except as set forth in the corresponding sections or subsections of the disclosure letter, dated the date hereof, delivered to the Parent by the Company on or prior to entering into this Agreement (the "Company Disclosure Letter"), the Company hereby represents and warrants to the Parent and the Merger Sub that:

(a) Organization, Good Standing and Qualification. Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or in good standing, or to have such power or authority when taken together with all other such failures, could have a Company Material Adverse Effect (as defined below). The Company has made available to Parent a complete and correct copy of the Company's and its Subsidiaries' certificates of incorporation and by-laws, each as amended to date. The Company's and its Subsidiaries' certificates of incorporation and by-laws so delivered are in full force and effect. Section 5.1(a) of the Company Disclosure Letter contains a correct and complete list of each jurisdiction where the Company and each of its Subsidiaries is organized and qualified to do business.

As used in this Agreement, the term (i) "Subsidiary" means, with respect to the Company, Parent or the Merger Sub, as the case may be, any entity, whether incorporated or unincorporated, of which at least a majority of the securities or ownership

interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by such party or by one or more of its respective Subsidiaries or by such party and any one or more of its respective Subsidiaries and (ii) "Company Material Adverse Effect" means a material adverse effect on the financial condition, properties, prospects, business or results of operations of the Company and its Subsidiaries taken as a whole; provided, however, that none of the following shall be deemed to constitute, and shall not be taken into account in determining the occurrence of, a Company Material Adverse Effect: (a) any effect arising from or relating to general business or economic conditions in the PRC which does not affect the Company in any materially disproportionate manner, or (b) any effect relating to or affecting the Internet industry in the PRC, which does not affect the Company in a disproportionate manner and (iii) any effect arising from or relating to the announcement or pendency of the Merger.

(b) Capital Structure. The authorized capital stock of the Company is 28,000,000 shares consisting of 20,000,000 shares of Common Stock and 8,000,000 shares of Preferred Stock (the "Preferred Shares"). There are two classes of Preferred Stock designated in the Company's Amended and Restated Articles of Incorporation: (i) the Series A Preferred, which consists of 2,540,000 shares and (ii) the Series B Preferred which consists of 4,849,167 shares. As of the date of this Agreement, there were outstanding 7,640,037 shares, of Common Stock 2,540,000 shares of Series A Preferred and 3,849,167 shares of Series B Preferred. All of the outstanding shares of Common Stock and Preferred Shares have been duly authorized and are validly issued, fully paid and nonassessable. Other than shares of Common Stock reserved for issuance for (i) Options under the Company's 1999 Stock Option Plan, (ii) conversion of Preferred Shares and (iii) conversion of that certain loan under the Bridge Loan Agreement, dated as of April 19, 2000, among the Company and certain persons (the "Convertible Loan"), the Company has no shares reserved for issuance. Other than with respect to warrants to purchase 1,000,000 shares of Series B Preferred (the "Warrants"), the Company has no Preferred Shares reserved for issuance. The Company Disclosure Letter contains a correct and complete list of each outstanding Option, including the holder, date of grant, exercise price and number of shares of Common Stock subject thereto. Each of the outstanding shares of capital stock or other securities of each of the Company's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and owned by the Company, free and clear of any lien, pledge, security interest, claim or other encumbrance. Except with respect to the Options, the Preferred Shares, the Warrants, and the Convertible Loan, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate the Company or any of its Subsidiaries to issue or sell any shares of capital stock or other securities of the Company or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of the Company or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding. Other than the Convertible Loan, the Company does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or

convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter ("Voting Debt").

(c) Corporate Authority; Approval and Fairness.

(i) The Company has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate, subject only to approval of this Agreement by the holders of a majority of the outstanding shares of Common Stock voting separately as a single class, (x) a majority of the outstanding Series A Preferred voting separately as a single class, (y) a majority of the outstanding Series B Preferred voting separately as a single class and (z) the holders of eighty percent of the shares of Common Stock and Preferred Shares voting together as a single class (collectively, the "Company Requisite Vote"), the Merger. This Agreement is a valid and binding
---
agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (the "Bankruptcy and Equity
---
Exception").

(ii) The board of directors of the Company has unanimously approved this Agreement and the Merger and the other transactions contemplated hereby.

(d) Governmental Filings; No Violations; Certain Contracts.

(i) Other than the filings and/or notices pursuant to Section 1.3, to the knowledge of the Company, no notices, reports or other filings are required to be made by the Company with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by the Company from, any governmental or regulatory authority, agency, commission, body or other governmental entity ("Governmental Entity"), in connection with the
---
execution and delivery of this Agreement by the Company and the consummation by the Company of the Merger and the other transactions contemplated hereby, except those that the failure to make or obtain are not, individually or in the aggregate, reasonably likely to have a Company Material Adverse Effect or prevent, materially delay or materially impair the ability of the Company to consummate transactions contemplated by this Agreement.

(ii) The execution, delivery and performance of this Agreement by the Company do not, and the consummation by the Company of the Merger and the other transactions contemplated hereby will not, constitute or result in (A) a breach or violation of, or a default under, the certificate or by-laws of the Company or the comparable governing instruments of any of its Subsidiaries, (B) a breach or violation of, or a default under, the acceleration of any obligations or the creation of a lien, pledge, security interest or other encumbrance on the assets of the Company or any of its Subsidiaries (with or without notice, lapse of time or both) pursuant to, any agreement, lease, license, contract, note, mortgage, indenture, arrangement or other obligation ("Contracts") binding upon the Company or any of its Subsidiaries or any Law (as
---
defined in Section 5.1(i)) or governmental or non-governmental permit or license to which the

Company or any of its Subsidiaries is subject or (C) any change in the rights or obligations of any party under any of the Contracts, except, in the case of clause (B) or (C) above, for any breach, violation, default, acceleration, creation or change that, individually or in the aggregate, is not reasonably likely to have a Company Material Adverse Effect or prevent, materially delay or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement Section 5.1(d) of the Company Disclosure Letter sets forth a correct and complete list of Contracts of the Company and its Subsidiaries pursuant to which consents or waivers are or may be required prior to consummation of the transactions contemplated by this Agreement (whether or not subject to the exception set forth with respect to clauses (B) and (C) above).

(iii) Neither the Company nor any of its Subsidiaries is a party to or bound by any non-competition Contracts or other Contract that purports to limit in any material respect either the type of business in which the Company or its Subsidiaries (or, after giving effect to the Merger, the Parent or its Subsidiaries) may engage or the manner or locations in which any of them may so engage in any business.

(e) Company Reports; Financial Statements. The Company has delivered to the Parent each report or information statement prepared by it since December 31, 1999 (the "Audit Date"), (collectively, the "Company Reports"). The Company Reports include (i) the financial statements for Sandhill Information Technology (Beijing) Co. Ltd. ("Sandhill"), including a balance sheet dated December 31, 1999 and an income statement for the period from inception through December 31, 1999, as audited by Arthur Andersen together with an unaudited balance sheet of Sandhill, dated as of August 31, 2000, and an unaudited income statement for Sandhill for the eight months ended August 31, 2000 (collectively, the "Sandhill Reports"), and (ii) certain financial information concerning revenues, expenses, assets and liabilities of the Company, including unaudited consolidated and unconsolidated balance sheets of the Company as June 30, 2000 and unconsolidated and consolidated income statements of the Company for the six months ended June 30, 2000, (collectively, the "US Reports"). As of their respective dates, (or, if amended, as of the date of such amended) the Company Reports did not 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 made therein, in light of the circumstances in which they were made, not misleading. The US Reports were not prepared in accordance with generally accepted accounting principles, but do provide disclosure of all material items of revenue and expense and all material assets and liabilities of the Company on an unconsolidated basis. Each of the consolidated balance sheets included in or incorporated by reference into the Sandhill Reports (including the related notes and schedules) fairly presents, or will fairly present, the consolidated financial position of Sandhill as of its date and each of the consolidated statements of income and of changes in financial position included in or incorporated by reference into the Sandhill Reports (including any related notes and schedules) fairly presents, or will fairly present, the results of operations, retained earnings and changes in financial position, as the case may be, of Sandhill for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be material in amount or effect), in each case in accordance with

generally accepted accounting principles in the PRC consistently applied during the periods involved, except as may be noted therein.

(f) Absence of Certain Changes. Except as disclosed in the Company Reports
provided to the Parent prior to the date hereof, since the Audit Date the Company and its Subsidiaries have conducted their respective businesses only in, and have not engaged in any material transaction other than according to, the ordinary and usual course of such businesses and there has not been (i) any change in the financial condition, properties, prospects, business or results of operations of the Company and its Subsidiaries or any development or combination of developments of which management of the Company has knowledge that, individually or in the aggregate, has had or is reasonably likely to have a Company Material Adverse Effect; (ii) any material damage, destruction or other casualty loss with respect to any material asset or property owned, leased or otherwise used by the Company or any of its Subsidiaries, whether or not covered by insurance; (iii) any declaration, setting aside or payment of any dividend or other distribution in cash, stock or property in respect of the capital stock of the Company, except for dividends or other distributions on its capital stock publicly announced prior to the date hereof and except as expressly permitted hereby; or (iv) any change by the Company in accounting principles, practices or methods. Since the Audit Date, except as provided for herein or as disclosed in the Company Reports delivered to Parent prior to the date hereof, there has not been any increase in the compensation payable or that could become payable by the Company or any of its Subsidiaries to officers or key employees or any amendment of any of the Company Compensation and Benefit Plans (as defined below).

(g) Litigation and Liabilities. Except as disclosed in the Company Reports
provided to the Parent prior to the date hereof, there are no (i) civil, criminal or administrative actions, suits, claims, hearings, investigations or proceedings pending or, to the knowledge of the officers of the Company, threatened against the Company or any of its Subsidiaries or (ii) obligations or liabilities, whether or not accrued, contingent or otherwise and whether or not required to be disclosed, including those relating to environmental and occupational safety and health matters, or any other facts or circumstances of which the executive officers of the Company has knowledge that could result in any claims against, or obligations or liabilities of, the Company or any of its Subsidiaries, except for those that are not, individually or in the aggregate, reasonably likely to have a Company Material Adverse Effect or prevent or materially burden or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement.

(h) Employee Benefits.

(i) Neither the Company nor any of its Subsidiaries has maintained or contributed to an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and
which is subject to Title I of ERISA.

(ii) A copy of each bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, employment, termination, severance, compensation, medical, health or other plan, agreement, policy or arrangement that covers employees, directors, former employees or former directors of the Company and its Subsidiaries (the "Compensation and Benefit Plans") and any
trust agreement or insurance contract forming a part of such Compensation and Benefit Plans has been made available to the Parent prior to the date hereof. The Compensation and Benefit Plans are listed in Section 5.1(h) of the Company Disclosure Letter and any "change of control" or similar provisions therein are specifically identified in Section 5.1(h) of the Company Disclosure Letter.

(iii) Neither the Company nor its Subsidiaries have any obligations for retiree health and life benefits under any Compensation and Benefit Plan, except as set forth in the Company Disclosure Letter. The Company or its Subsidiaries may amend or terminate any such plan under the terms of such plan at any time without incurring any material liability thereunder.

(iv) The consummation of the Merger and the other transactions contemplated by this Agreement will not (x) entitle any employees of the Company or its Subsidiaries to severance pay, (y) accelerate the time of payment or vesting or trigger any payment of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any of the Compensation and Benefit Plans or (z) result in any breach or violation of, or a default under, any of the Compensation and Benefit Plans.

(v) All Compensation and Benefit Plans covering current or former non-U.S. employees or former employees of the Company and its Subsidiaries comply in all material respects with applicable local law. The Company and its Subsidiaries have no material unfunded liabilities with respect to any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA that covers such non-U.S. employees.

(i) Compliance with Laws; Permits. Except as set forth in the Company
Reports filed prior to the date hereof, the businesses of each of the Company and its Subsidiaries have not been, and are not being, conducted in violation of any U.S. Federal, state or local or other foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Entity (collectively, "Laws"), except for violations or possible violations that, individually or in
the aggregate, are not reasonably likely to have a Company Material Adverse Effect or prevent or materially burden or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement. Except as set forth in the Company Reports filed prior to the date hereof, no investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the knowledge of the officers of the Company, threatened, nor has any Governmental Entity indicated an intention to conduct the same. To the knowledge of the officers of the Company, no material change is required in the Company's or any of its Subsidiaries' processes, properties or procedures in connection

with any such Laws, and the Company has not received any notice or communication of any material noncompliance with any such Laws that has not been cured as of the date hereof. The Company and its Subsidiaries each has all permits, licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals necessary to conduct its business as presently conducted except those the absence of which are not, individually or in the aggregate, reasonably likely to have a Company Material Adverse Effect or prevent or materially burden or materially impair the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement.

(j) Takeover Statutes. No "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation (each a "Takeover Statute") or any anti-takeover provision in the Company's articles of incorporation and by-laws is, or at the Effective Time will be, applicable to the Company, the Shares, the Merger or the other transactions contemplated by this Agreement.

(k) Tax Matters. As of the date hereof, neither the Company nor any of its Subsidiaries has taken or agreed to take any action, nor do the officers of the Company have any knowledge of any fact or circumstance, that would prevent the Merger and the other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(l) Taxes. The Company and each of its Subsidiaries (i) have prepared in good faith and duly and timely filed (taking into account any extension of time within which to file) all Tax Returns (as defined below) required to be filed by any of them and all such filed Tax Returns are complete and accurate in all material respects; (ii) have paid all Taxes (as defined below) that are required to be paid or that the Company or any of its Subsidiaries are obligated to withhold from amounts owing to any employee, creditor or third party, except with respect to matters contested in good faith; and (iii) have not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. As of the date hereof, there are not pending or, to the knowledge of the officers of the Company, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes or Tax matters. There are not, to the knowledge of the officers of the Company, any unresolved questions or claims concerning the Company's or any of its Subsidiaries' Tax liability that are reasonably likely to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has any liability with respect to income, franchise or similar Taxes that accrued on or before December 31, 1999 in excess of the amounts accrued with respect thereto that are reflected in the financial statements included in the Company Reports filed on or prior to the date hereof.

As used in this Agreement, (i) the term "Tax" (including, with correlative meaning, the terms "Taxes", and "Taxable") includes all U.S. Federal, state and local, PRC and other foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severances, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy and other taxes, duties or assessments of any nature whatsoever, together with all interest,

penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions, and (ii) the term "Tax Return" includes all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority relating to Taxes.

(m) Labor Matters. Neither the Company nor any of its Subsidiaries is a party to or otherwise bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor, as of the date hereof, is the Company or any of its Subsidiaries the subject of any material proceeding asserting that the Company or any of its Subsidiaries has committed an unfair labor practice or seeking to compel it to bargain with any labor union or labor organization nor is there pending or, to the knowledge of the officers of the Company, threatened, nor has there been for the past five years, any labor strike, dispute, walk-out, work stoppage, slow-down or lockout involving the Company or any of its Subsidiaries.

(n) Intellectual Property.

(i) The Company and/or each of its Subsidiaries owns, or is licensed or otherwise possesses legally enforceable rights to use all patents, trademarks, trade names, service marks, copyrights, and any applications therefor, technology, know-how, computer software programs or applications, and tangible or intangible proprietary information or materials that are used in the business of the Company and its Subsidiaries as currently conducted, except for any such failures to own, be licensed or possess that, individually or in the aggregate, are not reasonably likely to have a Company Material Adverse Effect, and to the knowledge of the officers of the Company all patents, trademarks, trade names, service marks and copyrights held by the Company and/or its Subsidiaries are valid and subsisting.

(ii) Except as disclosed in Company Reports provided to the Parent prior to the date hereof or as is not reasonably likely to have a Company Material Adverse Effect:

(A) the Company is not, nor will it be as a result of the execution and delivery of this Agreement or the performance of its obligations hereunder, in material violation of any licenses, sublicenses and other agreements as to which the Company is a party and pursuant to which the Company is authorized to use any third-party patents, trademarks, service marks, copyrights, trade secrets or computer software (collectively, "Third-Party Intellectual Property Rights");

(B) no claims with respect to (I) the patents, registered and material unregistered trademarks and service marks, registered copyrights, trade names, and any applications therefor, trade secrets or computer software owned by the Company or any of its Subsidiaries (collectively, the "Company Intellectual Property Rights"); or (II) Third-Party Intellectual Property Rights are currently pending or, to the knowledge of the officers of the Company, are threatened by any Person;

(C) the officers of the Company do not know of any valid grounds for any bona fide claims (I) to the effect that the manufacture, sale, licensing or use of any product as now used, sold or licensed or proposed for use, sale or license by the Company or any of its Subsidiaries, infringes on any copyright, patent, trademark, service mark or trade secret of any Person; (II) against the use by the Company or any of its Subsidiaries, of any Company Intellectual Property Right or Third-Party Intellectual Property Right used in the business of the Company or any of its Subsidiaries as currently conducted or as proposed to be conducted; (III) challenging the ownership, validity or enforceability of any of the Company Intellectual Property Rights; or (IV) challenging the license or legally enforceable right to use of the Third-Party Intellectual Rights by the Company or any of its Subsidiaries; and

(D) to the knowledge of the officers of the Company, there is no unauthorized use, infringement or misappropriation of any of the Company Intellectual Property Rights by any third party, including any employee or former employee of the Company or any of its Subsidiaries.

(o) Brokers and Finders. Neither the Company nor any of its officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders, fees in connection with the Merger or the other transactions contemplated in this Agreement.

(p) Absence of Undisclosed Liabilities. There are no liabilities or obligations (whether absolute or contingent, matured or unmatured, known or unknown) of Company or any Subsidiary, including but not limited to liabilities for Taxes and that are not reflected, or reserved against, in the Company Reports, except for those that may have been incurred after the date hereof in the ordinary course of business or that would not be reasonably be expected to have a Company Material Adverse Effect. Since the date hereof, neither Company nor any Subsidiary has incurred any liabilities or obligations (whether absolute or contingent, matured or unmatured, know or unknown) other than in the ordinary course of business or those which would not reasonably be expected to have a Company Material Adverse Effect.

(q) Representations Complete. None of the representations and warranties made by the Company nor any statement made in any Exhibit, Schedule or certificate furnished pursuant to this Agreement, contains or will contain any untrue statement of a material fact, or omit to state any material fact required to be stated therein, or necessary in order to make the statements made, in light of the circumstances under which they were made not misleading.

(r) No Default. Neither the Company nor any of its Subsidiaries is (i) in violation of its certificate of incorporation or by-laws or similar documents of organization or (ii) in default (and no event has occurred which with notice or lapse of time or both would constitute a default) in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, agreement, lease or other instrument to which it is a party or by which it or any of its properties may be

bound, except for such defaults that would not have in the aggregate a Company Material Adverse Effect.

(s) Title to Property. The Company and its Subsidiaries have good and marketable title to all properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them; and the Company and its Subsidiaries hold any leased real or personal property under valid and enforceable leases with no exception that would materially interfere with the use made or to be made thereof by them.

(t) Material Contracts. Section 5.1(t) of the Company Disclosure Letter sets forth a complete list, as of the date hereof, of the following agreements, contracts, arrangements or understandings, whether written or oral, to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound (collectively, the "Material Contracts"):

(i) Each employment, severance, management, consulting and other Material Contract involving compensation for services rendered or to be rendered, in each case involving payments of more than US$20,000 or extending beyond December 31, 2001;

(ii) Each Material Contract relating to the licensing of any Third-Party Intellectual Property Rights or Company Intellectual Property Rights other than licenses which are not material;

(iii) Each lease relating to real property;

(iv) Each Material Contract that contains a covenant not to compete (whether the Company or any of its Subsidiaries is the beneficiary or the obligor thereunder) or other restrictive covenant that, in either case, will materially impair the Parent's ability to conduct the business and operations of the Company or any of its Subsidiaries as currently conducted;

(v) Each Material Contract creating a lien, encumbrance, equity or claim securing payment of an amount in excess of US$20,000 in any one case or $100,000 in the aggregate for all such Material Contracts; and

(vi) Each Material Contract of a type not set forth above (A) involving annual payments in excess of US$20,000 per year or (B) that is material to the business and operations of the Company or any of its Subsidiaries.

(u) Web Site Ownership. The Company is the sole owner of a valid registration for each of the Web sites used in the Company's business and operations, and each Subsidiary of the Company is the sole owner of a valid registration for each of the Web sites used in such Subsidiary's business and operations.

(v) Shareholder Vote. Shareholders of the Company holding voting securities representing more than fifty percent of each class of the Company's total outstanding voting securities have agreed in writing pursuant to the Voting, Consent and Waiver Agreement attached hereto as Exhibit 5.2(v) to vote for approval and adoption of this Agreement and the consummation of the transactions contemplated hereunder at any meeting of shareholders at which such approval and adoption is voted on by the Company's shareholders. For purposes of this subsection (v), "total outstanding voting securities" shall include all voting securities issuable upon exercise of any options or conversion of any securities which are exercisable or convertible within 180 days after the date hereof.

(w) Total Assets; Net Sales. The ultimate parent entity (as such term is defined under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended) of the Company has fewer than US$100 million in annual net sales (as stated on the last regularly prepared annual statement of income and expense of such entity) or total assets (as stated on the last regularly prepared balance sheet of such entity).

(x) Number of Shareholders. The Company has as of the date hereof, and as of the Closing Date will have, not more than 35 holders of Shares that are not accredited investors (as such term is defined under Rule 501 of the Securities Act).

(y) Number of Outstanding Options. As of the date hereof, there are not more than 1,373,300 Options granted, issued and outstanding, and as of the Closing Date (except as permitted under Section 6.1), there will not be more than 1,373,300 Options granted, issued and outstanding.

(z) Number of Vested Option Holders. As of the date hereof, the Company has not more than 17 holders of vested Options, and as of November 15, 2000, the Company will have not more than 45 holders of vested Options.

(aa) No Consent or Approval. No consent or approval of any Person is required in order to consummate the transactions contemplated by this Agreement under any Contract to which the Company or any of its subsidiaries is a party, except those for which the failure to obtain such consent or approval, individually or in the aggregate, is not reasonably likely to have a Company Material Adverse Effect or is not reasonably likely to prevent or to materially burden or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement.

5.2. Representations and Warranties of the Parent and the Merger Sub. Except as set forth in the corresponding sections or subsections of the disclosure letter delivered to the Company by the Parent on or prior to entering into this Agreement (the "Parent Disclosure Letter"), the Parent and the Merger Sub each hereby represent and warrant to the Company that:

(a) Capitalization of the Merger Sub. The authorized capital stock of the Merger Sub consists of 1,000 shares of Common Stock, par value $0.001 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital

stock of the Merger Sub is, and at the Effective Time will be, owned by the Parent, and there are (i) no other shares of capital stock or voting securities of the Merger Sub, (ii) no securities of the Merger Sub convertible into or exchangeable for shares of capital stock or voting securities of the Merger Sub and (iii) no options or other rights to acquire from the Merger Sub, and no obligations of the Merger Sub to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Merger Sub. The Merger Sub has not conducted any business prior to the date hereof and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

(b) Organization, Good Standing and Qualification. Each of the Parent and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or in such good standing, or to have such power or authority when taken together with all other such failures, is not reasonably likely to have a Parent Material Adverse Effect (as defined below).

As used in this Agreement, the term "Parent Material Adverse Effect" means a material adverse effect on the financial condition, properties, prospects, business or results of operations of Parent and its Subsidiaries taken as a whole; provided, however, that none of the following shall be deemed to constitute, and shall not be taken into account in determining the occurrence of, a Parent Material Adverse Effect: (a) any effect arising from or relating to general business or economic conditions in the PRC which does not affect the Parent in any materially disproportionate manner, or (b) any effect relating to or affecting the Internet industry in the PRC, which does not effect the Parent in a disproportionate manner and (iii) any effect arising from or relating to the announcement or pendency of the Merger.

(c) Capital Structure. The authorized capital stock of the Parent consists of 75,400,000 shares of Parent Common Stock, of which 31,224,216 shares were outstanding as of the close of business on September 13, 2000, and 1,000,000 shares of Preferred Stock par value $0.001 per share (the "Parent Preferred Shares"), of which no shares were outstanding as of the close of business on September 13, 2000. All of the outstanding Parent Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. The Parent has no Parent Common Stock reserved for issuance, except that, as of September 13, 2000, there were 2,340,000 shares of Parent Common Stock reserved for issuance pursuant to the Parent's 2000 Stock Option Plan (the "Parent Stock Plan"), outstanding vested options to purchase 328,620 shares of Parent Common Stock, outstanding unvested options to purchase 1,254,882 shares of Parent Common Stock and outstanding warrants to purchase 257,772 shares of Parent Common Stock. Each of the outstanding shares of capital stock of each of the Parent's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and, except

for directors' qualifying shares, owned by the Parent, free and clear of any lien, pledge, security interest, claim or other encumbrance. Except as set forth above, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate the Parent or any of its Subsidiaries to issue or to sell any shares of capital stock or other securities of the Parent or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of the Parent or any of its Subsidiaries, and no securities or obligation evidencing such rights are authorized, issued or outstanding. The Parent does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of the Parent on any matter ("Parent Voting Debt").

(d) Corporate Authority.(i) No vote of holders of capital stock of the
---
Parent is necessary to approve this Agreement and the Merger and the other transactions contemplated hereby. Each of the Parent and the Merger Sub has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the Merger. This Agreement is a valid and binding agreement of the Parent and the Merger Sub, enforceable against each of the Parent and the Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(ii) Prior to the Effective Time, the Parent will have taken all necessary action to permit it to issue the number of shares of Parent Common Stock required to be issued pursuant to Article IV. The Parent Common Stock, when issued, will be validly issued, fully paid and nonassessable, and no stockholder of the Parent will have any preemptive right of subscription or purchase in respect thereof.

(e) Governmental Filings; No Violations. (i) Other than the filings
---
and/or notices (A) pursuant to Section 1.3, (B) under the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of
---
1934, as amended (the "Exchange Act"), if any, (C) to comply with state
---
securities or "blue sky" laws and (D) required to be made with the Nasdaq National Market, to the knowledge of the Parent, no notices, reports or other filings are required to be made by the Parent or the Merger Sub with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by the Parent or the Merger Sub from, any Governmental Entity, in connection with the execution and delivery of this Agreement by the Parent and the Merger Sub and the consummation by the Parent and the Merger Sub of the Merger and the other transactions contemplated hereby, except those that the failure to make or obtain are not, individually or in the aggregate, reasonably likely to have a Parent Material Adverse Effect or prevent, materially delay or materially impair the ability of the Parent or the Merger Sub to consummate the transactions contemplated by this Agreement.

(ii) The execution, delivery and performance of this Agreement by the Parent and the Merger Sub do not, and the consummation by the Parent and the Merger Sub of the Merger and the other transactions contemplated hereby will not, constitute or

result in (A) a breach or violation of, or a default under, the certificate or by-laws of the Parent and the Merger Sub or the comparable governing instruments of any of its Subsidiaries, (B) a breach or violation of, or a default under, the acceleration of any obligations or the creation of a lien, pledge, security interest or other encumbrance on the assets of the Parent or any of its Subsidiaries (with or without notice, lapse of time or both) pursuant to, any Contracts binding upon the Parent or any of its Subsidiaries or any Law or governmental or non-governmental permit or license to which the Parent or any of its Subsidiaries is subject or (C) any change in the rights or obligations of any party under any of the Contracts, except, in the case of clause (B) or (C) above, for breach, violation, default, acceleration, creation or change that, individually or in the aggregate, is not reasonably likely to have a Parent Material Adverse Effect or prevent, materially delay or materially impair the ability of the Parent or the Merger Sub to consummate the transactions contemplated by this Agreement.

(iii) As of the date hereof, the Parent is not aware of any facts or circumstances that would prevent the delivery of the opinion of TransAsia Lawyers pursuant to Section 7.2(d) hereof.

(f) Parent Reports; Financial Statements. The Parent has delivered to the Company each registration statement, report, proxy statement or information statement prepared by it since August 1, 2000, including the Parent's Quarterly Report on Form 10-Q for the period ended June 30, 2000 in the form (including exhibits, annexes and any amendments thereto) filed with the Securities and Exchange Commission (the "SEC") (collectively, including any such reports filed subsequent to the date hereof, the "Parent Reports"). As of their respective dates, the Parent Reports did not, and any Parent Reports filed with the SEC subsequent to the date hereof will not, 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 made therein, in light of the circumstances in which they were made, not misleading. Each of the consolidated balance sheets included in or incorporated by reference into the Parent Reports (including the related notes and schedules) fairly presents, or will fairly present, the consolidated financial position of the Parent and its Subsidiaries as of its date and each of the consolidated statements of income and of changes in financial position included in or incorporated by reference into the Parent Reports (including any related notes and schedules) fairly presents, or will fairly present, the results of operations, retained earnings and changes in financial position, as the case may be, of the Parent and its Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be material in amount or effect), in each case in accordance with generally accepted accounting principles in the United States ("GAAP") consistently applied during the periods involved, except as may be noted therein.

(g) Compliance with Laws; Permits. Except as set forth in the Parent Reports filed prior to the date hereof, the businesses of each of the Parent and its Subsidiaries have not been, and are not being, conducted in violation of any Laws, except for violations or possible violations that, individually or in the aggregate, are not reasonably likely to have a Parent Material Adverse Effect or prevent or materially burden or materially impair the ability of the Parent or the Merger Sub to consummate

the transactions contemplated by this Agreement. Except as set forth in the Parent Reports filed prior to the date hereof, no investigation or review by any Governmental Entity with respect to the Parent or any of its Subsidiaries is pending or, to the knowledge of the executive officers of the Parent, threatened, nor has any Governmental Entity indicated an intention to conduct the same, except for those the outcome of which are not, individually or in the aggregate, reasonably likely to have a Company Material Adverse Effect or prevent or materially burden or materially impair the ability of the Parent or the Merger Sub to consummate the transactions contemplated by this Agreement. To the knowledge of the executive officers of the Parent, no material change is required in the Parent's or any of its Subsidiaries' processes, properties or procedures in connection with any such Laws, and the Parent has not received any notice or communication of any material noncompliance with any such Laws that has not been cured as of the date hereof.

(h) Takeover Statutes. No Takeover Statute or any anti-takeover provision in Parent's certificate of incorporation and by-laws is applicable to the Parent, the Parent Common Stock, the Merger or the other transactions contemplated by this Agreement.

(i) Tax Matters. As of the date hereof, neither the Parent nor any of its Subsidiaries has taken or agreed to take any action, nor do the executive officers of the Parent have any knowledge of any fact or circumstance, that would prevent the Merger and the other transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(j) Absence of Certain Changes. Except as disclosed in the Parent Reports filed prior to the date hereof, since June 30, 2000, the Parent and its Subsidiaries have conducted their respective businesses only in, and have not engaged in any material transaction other than according to, the ordinary and usual course of such businesses and there has not been (i) any change in the financial condition, properties, prospects, business or results of operations of the Parent and its Subsidiaries or any development or combination of developments of which management of the Parent has knowledge that, individually or in the aggregate, has had or is reasonably likely to have a Parent Material Adverse Effect; (ii) any material damage, destruction or other casualty loss with respect to any material asset or property owned, leased or otherwise used by the Parent or any of its Subsidiaries, whether or not covered by insurance; (iii) any declaration, setting aside or payment of any dividend or other distribution in cash, stock or property in respect of the capital stock of the Parent, except for dividends or other distributions on its capital stock publicly announced prior to the date hereof; or (iv) any change by the Parent in accounting principles, practices or methods. Since June 30, 2000, except as provided for herein or as disclosed in the Parent Reports delivered to the Company prior to the date hereof, there has not been any increase in the compensation payable or that could become payable or that could become payable by the Parent or any of its Subsidiaries to officers or key employees or any amendment of any bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, employment, termination, severance, compensation, medical, health or other plan, agreement, policy or arrangement that

covers employees, directors, former employees or former directors of the Parent and its Subsidiaries.

ARTICLE VI

Covenants

6.1. Interim Operations. The Company covenants and agrees as to itself and its Subsidiaries that, after the date hereof and prior to the Effective Time, the business of it and its Subsidiaries shall be conducted in the ordinary and usual course and, to the extent consistent therewith, it and its Subsidiaries shall use their respective best efforts to preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, distributors, creditors, lessors, employees and business associates, and neither the Company nor any of its Subsidiaries shall take any action or omit to take any action that would cause any of its representations and warranties herein to become untrue in any material respect. By way of amplification of the foregoing and not limitation, neither the company nor any of its Subsidiaries shall, between the date of this Agreement and the Effective Time, directly or indirectly, take any action, including but not limited to the following, except with the prior consent of a Designated Officer (as defined below):

(a) it shall not (i) amend its articles of incorporation or by-laws, except as may be required to increase the number of shares of Common Stock in connection with the conversion of the Convertible Loan, the Series A Preferred or the Series B Preferred, in each case outstanding as of the date hereof; (ii) split, combine or reclassify its outstanding shares of capital stock; (iii) declare, set aside or pay any dividend payable in cash, stock or property in respect of any capital stock; or (iv) repurchase, redeem or otherwise acquire, or permit any of its Subsidiaries to purchase or otherwise acquire, any shares of its capital stock or any securities convertible into or exchangeable or exercisable for any shares of its capital stock;

(b) neither it nor any of its Subsidiaries shall (i) issue, sell, pledge, dispose of or encumber any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of its capital stock of any class or any Voting Debt or any other property or assets, except for (x) issuances of Common Stock upon conversion of the Convertible Loan, the Series A Preferred or the Series B Preferred, in each case outstanding on the date hereof, and (y) issuances of Series B Preferred upon exercise of warrants outstanding on the date hereof; (ii) transfer, lease, license, guarantee, sell, mortgage, pledge, dispose of or encumber any other property or assets (including capital stock of any of its Subsidiaries); or (iii) make or authorize or commit for any capital expenditures or, by any means, make any acquisition of, or investment in, assets or stock of or other interest in, any other Person or entity;

(c) neither it nor any of its Subsidiaries shall terminate, establish, adopt, enter into, make any new grants or awards under, amend or otherwise modify, any

Company Compensation and Benefit Plans (including, without limitation, any grant or issuance of new Options, any amendment or changes to the terms of any Options or any repricing of Options), or increase the salary, wage, bonus or other compensation of any employees;

(d) neither it nor any of its Subsidiaries shall settle or compromise any material claims or litigation or modify, amend or terminate any of its material Contracts or waive, release or assign any material rights or claims;

(e) neither it nor any of its Subsidiaries shall make any Tax election or permit any insurance policy naming it as a beneficiary or loss-payable payee to be cancelled or terminated except in the ordinary and usual course of business;

(f) make any change, other than required by GAAP, to its accounting principles or procedures; and

(g) neither it nor any of its Subsidiaries will authorize or enter into an agreement to do any of the foregoing.

For the purposes of this Section 6.1, "Designated Officer" shall mean
---
any of Thomas Gurnee, Alan Li, Victor Koo or Derek Palaschuk, each of whom is an officer of the Parent.

6.2. Acquisition Proposals. The Company shall not, and shall cause its
---
affiliates, directors, officers, employees, representatives or agents not to, discuss or negotiate with any other person any inquiries or proposals relating to the sale of any of the Company's securities or material assets (each such transaction, a "Third Party Acquisition"), enter into any Third Party
---
Acquisition or agreement or, pursuant to the terms of a confidentiality agreement or otherwise, furnish to any person any non-public information for the purpose or with the intent of permitting such person to evaluate a possible Third Party Acquisition. If any person proposes to negotiate regarding, or enter into, a Third Party Acquisition or requests non-public information from the Company in order to permit such person to evaluate such a proposal, the Company shall inform the Parent of such proposal or inquiry, including the material terms of such proposal, as soon as practicable.

6.3. Shareholders Meeting. The Company will take, in accordance with
---
applicable law and its certificate and by-laws, all action necessary to convene a meeting of holders of Shares (the "Shareholders Meeting") as promptly as
---
practicable after the date hereof to consider and vote upon the approval of this Agreement and the Merger. The Company's board of directors shall recommend such approval and shall take all lawful action to solicit such approval.

6.4. Other Actions; Notification.

(a) The Company and the Parent shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective reasonable efforts to take or cause to be taken all actions, and do or cause to be done all things,

necessary, proper or advisable on its part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Merger or any of the other transactions contemplated by this Agreement. Subject to applicable laws relating to the exchange of information, the Parent and the Company shall have the right to review in advance, and to the extent practicable each will consult the other on, all the information relating to the Parent or the Company, as the case may be, and any of their respective Subsidiaries, that appear in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement. In exercising the foregoing right, each of the Company and the Parent shall act reasonably and as promptly as practicable.

(b) The Company and the Parent each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of the Parent, the Company or any of their respective Subsidiaries to any third party and/or any Governmental Entity in connection with the Merger and the transactions contemplated by this Agreement.

(c) The Company and Parent each shall keep the other apprised of the status of matters relating to completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notice or other communications received by the Parent or the Company, as the case may be, or any of its Subsidiaries, from any third party and/or any Governmental Entity with respect to the Merger and the other transactions contemplated by this Agreement. The Company and the Parent each shall give prompt notice to the other of any change that is reasonably likely to result in a Company Material Adverse Effect or Parent Material Adverse Effect, respectively.

6.5. Taxation. Neither Parent nor the Company shall take or cause to be taken any action, whether before or after the Effective Time, that would disqualify, and the parties hereto shall file all Tax Returns in a manner consistent with the treatment of, the Merger as a "reorganization" within the meaning of Section 368(a) of the Code. The parties hereto shall provide such reasonable and customary representations as are necessary to enable the Parent's independent auditors and the Company's U.S. counsel to render their respective tax opinions under Section 7.2(c) and 7.3(d), respectively.

6.6. Access. Upon reasonable notice, and except as may otherwise be required by applicable law, the Company and the Parent each shall (and shall cause its Subsidiaries to) afford the other's officers, employees, counsel, accountants and other authorized representatives ("Representatives") reasonable access throughout the period prior to the Effective Time, to its properties, books, contracts and records and, during such period, each shall (and shall cause its Subsidiaries to) furnish promptly to the other

all information concerning its business, properties and personnel as may reasonably be requested, provided that no investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by the Company, the Parent or the Merger Sub, and provided, further, that the foregoing shall not require the Company or the Parent to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company or the Parent, as the case may be, would result in the disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if the Company or the Parent, as the case may be, shall have used best efforts to obtain the consent of such third party to such inspection or disclosure. All requests for information made pursuant to this Section shall be directed to an executive officer of the Company or the Parent, as the case may be, or such Person as may be designated by either of its officers, as the case may be. All such information shall be governed by the terms of a confidentiality agreement.

6.7. Publicity. The initial press release shall be a joint press release and thereafter the Company and the Parent each shall consult with each other prior to issuing any press releases or otherwise making public announcements with respect to the Merger and the other transactions contemplated by this Agreement and prior to making any filings with any third party and/or any Governmental Entity (including any national securities interdealer quotation service) with respect thereto, except as may be required by law or by obligations pursuant to any listing agreement with or rules of any national securities interdealer quotation service.

6.8. Expenses. Except as otherwise provided in this Agreement, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such expense.

6.9. Takeover Statute. If any Takeover Statute is or may become applicable to the Merger or the other transactions contemplated by this Agreement, each of the Parent and the Company and its board of directors shall grant such approvals and take such actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement or by the Merger and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

6.10. Employment Agreements. Each of the Company, the Parent and the Founders shall use their respective best efforts to enter into an employment agreement based on the terms set forth in Exhibit 6.10 attached hereto.

6.11. Escrow Arrangements. Each of the Company, the Parent and the Founders shall use their respective best efforts to enter into the Escrow Agreement and to place the Escrow Stock in escrow with the Escrow Agent in accordance with the provisions of Section 4.6 and Exhibit 4.6 attached hereto on or prior to the Closing Date.

6.12. Shareholder Documents. Each of the Company and the Founders shall use their respective best efforts to arrange for each shareholder of the Company that

will be receiving Parent Common Stock pursuant to Article IV to execute and deliver to the Parent (i) no later than fourteen days prior to the Closing Date, an executed questionnaire in the form set forth in Exhibit 6.12(a) attached hereto (each a "Stockholder Questionnaire") and (ii) on or prior to the Closing Date (A) an executed lock-up agreement substantially in the form set forth in Exhibit 6.12(b) attached hereto (each a "Stockholder Lock-Up"); and (B) an executed investor representation letter substantially in the form set forth in Exhibit 6.12(c) attached hereto (each an "Investor Representation Letter").

6.13. Option Holder Documents. Each of the Company and the Founders shall use their respective best efforts to arrange for each holder of Options to execute and deliver to the Parent (i) no later than fourteen days prior to the Closing Date, an executed questionnaire in the form set forth in Exhibit 6.13(a) attached hereto (each a "Option holder Questionnaire") and (ii) on or prior to the Closing Date an executed lock-up agreement substantially in the form set forth in Exhibit 6.13(b) attached hereto (each an "Option Holder Lock-Up").

6.14. Registration of Option Shares. The Parent shall file and obtain, on a date not earlier than 40 days after the Effective Time, the effectiveness of a registration statement on Form S-8 (or appropriate successor form) (the "Form S-8") with respect to the shares of Parent Common Stock underlying assumed options to purchase Parent Common Stock and maintain the current status of shares of Parent Common Stock covered by such registration statement and the related prospectus(es) for so long as such assumed options remain outstanding.

6.15. Option Information to Company Employees. As soon as practicable following the Effective Time, the Parent shall provide to all employees of the Company who hold options to purchase Parent Common Stock a notice informing such employees of the terms of their options to purchase Parent Common Stock, including, without limitation, the number of shares purchasable and the purchase price per share.

6.16. Domain Names. Each of the Company and the Founders shall use their respective best efforts to arrange for the assignment of all rights to the domain names "Chinaren.net" and "Chinaren.com.hk" to the Parent or to a party designated in writing by the Parent.

6.17. Registration Rights. The Parent shall use its best efforts to amend prior to the Closing Date the Third Amended and Restated Investor Rights Agreement, dated as of February 1, 2000, among the Parent and the parties thereto (the "Existing Parties"), to include the persons and entities set forth in Exhibit 6.17 attached hereto as parties to such agreement so that such persons and entities shall have the same rights and privileges granted to the existing Parties.

6.18. Lock-Up Waiver. The Parent shall use its best efforts to obtain from Credit Suisse First Boston Corporation, the lead underwriter of the Parent's initial public offering ("CSFB"): (i) its written consent to the issuance and sale of Parent Common Stock by the Parent in connection with the Merger and (ii) its written waiver of

compliance by the Company with Section 5(i) of the Underwriting Agreement, dated as of July 12, 2000, among the Company and Credit Suisse First Boston Corporation and Credit Suisse First Boston (Hong Kong) Limited (collectively, the "Lock-Up Waiver").

ARTICLE VII

Conditions

7.1. Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver at or prior to the Effective Time of each of the following conditions:

(a) Shareholder Approval. This Agreement shall have been duly approved by holders of Shares constituting the Company Requisite Vote in accordance with applicable law and the certificate and by-laws of each such corporation.

(b) Regulatory Consents. Other than the filing provided for in Section 1.3, all notices, reports and other filings required to be made prior to the Effective Time by the Company or the Parent or any of their respective Subsidiaries with, and all consents, registrations, approvals, permits and authorizations required to be obtained prior to the Effective Time by the Company or the Parent or any of their respective Subsidiaries from, any Governmental Entity (collectively, "Governmental Consents") in connection with the execution and delivery of this Agreement and the consummation of the Merger and the other transactions contemplated hereby by the Company, the Parent and the Merger Sub shall have been made or obtained (as the case may be). As of the date of this Agreement, neither the Company nor the Parent is aware of any required regulatory consents except as disclosed pursuant to Section 5.1 (d) of the Company Disclosure Letter or Section 5.2(e) of the Parent Disclosure Letter.

(c) Litigation. No court or Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the Merger or the other transactions contemplated by this Agreement (collectively, an "Order"), and no Governmental Entity or any other Person shall have instituted any proceeding or threatened to institute any proceeding seeking any such Order.

7.2. Conditions to Obligations of Parent and the Merger Sub. The obligations of the Parent and the Merger Sub to effect the Merger are also subject to the satisfaction or waiver by the Parent at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the

Closing Date (except to the extent any such representation or warranty expressly speaks as of an earlier date), and the Parent shall have received a certificate signed on behalf of the Company by the Chief Executive Officer of the Company to such effect; provided, however, that notwithstanding anything herein to the contrary, this Section 7.2(a) shall be deemed to have been satisfied even if such representations or warranties are not so true and correct unless the failure of such representations or warranties to be so true and correct, individually or in the aggregate, has had, or is reasonably likely to have, a Company Material Adverse Effect or is reasonably likely to prevent or to materially burden or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the Parent shall have received a certificate signed on behalf of the Company by the Chief Executive Officer of the Company to such effect.

(c) Tax Opinion. Parent shall have received the opinion of PricewaterhouseCoopers, the Parent's independent auditors, dated the Closing Date, to the effect that the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that each of the Parent, the Merger Sub and the Company will be a party to that reorganization within the meaning of Section 368(b) of the Code. In preparing such opinion, PricewaterhouseCoopers may rely on reasonable and customary assumptions and representations given by the parties hereto. In the event that PricewaterhouseCoopers is unwilling to deliver such opinion, this condition shall nonetheless be deemed satisfied if U.S. counsel for the Parent delivers such opinion in form reasonably satisfactory to the Parent.

(d) Legal Opinion. The Parent shall have received an opinion of TransAsia Lawyers, special PRC counsel to the Parent, dated the Closing Date, substantially in the form set forth in Exhibit 7.2(d) attached hereto.

(e) Conversion of Convertible Loans. Prior to the Closing Date, any loans outstanding that are convertible into Shares (including the Convertible Loan) shall be converted into Shares, and each such loan shall cease to be outstanding, shall be cancelled and retired without payment of any consideration therefor and shall cease to exist.

(f) Assignment of Trade Marks and Domain Names. On or prior to the Closing Date, the Founders or any third parties shall have assigned to the Company all rights to the domain name "Chinaren.com".

(g) Employment Agreements. Prior to or at the Closing Date, each key employee of the Company set forth in Exhibit 7.2(g) attached hereto shall have entered into with the Parent an employment agreement that is (i) based on the terms set

forth in Exhibit 6.10 attached hereto and (ii) in a form reasonably satisfactory to the parties thereto.

(h) Absence of Material Adverse Change. Since the date hereof, there shall not have been any Company Material Adverse Effect, except for any Company Material Adverse Effect that is a direct result of actions taken by the Parent pursuant to Section 6.1.

(i) Escrow Arrangements. Prior to the Closing Date, each of the Founders shall have entered into the Escrow Agreement, and the Parent shall have received satisfactory evidence from the Escrow Agent to the effect that the Escrow Stock has been placed in escrow with the Escrow Agent in accordance with the provisions of Section 4.6.

(j) Shareholder Documents. (i) No later than fourteen days prior to the Closing Date, at least ninety-two percent of the shareholders of the Company that will be receiving Parent Common Stock pursuant to Article IV shall have executed and delivered to the Parent a Stockholder Questionnaire and (ii) on or prior to the Closing Date, (A) at least ninety-two percent of the shareholders of the Company who will be receiving Parent Common Stock pursuant to Article IV shall have executed and delivered to the Parent an Investor Representation Letter and (B) shareholders of the Company who will be receiving Parent Common Stock pursuant to Article IV and who collectively own not less than ninety-nine percent of the total outstanding Shares as of the Effective Time shall have executed and deliver to the Parent the Stockholder Lock-Ups.

(k) Option Holder Documents. (i) No later than fourteen days prior to the Closing Date, holders of Options who collectively hold not less than ninety percent of the total outstanding Options as of the Closing Date, including at least ninety-five percent of all holders of vested Options as of the Closing Date, shall have executed and delivered to the Parent an Option Holder Questionnaire, and (ii) on or prior to the Closing Date, holders of Options who collectively hold not less than ninety percent of the total outstanding Options as of the Closing Date, including at least ninety-five percent of all holders of vested Options as of the Closing Date, shall have executed and delivered to the Parent the Option Holder Lock-Ups.

(l) Lock-Up Waiver. The Parent shall have received from CSFB the Lock-Up Waiver.

(m) No Exercise of Options. From the date hereof until the Closing Date, not more than three holders of Options shall have exercised their Options in exchange for Shares or other securities of the Company.

(n) Dissenting Shares. The aggregate amount of Dissenting Shares shall be less than five percent of the total outstanding Shares at the Effective Time.

7.3. Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Parent and the Merger Sub set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, (except to the extent any such representation and warranty expressly speaks as of an earlier date) and the Company shall have received a certificate signed on behalf of the Parent by the Chief Executive Officer of the Parent and the Chief Executive Officer of the Merger Sub to such effect; provided, however, that notwithstanding anything herein to the contrary, this Section 7.3(a) shall be deemed to have been satisfied even if such representations or warranties are not so true and correct unless the failure of such representations or warranties to be so true and correct, individually or in the aggregate, has had, or is reasonably likely to have, a Parent Material Adverse Effect or is reasonably likely to prevent or to materially burden or materially impair the ability of the Parent to consummate the transactions contemplated by this Agreement.

(b) Performance of Obligations of the Parent and the Merger Sub. Each of the Parent and the Merger Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of the Parent and the Merger Sub by the Chief Executive Officer of the Parent to such effect.

(c) Consents Under Agreements. The Parent shall have obtained the consent or approval of each Person set forth in Exhibit 7.3(c) attached hereto.

(d) Tax Opinion. The Company shall have received the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, U.S. counsel to the Company, dated the Closing Date, to the effect that the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. In preparing such opinion, such counsel may rely on reasonable and customary assumptions and representations gained by the parties hereto.

(e) Conversion of Convertible Loans. Prior to the Closing Date, any loans that are convertible into Shares (including the Convertible Loan) shall have been converted into Shares, and each such loan shall cease to be outstanding, shall be cancelled and retired without payment of any consideration thereof and shall cease to exist.

ARTICLE VIII

Termination

8.1. Termination by Mutual Consent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time,

whether before or after the approval by shareholders of the Company referred to in Section 7.1(a), by mutual written consent of the Company and the Parent by action of their respective boards of directors.

8.2. Termination by Either the Parent or the Company. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of the board of directors of either the Parent or the Company if (i) the Merger shall not have been consummated by November 15, 2000, whether such date is before or after the date of approval by the shareholders of the Company (the "Termination Date") unless such Termination Date is extended by the mutual agreement of the parties hereto, (ii) the approval of the Company's shareholders required by Section 7.1(a) shall not have been obtained at a meeting duly convened therefor or at any adjournment or postponement thereof, or (iii) any Order permanently restraining, enjoining or otherwise prohibiting consummation of the Merger shall become final and non-appealable (whether before or after the approval by the shareholders of the Company); provided, that the right to terminate this Agreement pursuant to clause (i) above shall not be available to any party that has breached in any material respect its obligations under this Agreement in any manner that shall have proximately contributed to the occurrence of the failure of the Merger to be consummated.

8.3. Termination by the Company. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the approval by shareholders of the Company referred to in Section 7.1(a), by action of the board of directors of the Company if there has been a breach of any representation, warranty, covenant or agreement made by the Parent or the Merger Sub in this Agreement, or any such representation and warranty shall have become untrue after the date of this Agreement, such that Section 7.3(a) or 7.3(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within 30 days after written notice thereof is given by the Company to the Parent.

8.4. Termination by the Parent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of the Board of Directors of Parent if (i) the Board of Directors of the Company shall have withdrawn or adversely modified its approval or recommendation of this Agreement or failed to reconfirm its recommendation of this Agreement within five business days after a written request by the Parent to do so, (ii) there has been a breach of any representation, warranty, covenant or agreement made by the Company in this Agreement, or any such representation and warranty shall have become untrue after the date of this Agreement, such that Section 7.2(a) or 7.2(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within 30 days after written notice thereof is given by the Parent to the Company or (iii) if the Company or any of its affiliates, representatives or agents of the Company shall take any of the actions that would be proscribed by Section 6.2.

8.5. Effect of Termination and Abandonment. In the event of termination of this Agreement and the abandonment of the Merger pursuant to this Article VIII, this Agreement (other than as set forth in Article IX and Section 10.1) shall

become void and of no effect with no liability on the part of any party hereto (or of any of its directors, officers, employees, agents, legal and financial advisors or other representatives); provided, however, except as otherwise
-------- -------
provided herein, no such termination shall relieve any party hereto of any liability or damages resulting from any willful or intentional breach of this Agreement.

ARTICLE IX

Survival of Representations; Remedies

9.1. Survival of Representations. All representations, warranties,
---
covenants, indemnities and other agreements made by any party to this Agreement herein, shall be deemed made on and as of the Effective Time as though such representations, warranties, covenants, indemnities and other agreements were made on and as of such date, and all such representations, warranties, covenants, indemnities and other agreements shall survive until one year after the Effective Time; provided, however, that if the Parent shall have given any
-------- -------
of the founders notice of a claim on or prior to the expiration of such one-year period, the representations, warranties, covenants, indemnities, and other agreements applicable to such claim shall survive with respect to such claim until such claim is finally resolved, and provided further that in the event of
-------- -------
fraud all such representations, warranties, covenants, indemnities and other agreements shall survive indefinitely.

9.2. Indemnification by the Founders. (a) The Founders hereby agree to
---
indemnify, defend and hold the Parent, the Surviving Corporation and their respective officers and directors, and each person, if any, who controls or may control the Parent or the Surviving Corporation within the meaning of the Securities Act (all such persons hereinafter are referred to individually an "Acquiror Indemnified Person" and collectively as "Acquiror Indemnified
---
Persons," but in no event shall any shareholder of the Company prior to the Effective Time be such an Acquiror Indemnified Person) harmless (pro-rata in accordance with their respective beneficial holdings of Escrow Stock) against all losses resulting from, imposed upon or incurred by any Acquiror Indemnified Person, directly or indirectly, as a result of any of the following, anything in this Agreement to the contrary notwithstanding:

(i) any inaccuracy or breach of a representation or warranty of the Company given or made by the Company in this Agreement, in the Agreement of Merger or in the Company Disclosure Letter or in any certificate, document or agreement delivered by or on behalf of the Company pursuant hereto; and

(ii) any failure by the Company to perform or comply with any covenant or agreement contained in this Agreement, in the Agreement of Merger or in the Company Disclosure Letter or in any certificate, document or agreement delivered by or on behalf of the Company pursuant hereto.

(b) The indemnity obligations of the Founders under this Article IX shall be satisfied through the delivery to the Acquiror Indemnified Persons of such number of shares of Escrow Stock having a value equal to the amount of the loss or losses for which indemnification or payment is being made.

(c) (i) Any liability for indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one of the Company's representations, warranties, covenants or agreements.

(ii) Except in the event of (A) actual fraud committed by a Founder or (B) gross negligence or recklessness on the part of a Founder, the rights of the Acquirer Indemnified Persons to indemnification as set forth in this Article IX for any breach of the Company's representations, warranties, covenants or agreements shall constitute such Acquirer Indemnified Persons' sole remedy for such a breach against the Founders, and the Founders shall have no other liability or damages to the Acquirer Indemnified Persons resulting from such breach.

(d) Notwithstanding anything in this Agreement to the contrary, the Founders shall not be responsible for any loss pursuant to this Section 9.2(d) in excess of (i) the lower of (A) the fair market value of the Escrow Stock and (B) US$3,000,000 and (ii) unless and until the aggregate amount of all of such losses shall exceed US$150,000, in which case the Founders severally shall be liable for the aggregate amount of all such losses in excess of US$150,000.

9.3. Third Party Claims. The obligations and liabilities of the Founders with respect to their respective indemnities pursuant to this Article IX, resulting from any third party claim shall be subject to the following terms and conditions:

(a) The party seeking indemnification (the "Indemnified Party") must give the party obligated to indemnify (the "Indemnifying Party"), notice of any third party claim which is asserted against, resulting to, imposed upon or incurred by the Indemnified Party and which may give rise to liability of the Indemnifying Party pursuant to this Article IX, stating (to the extent known or reasonably anticipated) the nature and basis of such third party claim and the amount thereof; provided that the failure to give notice shall not affect the rights of the Indemnified Party hereunder except to the extent (i) that the Indemnifying Party shall have suffered actual damage by reason of such failure, or (ii) such failure or delay materially adversely affects the ability of the Indemnifying Party to defend, settle or compromise such third party claim.

(b) Subject to subsection (c) below, if the Indemnifying Party assumes responsibility for losses arising out of such third party claim, then the Indemnifying Party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense of such third party claim at the Indemnifying Party's risk and expense.

(c) In the event that (i) the Indemnifying Party shall elect not to undertake such defense, (ii) within a reasonable time after notice from the Indemnified

Party of any such third party claim, the Indemnifying Party shall fail to undertake to defend such third party claim, or (iii) there is a reasonable probability that such third party claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, then the Indemnified Party (upon further written notice to the Indemnifying Party) shall have the right to undertake the defense, compromise or settlement of such third party claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the Indemnifying Party. In the event that the Indemnified Party undertakes the defense of a third party claim under this Section 9.3, the Indemnifying Party shall pay to the Indemnified Party, in addition to the other sums required to be paid hereunder, the reasonable costs and expenses incurred by the Indemnified Party in connection with such defense, compromise or settlement as and when such costs and expenses are so incurred.

(d) Anything in this Section 9.3 to the contrary notwithstanding, (i) neither the Indemnified Party nor the Indemnifying Party shall, without the other party's written consent (which consent shall not be unreasonably withheld or delayed), settle or compromise such third party claim or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such third party claim in form and substance satisfactory to the Indemnified Party; (ii) in the event that a party hereto undertakes defense of such third party claim in accordance with this Section 9.3, the other parties, by counsel or other representative of their own choosing and at their sole cost and expense, shall have the right to participate in the defense, compromise or settlement thereof and each party and its counsel and other representatives shall cooperate with the other party and its counsel and representatives in connection therewith; and (iii) the party that undertakes the defense of such third party claim in accordance with this Section 9.3 shall have an obligation to keep the other parties informed of the status of the defense of such third party claim and furnish the other parties with all documents, instruments and information that the other parties shall reasonably request in connection therewith.

9.4. No Recourse Against the Company. The Founders hereby irrevocably waive
---
any and all right to recourse against the Company and the Surviving Corporation with respect to any misrepresentation or breach of any representation, warranty or indemnity, or noncompliance with any conditions or covenants, given or made by the Company in this Agreement or any other agreements and documents executed or to be executed by the parties hereto in order to consummate the transactions contemplated by this Agreement. No Founder shall be entitled to contribution from, subrogation to or recovery against the Company or the Surviving Corporation with respect to any liability of any Founder that may arise under or pursuant to this Agreement or any of the other agreements and documents executed or to be executed by the parties hereto in order to consummate the transactions contemplated by this Agreement or any other agreements and documents contemplated hereby.

9.5. Specific Performance. In addition to any other remedies which the
---
parties may have at law or in equity, the parties hereby acknowledge that the transactions contemplated under this Agreement are unique, and that the harm to the parties resulting

from breaches by the other party of its obligation cannot be adequately compensated by damages. Accordingly, the parties agree that each party shall have the right prior to the Effective Time to have all obligations, undertakings, agreements, covenants and other provisions of this Agreement specifically performed by the other parties and that the parties shall have the right to obtain an order or decree of such specific performance in any of the courts of the United States of America or any state or other political subdivision thereof or any other court of competent jurisdiction.

9.6. Remedies Cumulative. Subject to the limitations and qualifications set forth in this Article IX, the remedies provided herein shall be cumulative and shall not preclude the assertion by the parties hereto of any other rights or the seeking of any other remedies against the other parties, or their respective successors or assigns.

ARTICLE X

Miscellaneous and General

10.1. Survival. Article IX, this Article X and the agreements of the Company, the Parent and the Merger Sub contained in Sections 4.2, 4.4, 6.4, 6.5, 6.8, 6.14, 6.15, 6.16 and 6.17 shall survive the consummation of the Merger.

10.2. Modification or Amendment. Subject to the provisions of the applicable law, at any time prior to the Effective Time, the parties hereto may modify or amend this Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties.

10.3. Waiver of Conditions. The conditions to each of the parties' obligations to consummate the Merger are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law.

10.4. Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

10.5. GOVERNING LAW AND ARBITRATION. THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF CALIFORNIA.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement shall be settled by arbitration administered by the International Chamber of Commerce in accordance with its International Arbitration Rules. The arbitration shall be the sole and exclusive forum for resolution of such dispute, controversy or claim, and the award rendered shall be final and binding. Judgment on the award rendered may be entered in any court having jurisdiction thereof.

(b) The number of arbitrators shall be three, one of whom shall be appointed by the party asserting a claim against the other party or parties, one of whom shall be appointed by the party or parties (acting together), as the case may be, against whom a claim has been asserted, and the third of whom shall be selected by mutual agreement, if possible, within thirty days of the selection of the second arbitrator and thereafter by the administering authority.

(c) The language of the arbitration shall be conducted in the English language and any foreign-language documents presented at such arbitration shall be accompanied by an English translation thereof. The arbitration shall be held in Hong Kong.

(d) Any award of the arbitrators (i) shall be in writing, (ii) shall state the reasons upon which such award is based and (iii) may include an award of costs, including reasonable attorneys' fees and disbursements.

(e) The arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

(f) Any party may make an application to the arbitrators seeking injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved. Any party may apply to any court having jurisdiction hereof and seek injunctive relief in order to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved.

10.6. Notices. Any notice, request, instruction or other document to be
------- given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by facsimile:

if to the Parent or the Merger Sub

Sohu.com Inc.
7 Jianguomennei Avenue
Suite 1519, Tower 2
Bright China Chang An Building
Beijing 100005
People's Republic of China

Attention: Charles Zhang
Chairman and Chief Executive Officer
Tom Gurnee
Chief Financial Officer

fax: (8610) 6510-2572

with a copy to Chun Wei, Esq.
Sullivan & Cromwell
28th Floor
Nine Queen's Road Central
Hong Kong

fax: (852) 2522-2280

if to the Company

ChinaRen, Inc.
Room 918, Camway Building
66 Nan Li Shi Road
Beijing 100045
People's Republic of China

Attention: Joseph Chen
Chairman and Chief Executive Officer

fax: (8610) 6802-5425

with a copy to Jon L. Christianson, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
East Wing Office, Level 4
China World Trade Center
1 Jianguomenwai Avenue
Beijing 100004
People's Republic of China

fax: (8610) 6505-5522

or to such other persons or addresses as may be designated in writing by the party to receive such notice as provided above.

10.7. Entire Agreement. This Agreement (including any exhibits attached hereto), the Company Disclosure Letter, and the Parent Disclosure Letter constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof, including, without limitation, the Letter of Intent, dated August 27, 2000, between the Parent and the Company.

10.8. No Third Party Beneficiaries. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

10.9. Obligations of the Parent and of the Company. Whenever this Agreement requires a Subsidiary of the Parent to take any action, such requirement shall

be deemed to include an undertaking on the part of the Parent to cause such Subsidiary to take such action. Whenever this Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action and, after the Effective Time, on the part of the Surviving Corporation to cause such Subsidiary to take such action.

10.10. Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including penalties and interest) incurred in connection with the Merger shall be paid by Parent and the Merger Sub when due, and Parent and the Merger Sub will indemnify the Company against liability for any such taxes.

10.11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability or the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

10.12. Interpretation. The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section or Exhibit, such reference shall be to a Section of or Exhibit to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

10.13. Assignment. This Agreement shall not be assignable by operation of law or otherwise; provided, however, that the Parent may designate, by written notice to the Company, another wholly-owned direct or indirect subsidiary to be a Constituent Corporation in lieu of the Merger Sub, in which event all references herein to the Merger Sub shall be deemed references to such other subsidiary, except that all representations and warranties made herein with respect to the Merger Sub as of the date of this Agreement shall be deemed representations and warranties made with respect to such other subsidiary as of the date of such designation.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

SOHU.COM INC.

By: _____
Name:
Title:

ALPHA SUB INC.

By: _____
Name:
Title:

CHINAREN, INC.

By: _____
Name:
Title:

The undersigned, each a founding shareholder of ChinaRen, Inc., hereby acknowledge their agreement, covenant and willingness to fulfill their respective obligations as contemplated by this Agreement.

By: _____
Name: Joseph Chen

By: _____
Name: Nick Yang

By: _____
Name: Yunfan Zhou

Exhibit 10.1

- ---

INTERIM LOAN AGREEMENT

among

CHINAREN, INC.,

as Borrower,

SOHU.COM INC.,

as Lender

and

JOSEPH CHEN, NICK YANG AND YUNFAN ZHOU

as Pledgors

Dated as of September 20, 2000

- ---

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

ARTICLE II

AMOUNT AND TERMS OF THE LOANS

ARTICLE III

REPRESENTATIONS AND WARRANTIES

ARTICLE IV

CONDITIONS

ARTICLE V

COVENANTS

ARTICLE VI

EVENT OF DEFAULT

ARTICLE VII

PLEDGE AND SECURITY INTEREST

ARTICLE VIII

MISCELLANEOUS

INTERIM LOAN AGREEMENT (the "Agreement"), dated September 20, 2000, among CHINAREN, INC., a California corporation, (the "Borrower"), SOHU.COM INC., a Delaware corporation (the "Lender"), Joseph Chen, Yunfan Zhou and Nick Yang (each a "Pledgor", and collectively the "Pledgors").

R E C I T A L S

WHEREAS, the Lender, Alpha Sub Inc. and the Borrower have entered into an Agreement and Plan of Merger, dated as of September 13, 2000 (the "Merger Agreement"), pursuant to which Alpha Sub Inc. will be merged with and into the Borrower (the "Merger");

WHEREAS, the Borrower and the Lender desire to enter into a loan agreement for the sole purpose of providing the Borrower with interim funding from the date of the Merger Agreement until the earlier of the Effective Time (as defined in the Merger Agreement) or the Termination Date (as defined in the Merger Agreement) of the Merger;

WHEREAS, the Pledgors have agreed to pledge, for the benefit of the Borrower, all of the shares of the Common Stock (as defined herein) of the Borrower owned directly or indirectly by them to the Lender as collateral securing the Loans (as defined herein); and

WHEREAS, Nick Yang, one of the Pledgors, is the registered domain name holder (the "Registrant"), of the domain name "chinaren.com" (the "Domain Name"), and has agreed to pledge, for the benefit of the Borrower, all of his right, title and interest as the Registrant of the Domain Name to the Lender as collateral securing the Loans.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Merger Agreement.

ARTICLE II

AMOUNT AND TERMS OF THE LOANS

SECTION 2.01. The Loan. The Lender agrees, subject to the terms and conditions of this Agreement, to extend loans to the Borrower (each a "Loan") which the Borrower reasonably requires for the purposes specified in the Recitals above upon request by the Borrower to the Lender. The principal amount of all Loans shall not exceed US$ 2,000,000. The Loans shall not be revolving in nature and amounts repaid may not be reborrowed. The commitment of the Lender to make Loans shall terminate at the close of business on the Maturity Date. For the purposes of this Agreement, "Maturity Date" means the earlier of the Effective Time of the Merger and the Termination Date (as defined in the Merger Agreement) of the Merger.

SECTION 2.02. Method of Borrowing. At least three Business Days prior to the date on which each Loan is required, the Borrower shall deliver to the Lender a written notice setting forth: (a) the amount of such Loan requested; (b) information regarding the use of the proceeds from such Loan; and (c) the date the requested amount is to be made available to the Borrower (each a "Loan Date"); provided, however, if a Loan Date does not fall on a Business Day, such Loan Date shall be deemed to fall on the Business Day immediately following such Loan Date. On each Loan Date, the Lender shall make available to the Borrower by the close of business (Beijing time) on such Loan Date the full amount of the Loan requested by wire transfer of immediately available funds in United States dollars to an account designated by the Borrower. For the purposes of this Section 2.02, "Business Day" means any day except Saturday, Sunday or other day on which commercial banks in either New York City or Beijing are authorized or required by law to be closed.

SECTION 2.03. Maturity; Repayment. Any outstanding Loans, unpaid interest and any other moneys owing under this Agreement shall, subject to Section 8.01 hereof, become due and payable by the Borrower to the Lender on the Maturity Date; provided, however, that in the event the Merger Agreement is terminated, all outstanding Loans, unpaid interest and any other moneys owing under this Agreement shall become due and payable on the date that is ninety days after the Maturity Date.

SECTION 2.04. Interest. (a) Interest shall be computed on the aggregate amount of outstanding Loans for each day in which Loans are outstanding beginning from the respective Loan Dates until the Maturity Date (the "Interest Period") at a rate per annum equal to 18%. Interest shall be computed on the basis of the actual number of days elapsed during the Interest Period and a year of three hundred and sixty-five days. Interest shall be computed during the Interest Period from and including the first day of the Interest Period to and including the last day of the Interest Period.

(b) Any interest on any Loan that is not paid on the Maturity Date, and any overdue principal on any Loan, shall bear interest, payable on the date that is ninety days after the Maturity Date, for each day from and including the date payment thereof was due but excluding the date of actual payment, at a rate per annum equal to 22.5% (the "Default Rate");

provided, however, that if the Default Rate is not permissible under applicable law, then the Default Rate shall be reduced to the highest rate permissible under applicable law.

(c) In the event the Borrower is required by applicable law, decree or regulation to deduct or withhold tax from any amounts payable to the Lender under this Agreement, the interest rate set forth in Section 2.04(a) shall be adjusted such that the interest payments to be made to the Lender, after such deduction or withholding, shall be equal to the full amount stated to be payable to the Lender under this Agreement.

SECTION 2.05. Waiver. No provision set forth in this Article II shall be waived without the approval of the board of directors of the Lender.

SECTION 2.06. Use of Loan Proceeds. The Borrower shall use the proceeds from any Loan only in a manner as approved by the Lender.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Borrower. The Borrower hereby represents and warrants to the Lender that:

(a) Good Standing and Power. Except as set forth in Schedule 5.1(a) to the Company Disclosure Letter (as defined in the Merger Agreement), each of the Borrower and its sole subsidiary, Sandhill Information Technology (Beijing) Co. Ltd. (the "Subsidiary") is a corporation duly organized and existing, in good standing, under the laws of the jurisdiction of its incorporation, and has the corporate power to own its property and to carry on its business as now being conducted and is qualified to do business and is in good standing in each jurisdiction where the ownership or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or in good standing, or to have such power or authority when taken together with all other such failures, could have a Material Adverse Effect (as defined below). Except for the Subsidiary, the Company does not have any other subsidiaries.

(b) Corporate authority. The Borrower has full power and authority to enter into and deliver this Agreement, to make the borrowings, and to incur and perform the obligations provided for herein, all of which have been duly authorized by all proper and necessary corporate action. No consent or

approval of stockholders or of any governmental authority is required as a condition to the validity of this Agreement or the performance by the Borrower of its obligations hereunder.

(c) Binding Agreement. This Agreement constitutes the valid and legally binding obligations of the Borrower enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) Litigation. Except as disclosed in the Borrower Reports (as defined herein) provided to the Lender prior to the date hereof, there are no (i) civil, criminal or administrative actions, suits, claims, hearings, investigations or proceedings pending or, to the knowledge of the officers of the Borrower, threatened against the Borrower or the Subsidiary or (ii) obligations or liabilities, whether or not accrued, contingent or otherwise and whether or not required to be disclosed, including those relating to environmental and occupational safety and health matters, or any other facts or circumstances of which the executive officers of the Borrower has knowledge that could result in any claims against, or obligations or liabilities of, the Borrower or the Subsidiary, except for those that are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect or prevent or materially burden or materially impair the ability of the Borrower to consummate the transactions contemplated by this Agreement.

(e) No Conflicts. There is no statute, regulation, rule, order or judgment, no charter, by-law or preference stock provision of the Borrower, and no provision of any mortgage, indenture, contract or agreement binding on the Borrower or affecting its property, which would prohibit, conflict with or in any way prevent the execution, delivery, or carrying out of the terms of this Agreement.

(f) Company Reports; Financial Statements. The Borrower has delivered to the Lender each report or information statement prepared by it since December 31, 1999 (the "Audit Date"), (collectively, the "Borrower Reports"). The Borrower Reports include (i) the financial statements for the Subsidiary, including a balance sheet dated December 31, 1999 and an income statement for the period from inception through December 31, 1999, as audited by Arthur Andersen together with an unaudited balance sheet of the Subsidiary, dated as of August 31, 2000, and an unaudited income statement for the Subsidiary for the eight months ended August

31, 2000 (collectively, the "Subsidiary Reports"), and (ii) certain financial information concerning revenues, expenses, assets and liabilities of the Borrower, including unaudited consolidated and unconsolidated balance sheets of the Borrower as June 30, 2000 and unconsolidated and consolidated income statements of the Borrower for the six months ended June 30, 2000, (collectively, the "US Reports"). As of their respective dates, (or, if amended, as of the date of such amended) the Borrower Reports did not 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 made therein, in light of the circumstances in which they were made, not misleading. The US Reports were not prepared in accordance with generally accepted accounting principles, but do provide disclosure of all material items of revenue and expense and all material assets and liabilities of the Borrower on an unconsolidated basis. Each of the consolidated balance sheets included in or incorporated by reference into the Subsidiary Reports (including the related notes and schedules) fairly presents, or will fairly present, the consolidated financial position of the Subsidiary as of its date and each of the consolidated statements of income and of changes in financial position included in or incorporated by reference into the Subsidiary Reports (including any related notes and schedules) fairly presents, or will fairly present, the results of operations, retained earnings and changes in financial position, as the case may be, of the Subsidiary for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be material in amount of effect), in each case in accordance with generally accepted accounting principles in the People's Republic of China consistently applied during the periods involved, except as may be noted therein.

(g) Absence of Certain Changes. Except as disclosed in the Company Disclosure Letter and the Borrower Reports provided to the Lender prior to the date hereof, since the Audit Date, the Borrower and the Subsidiary have conducted their respective businesses only in, and have not engaged in any material transaction other than according to, the ordinary and usual course of such businesses and there has not been (i) any change in the financial condition, properties, prospects, business or results of operations of the Borrower and the Subsidiary or any development or combination of developments of which management of the Borrower has knowledge that, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect; (ii) any material damage destruction or other casualty loss with respect to any material asset or property owned, leased or otherwise used by the Borrower or the Subsidiary, whether or not

covered by insurance; (iii) any declaration, setting aside or payment of any dividend or other distribution in cash, stock or property in respect of the capital stock of the Borrower, except for dividends or other distributions on its capital stock publicly announced prior to the date hereof and except as expressly permitted hereby; or (iv) any change by the Borrower in accounting principles, practices or methods. Since the Audit Date, except as provided for herein or as disclosed in the Borrower Reports delivered to the Lender prior to the date hereof, there has not been any increase in the compensation payable or that could become payable by the Borrower or the Subsidiary to officers or key employees or any amendment of any of the Compensation and Benefit Plans (as defined in the Merger Agreement). For purposes of this Agreement, "Material Adverse Effect" means a material adverse effect
----
on the financial condition, properties, prospects, business or results of operations of the Borrower and the Subsidiary taken as a whole; provided, however, that none of the following shall be deemed to
-------- -------
constitute, and shall not be taken into account in determining the occurrence of, a Material Adverse Effect: (i) any effect arising from or relating to general business or economic conditions in the People's Republic of China which does not affect the Borrower in any materially disproportionate manner, or (ii) any effect relating to or affecting the Internet industry in the People's Republic of China, which does not affect the Borrower in a disproportionate manner and (iii) any effect arising from or relating to the announcement or pendency of the Merger.

ARTICLE IV

CONDITIONS

SECTION 4.01. Conditions of Lending. The obligation of the Lender to extend Loans hereunder is subject to the following conditions precedent:

(a) Compliance. At the time of a Loan (i) each of the Borrower and the
----
Pledgors shall have complied and shall then be in compliance with all of the terms, covenants and conditions of this Agreement, (ii) there shall have occurred no Event of Default as defined in Section 6.01 and no event which, with the giving of notice or the lapse of time, or both, would constitute such an Event of Default, (iii) the representations and warranties of the Borrower contained in Section 3.01 and the Pledgors contained in Section 7.06 shall be true with the same effect as though such representations and warranties had been made at the time of the loan, (iv

each of the Borrower and the Pledgors shall have complied and shall then be in compliance with all of the terms, covenants and conditions of the Merger Agreement, (v) the representations and warranties of the Borrower and the Pledgors contained in the Merger Agreement shall be true with the same effect as though such representations and warranties had been made at the time of such Loan and (vi) the Lender shall have received a certificate dated the date of the loan and signed by the Chief Executive Officer or the Chief Financial Officer of the Borrower to the foregoing effect.

(b) Use of Proceeds. The Lender shall be reasonably satisfied as of each Loan Date that the Borrower intends to use the proceeds of such Loan for the purposes set forth in the Recitals.

(c) Evidence of Corporate Action. The Lender shall have received copies of all corporate action taken by the Borrower to authorize this Agreement and the borrowing hereunder, certified the date of such Loan, and such other papers as the Lender shall reasonably require.

(d) Pledged Collateral. The Lender shall have received as collateral securing the obligations of the Borrower and the Pledgors specified in or contemplated by this Agreement in accordance with Article VII hereunder the Certificates (as defined herein), the Borrower Assignment (as defined herein) and the Lender Assignment (as defined herein).

(e) Bank Accounts. The Borrower shall have appointed in writing the Lender's designated representatives as a joint signing authority on the Borrower's bank accounts and shall have provided the Lenders with joint control over the Subsidiary's bank accounts; provided, however, that the Lender shall cause such designated representatives to cease such joint signing authority and such Lender's joint control shall terminate upon the repayment in full by the Borrower of all outstanding Loans, unpaid interest and any other moneys owing under this Agreement.

ARTICLE V

COVENANTS

SECTION 5.01. Affirmative Covenants. From the date hereof until the Maturity Date, so long as the commitment by the Lender to make Loans hereunder shall be in effect or any Loans are outstanding, unless compliance shall have been waived in writing by the Lender, the Borrower will comply with the covenants set forth in Section 6.1 of the Merger Agreement. In

the event the Merger Agreement is terminated, so long as any Loans are outstanding, unless compliance shall have been waived in writing by the Lender, the Borrower will:

(a) Financial Statements. Furnish to the Lender (i) as soon as available but in no event more than fourteen days after the end of each month, consolidated and consolidating balance sheets of the Borrower and the Subsidiary as of the close of such period and consolidated and consolidating statements of income and expense and changes in financial position, to the close of such period, certified by an executive officer of the Borrower and accompanied by a certificate of said officer stating whether any event has occurred which constitutes an Event of Default hereunder or which would constitute such an event of default with the giving of notice or the lapse of time, or both, and, if so, stating the facts with respect thereto; (ii) as soon as available, copies of all financial statements, reports, notices, and proxy statements sent by the Borrower in a general mailing to all its stockholders; and (iii) such additional information, reports or statements as the Lender may from time to time reasonably request.

(b) Loan Repayment. Pay and discharge, and cause the Subsidiary to pay and discharge, any outstanding Loans, unpaid interest and any other moneys owing under this Agreement prior to making any other payment that is due and payable and that arises from Borrowed Money (as defined herein). "Borrowed Money" means any obligation to repay money, any indebtedness evidenced by notes, bonds, debentures or similar obligations, any obligation under a conditional sale or other title retention agreement and the net aggregate rentals under any lease which under generally accepted accounting principles would be capitalized on the books of the Borrower or which is the substantial equivalent of the financing of the property so leased.

(c) Corporate Existence. Maintain its corporate existence and, to the extent it is not in good standing, take all actions necessary for it to obtain good standing status, and qualify and remain qualified to do business as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by it therein or in which the transaction of its business makes such qualification necessary, and cause the Subsidiary so to do.

SECTION 5.02. Negative Covenants. From the date hereof until the Maturity Date, so long as the commitment by the Lender to make Loans hereunder shall be in effect or any Loans are outstanding, unless compliance shall have been waived in writing by the Lender, the

Borrower will comply with the covenants set forth in Section 6.1 of the Merger Agreement. In the event the Merger Agreement is terminated, so long as any Loans are outstanding, unless compliance shall have been waived in writing by the Lender, the Borrower will not:

(a) Borrowing. Create, incur, assume or suffer to exist any liability for Borrowed Money, or permit the Subsidiary so to do, except (i) indebtedness to the Lender, indebtedness of the Borrower or the Subsidiary secured by mortgages, encumbrances or liens specifically permitted by Section 5.02(b) hereof, (iii) indebtedness of the Borrower to others which shall be subordinated, by a written agreement satisfactory in form and substance to the Lender, to all indebtedness of the Borrower to the Lender and (iv) the loan agreement set forth in Annex B to Schedule 5.1(t)(i) of the Company Disclosure Letter.

(b) Mortgages and Pledges. Create, incur, assume or suffer to exist any mortgage, pledge, lien or other encumbrance of any kind (including the charge upon property purchased under conditional sale or other title retention agreements) upon, or any security interest in, any of its property or assets, whether now owned or hereafter acquired, or permit the Subsidiary so to do, except (i) liens for taxes not delinquent or being contested in good faith and by appropriate proceedings, (ii) deposits or pledges to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance, (iii) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business, (iv) mechanic's, workmen's, materialmen's or other like liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith and (v) existing mortgages disclosed in the financial statements (or in the notes thereto) referred to in Section 3.01(f).

(c) Merger, Acquisition or Sale of Assets. Enter into any merger or consolidation or acquire all or substantially all of the assets of any person, firm, joint venture, corporation or other entity, or sell, lease, or otherwise dispose of any of its assets or permit the Subsidiary so to do.

(d) Loans. Make loans or advances to any person, firm, joint venture, corporation or other entity or permit the Subsidiary so to do.

(e) Contingent Liabilities. Assume, guarantee, endorse, contingently agree to purchase or otherwise become liable upon the obligation of any person,

firm, joint venture, corporation or other entity or permit the Subsidiary to do so.

(f) Investments. Purchase or acquire the obligations or stock of, or any other interest in, any person, firm, joint venture, corporation or other entity, or permit any Subsidiary so to do.

(g) Capital Expenditures. Make any capital expenditures, or permit the Subsidiary so to do.

(h) Dividends and Purchase of Stock. Declare any dividends on any shares of any class of its capital stock, or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution by reduction of capital or otherwise in respect of, any shares of any class of capital stock of the Borrower, or permit the Subsidiary so to do (except for the sole purpose of repaying any outstanding Loans), or permit the Subsidiary to purchase or acquire any shares of any class of capital stock of the Borrower.

(i) Stock of Subsidiary. Sell or otherwise dispose of any shares of capital stock of the Subsidiary or permit the Subsidiary to issue any additional shares of its capital stock.

(j) Compliance with ERISA. Permit with respect to any employee benefit plan or employee benefit plans covered by Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA") (i) any prohibited transaction or prohibited transactions under ERISA or the Internal Revenue Code of 1986, as amended, or (ii) any reportable event under ERISA, if upon termination of the plan or plans with respect to which one or more such reportable events shall have occurred there is or would be any liability of the Borrower to the Pension Benefit Guaranty Corporation.

ARTICLE VI

EVENT OF DEFAULT

SECTION 6.01. Events of Default. If one or more of the following events of default shall occur:

(a) Default shall be made in the payment of any principal of or interest upon any outstanding Loan when due and payable, whether at maturity or otherwise; or

(b) Default shall be made in the due observance or performance of any term, covenant or agreement of the Borrower or any of the Pledgors contained in this Agreement, and such default shall have continued unremedied for a period of five Business Days after any officer of the Borrower or such Pledgor, as the case may be, becomes aware of such default; or

(c) Any representation or warranty made by the Borrower or any of the Pledgors herein or any statement or representation made in any certificate, report or opinion delivered in connection herewith shall prove to have been misleading in any material respect when made; or

(d) The Borrower, the Subsidiary or any of the Pledgors makes an assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions or applies to any tribunal for any receiver of or any trustee for the Borrower, the Subsidiary or such Pledgor or any substantial part of its property, commences any proceeding relating to the Borrower, the Subsidiary or such Pledgor under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or there is commenced against the Borrower, the Subsidiary or such Pledgor any such proceeding which remains undismissed for a period of thirty days, or the Borrower, the Subsidiary or such Pledgor by any act indicates its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or any trustee for the Borrower, the Subsidiary or such Pledgor or any substantial part of its property, or suffers any such receivership or trusteeship to continue undischarged for a period of thirty days; or

(e) One or more judgments against the Borrower, the Subsidiary or any of the Pledgors or attachments against its property, which in the aggregate exceed US$100,000 or the operation or result of which could be to interfere materially and adversely with the conduct of the business of the Borrower or the Subsidiary, remain

unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of thirty days; or

(f) Default shall be made in the due observance or performance of any other term, covenant or agreement of the Borrower or any of the Pledgors contained in the Merger Agreement, and such default shall have continued unremedied for a period of five Business Days after any officer of the Borrower or such Pledgor, as the case may be, becomes aware of such default; or

(g) Any representation or warranty made by the Borrower contained in the Merger Agreement or any statement or representation made in any certificate, report or opinion delivered in connection therewith shall prove to have been misleading in any material respect when made;

then, upon the happening of any of the foregoing events of default which shall be continuing, all outstanding Loans shall become and be due and payable on the date that is ninety days after the declaration to that effect delivered by the Lender to the Borrower; provided, that on the date
---
of such declaration the Merger Agreement shall have been terminated; provided further, that with respect to an Event of Default resulting from a
---
violation of Section 5.02(c) or upon the happening of any event specified in Section 6.01(d), all outstanding Loans shall be immediately due and payable without declaration or other notice to the Borrower. The Borrower expressly waives any presentment, demand, protest or other notice of any kind.

ARTICLE VII

PLEDGE AND SECURITY INTEREST

SECTION 7.01. Security Interest.

(a) As security for the performance in full of the obligations of the Borrower and the Pledgors specified in or contemplated by this Agreement, each of the Pledgors hereby deliver, pledge and assign to the Lender, and creates in favor of the Lender, a first priority security interest in all of right, title and interest in and to:

(A) all shares of common stock, no par value, of the Borrower ("Common Stock") held by such Pledgor ("Pledged Shares"); and
---

(B) all rights and privileges of such Pledgor with respect to the Pledged Shares, now or hereafter acquired, all proceeds, income and profits thereof and all property received in addition thereto, in exchange thereof or in substitution therefor.

(b) As security for the performance in full of the obligations of the Borrower and the Pledgors specified or contemplated by this Agreement, the Registrant hereby delivers, pledges and assigns to the Lender, and creates in favor of the Lender, a first priority security interest in, all of his right, title and interest, now and hereafter acquired, in and to the Domain Name.

All such property enumerated in (a) through (b), together with the assignments separate from certificate executed by the respective Pledgors in connection with (a), are hereinafter collectively referred to as the "Pledged Collateral". For the avoidance of doubt, each of the Pledgors
 ----
hereby acknowledges and agrees that the Pledged Collateral shall be applied jointly and in its entirety as security for the performance in full of the obligations of the Borrower and the Pledgors specified in or contemplated by this Agreement.

SECTION 7.02. Distribution, Options, or Other Adjustments. So long as the Borrower may borrow hereunder and until payment in full of all outstanding Loans and performance of all other obligations of the Borrower hereunder, the Lender shall receive, as Pledged Collateral, any and all additional property of any kind distributable on or by reason of any Pledged Collateral, whether in the form of or by way of distributions, issuances, warrants, partial liquidation, conversion, prepayments or redemptions (in whole or in part), liquidation, or otherwise. If any additional interests, instruments or other property (intended hereunder to be part of the Pledged Collateral) against which a security interest can be perfected only by possession by the Lender, which are distributable on or by reason of the Pledged Collateral, shall come into the possession or control of any of the Pledgors, such Pledgor shall hold or control the same and forthwith transfer and deliver the same to the Lender subject to the provisions hereof.

SECTION 7.03. Certificates. Each of the Pledgors represents and warrants that a certificate or certificates (the "Certificates") has (have) been issued
                                                 ----
to such Pledgor evidencing its equity interest in the Borrower and that such Pledgor has, on the date hereof, delivered the certificate(s) representing the Pledged Collateral to the Lender together with transfer powers duly executed in blank. If at any time the Lender notifies such Pledgor that it requires additional transfer powers with respect to the Pledged Collateral endorsed in blank, such Pledgor shall promptly execute in blank and deliver such transfer powers to the Lender.

SECTION 7.04. Domain Name. The Registrant hereby represents and warrants that he has executed and delivered to the Lender two assignments, one with the Borrower as the assignee (the "Borrower Assignment") and the other with the
                                  ----
Lender as the assignee (the

"Lender Assignment"), executed in blank relating to the assignment and transfer
 ----
of all of his right, title and interest as the Registrant of the Domain Name to the Lender. If at any time the Lender notifies the Registrant that it requires additional instruments of transfer with respect to the Domain Name to be executed, the Registrant shall promptly execute and deliver such additional instruments of transfer.

SECTION 7.05. Power of Attorney . Each of the Pledgors hereby irrevocably appoints the Lender (or its designee), with full power of substitution by the Lender (or its designee), as such Pledgor's true and lawful attorney-in-fact for the purpose of carrying out the provisions of this Article VII and taking any action and executing any instrument which the Lender in good faith deems necessary or advisable to accomplish the purposes of this Article VII. The power of attorney granted pursuant to this Article VII and all authority hereby conferred are granted and conferred solely to protect the interest of the Lender in the Pledged Collateral and shall not impose any duty upon the Lender to exercise any power. This power of attorney shall be unconditional and irrevocable and one coupled with an interest and will continue until all outstanding Loans are paid in full.

SECTION 7.06. Inducing Representations of the Pledgors . Each of the Pledgors represents and warrants to the Lender that:

(a) Such Pledgor is the sole legal, equitable and beneficial owner of, and has good and valid title to, the Pledged Collateral, free and clear of all pledges, liens, security interests and other encumbrances and restrictions on the transfer and assignment thereof, other than the security interest created by this Agreement, and such Pledgor has the unqualified right and authority to execute this Agreement and to pledge the Pledged Collateral to the Lender as provided for herein; and except as set forth in the Common Stock Purchase Agreement, dated August 24, 1999, between the Borrower and such Pledgor and the Voting, Consent and Waiver Agreement, dated as of September 13, 2000, by and among the Lender, the Borrower and other parties specified therein, no portion of the Pledged Collateral is subject to any organizational or contractual restriction governing its issuance, transfer, ownership or control;

(b) there are no outstanding purchase or sale options, warrants or other similar agreements with any Persons with respect to any portion of the Pledged Collateral;

(c) the Pledged Shares have been duly authorized and validly issued and are fully paid for and non-assessable;

(d) any consent, approval or authorization of, or designation or filing with, any governmental or other authority on the part of such Pledgor which is required in connection with the pledge and security interest granted under this Agreement has been obtained or effected;

(e) the execution and delivery of this Agreement by such Pledgor, and the performance by such Pledgor of its obligations hereunder and the realization by the Lender upon any or all of the pledge and security interests granted hereunder, will not result in a violation of any mortgage, indenture, contract, instrument, judgment, decree or order to which such Pledgor or any of its assets is subject; and

(f) this Agreement constitutes the valid and legally binding obligation of such Pledgor enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

SECTION 7.07. Obligations of the Pledgors . Each of the Pledgors further represents, warrants and covenants to the Lender that:

(a) without in each case the consent of the Lender,

(A) except as expressly permitted under this Article VII, such Pledgor will not sell, transfer or convey any interest in, or suffer or permit any lien or encumbrance to be created upon or with respect to, any of the Pledged Collateral (other than as created under this Article VII) until the termination of this Article VII; any such transfer shall be subject to this Article VII, and the transferee shall assume the obligations of such Pledgor with respect to such Pledged Collateral;

(B) such Pledgor will not consent to any change in the constituent documents of the Borrower, and will not permit, or fail to exercise any of its rights as an equity holder, if any, to prevent, any action that would cause the dissolution or liquidation, or sale of all or substantially all of the assets of the Borrower;

(b) such Pledgor will, at its own expense, defend the Pledged Collateral against any and all claims and demands of all persons at any time claiming the same or any interest therein; and

(c) such Pledgor will, at its own expense, at any time and from time to time at the Lender's request, do, make, procure, execute and deliver all acts, things, writings, assurances and other documents as may be proposed by the Lender to preserve, establish or enforce the rights, interests and remedies created by or provided in this Article VII in favor of the Lender.

SECTION 7.08. Rights of the Pledgors . So long as no Event of Default has been declared pursuant to this Agreement, and so long as the Lender has not foreclosed or otherwise acquired ownership of the Pledged Collateral, the Pledgors shall be entitled to vote or consent or take any other action with respect to the Pledged Shares in any manner not inconsistent with this Agreement. Each of the Pledgors hereby grants to the Lender an unconditional and irrevocable proxy to vote or consent with respect to the Pledged Shares, which proxy shall be effective immediately upon the declaration of a Event of Default. Each of the Pledgors and the Lender hereby acknowledge that the proxy provided for herein is a proxy coupled with an interest and will continue until all outstanding Loans are paid in full. Upon request of the Lender, each of the Pledgors agrees to deliver to the Lender such further evidence of such proxy to vote the Pledged Shares as the Lender may reasonably request.

SECTION 7.09. Rights of the Lender . Subject to the Pledgors' right to contest, if any, as set forth herein, at any time, the Lender may discharge any taxes, liens, security interests or other encumbrances levied or placed on the Pledged Collateral, and the amount of such payments, plus any and all fees, costs and expenses of the Lender (including reasonable attorneys' fees and disbursements) in connection therewith, shall immediately be due and payable from each of the Pledgors to the Lender upon demand therefor, and the amount of such payments shall bear interest at the Default Rate from the date upon which each such payment was made by the Lender in respect thereof if not paid upon demand. Except as may be expressly provided for herein, nothing contained herein shall operate or be construed to impose any obligation upon the Lender with respect to any portion of the Pledged Collateral.

SECTION 7.10. Remedies . Upon any outstanding Loan becoming due and payable pursuant to Section 6.01 hereof, then:

(a) In addition to all the rights and remedies of a secured party under applicable law, the Lender shall have the right at any time prior to all outstanding Loans being paid in full, and without demand of performance or other demand, advertisement or notice of any kind, except as specified below, to or upon the Pledgors or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived to the extent permitted by law), to proceed forthwith to collect, receive, appropriate and realize upon the Pledged Collateral, or any part thereof, and to proceed forthwith to exercise all voting and consensual powers pertaining to the Pledged Collateral, or any part thereof, in such manner as

the Lender may elect (it being understood, however, that in the event the Lender exercises its rights under the Lender Assignment, the Lender shall return to the Registrant the Borrower Assignment) and, in a commercially reasonable manner, to sell, assign, give an option or options to purchase, contract to sell, or otherwise dispose of and deliver the Pledged Collateral or any part thereof in one or more parcels or lots at public or private sale or sales at any stock exchange, broker's board or at any of the Lender's offices or elsewhere at such prices and on such terms (including a requirement that any purchaser of all or any part of the Pledged Collateral shall be required to purchase any securities constituting the Pledged Collateral solely for investment and without any intention to make a distri bution thereof) as the Lender in its sole and absolute discretion deems commercially reasonable, without any liability for any loss due to decrease in the market value of the Pledged Collateral during the period held. If any notification of intended disposition of the Pledged Collateral is required by law, such notification shall be deemed reasonable and properly given if mailed, postage prepaid, at least seven Business Days before any such disposition to each of the Pledgors at their respective addresses set forth herein. Any disposition of the Pledged Collateral or any part thereof may be for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Lender to purchase all or any part of the Pledged Collateral so sold at any such sale or sales, public or private, free of any equity or right of redemption in favor of each of the Pledgors, which right or equity is, to the extent permitted by applicable law, hereby expressly waived or released by each of the Pledgors.

(b) The Lender may elect to obtain (at the reasonable expense of the Borrower) the advice of any nationally-known investment banking firm that is a member firm of the New York Stock Exchange, with respect to the method and manner of sale or other disposition of any of the Pledged Collateral, the best price reasonably obtainable therefor, the consideration of cash and/or credit terms, or any other details concerning such sale or disposition. The Lender, in its sole discretion, may elect to sell on such credit terms as it deems reasonable.

(c) Each of the Borrower and the Pledgors recognizes that the Lender may be unable to effect a public sale of all or a part of the Pledged Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, as well as applicable Blue Sky or other state securities laws, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Pledged Collateral or portions thereof for their own account,

for investment and not with a view for the distribution or resale thereof. Each of the Borrower and the Pledgors agrees that private sales so made may be at prices and on other terms less favorable to the seller than if the Pledged Collateral were sold at public sale, and that the Lender has no obligation to delay the sale of any Pledged Collateral for the period of time necessary to permit the registration of the Pledged Collateral or any portion thereof for public sale under the Securities Act of 1933, as amended. Each of the Borrower and the Pledgors agrees that the Lender has no obligation to obtain the maximum possible price for the Pledged Collateral (other than to conduct a sale in such manner as the Lender deems commercially reasonable) and that a private sale or sales made under the foregoing circumstances shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of having been a private placement.

(d) If any consent, approval or authorization of any state, municipal or other governmental department, agency or authority (except for registration of the Pledged Collateral under the Securities Act of 1933, as amended) should be necessary to effectuate any sale or other disposition of the Pledged Collateral, or any partial disposition of the Pledged Collateral, each of the Pledgors will execute all such applications and other instruments as may be required in connection with securing any such consent, approval or authorization, and will otherwise use all commercially reasonable efforts to secure the same. Each of the Pledgors further agrees to use all commercially reasonable efforts to secure such sale or other disposition of the Pledged Collateral as the Lender may deem necessary pursuant to the terms of this Agreement.

(e) Upon any sale or other disposition, the Lender shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Collateral so sold or disposed of. Each purchaser at any such sale or other disposition (including the Lender) shall hold the Pledged Collateral free from any claim or right of whatever kind, including any equity or right of redemption of Pledgor. Each of the Pledgors specifically waives, to the extent permitted by applicable law, all rights of redemption, stay or appraisal which it had or may have under any rule of law or statute now existing or hereafter adopted.

(f) The Lender shall not be obligated to make any sale or other disposition, unless the terms thereof shall be satisfactory to it. The Lender may, without notice or publication, adjourn any private or public sale, and, upon five Business Days' prior notice to each of the Pledgors, hold such sale at

any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Pledged Collateral on credit or future delivery, the Pledged Collateral so sold may be retained by the Lender until the selling price is paid by the purchaser thereof, but the Lender shall incur no liability in case of the failure of such purchaser to take up and pay for the property so sold and, in case of any such failure, such property may again be sold as herein provided.

(g) The Lender may, subject to applicable law, cause the Pledged Collateral to be transferred to its name or to the name of its nominee or nominees and thereafter exercise as to such Pledged Collateral all of the rights, powers and remedies of an owner.

(h) The Lender may enter into any extension, subordination, reorganization, deposit, merger, or consolidation agreement or any other agreement relating to or affecting the Pledged Collateral, and in connection therewith deposit or surrender control of such Pledged Collateral thereunder, and accept other property in exchange therefor and hold and apply such property or money so received in accordance with the provisions hereof.

(i) The Lender may at any time and without notice, collect by legal proceedings or otherwise all payments, including distributions, interest, principal payments and capital distributions, now or hereafter payable on account of such Pledged Collateral, and hold the same as part of the Pledged Collateral.

(j) All of the rights and remedies of the Lender hereunder shall be cumulative and not exclusive and shall be enforceable alternatively, successively or concurrently as the Lender may deem expedient.

(k) Each of the Pledgors acknowledges that there is no adequate remedy at law for failure by it to comply with the provisions of this Section 7.10 and that such failure would not be adequately compensable in damages, and therefore agrees that its agreements contained in this Section 7.10 may be specifically enforced.

SECTION 7.11. Disposition of Proceeds. The proceeds of any sale or disposition of all or any part of the Pledged Collateral shall be applied by the Lender in the following order: first, to the payment in full of the costs and expenses of such sale or sales, collections, and the protection, declaration and enforcement of any security interest granted hereunder, including the reasonable compensation of the Lender's agents and attorneys; and second to the satisfaction of the obligations secured hereby.

SECTION 7.12. Termination of Security Interests. This Article VII and the security interest granted hereby shall terminate upon: (i) the repayment in full by the Borrower of all principal and accrued interest on all outstanding Loans; or (ii) all conditions to the consummation of the Merger as provided in the Merger Agreement having been satisfied or waived. Upon the termination of this Article VII, the Lender shall deliver to the Pledgors the Pledged Collateral and return to the Registrant: (x) in the event of termination pursuant to subclause (i) above, the Borrower Assignment and the Lender Assignment; and (y) in the event of termination pursuant to subclause (ii) above, the Lender Assignment.

SECTION 7.13. Non-Recourse. Except in the event of (i) actual fraud committed by a Pledgor or (ii) gross negligence or recklessness on the part of a Pledgor, the rights of the Lender pursuant to this Article VII upon a declaration of an Event of Default shall constitute the Lender's sole remedy against the Pledgors for such declaration of an Event of Default, and the Pledgors shall have no other liability or damages to the Lender resulting from such declaration of an Event of Default. Nothing in this Article VII shall be construe to give the Pledgors any personal liability for payments due by the Borrower under this Agreement, and the liability of the Pledgors for such payments shall be limited to the extent of the Pledgors' respective right, title and interest in, to and under the Pledged Collateral.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Illegality. If it shall become unlawful for the Lender to continue to maintain any Loan or to make any Loan hereunder, then upon receipt of notice to such effect by the Borrower from the Lender, the Lender's obligation to make the Loan hereunder shall be suspended and the Borrower shall repay all outstanding Loans, unpaid interest and any other moneys owing under this Agreement in full within 45 days following the delivery of notice by the Lender to the Borrower.

SECTION 8.02. Notices. All notices, requests and other communications to the Lender or to the Borrower hereunder shall be in writing (including facsimile or similar writing and overnight express mail or courier delivery, but excluding ordinary mail delivery) and shall be given to the addresses stated below.

If to the Borrower: ChinaRen, Inc.
Room 918, Camway Building
66 Nan Li Shi Road
Beijing 100045
People's Republic of China
Attention: Joseph Chen, President
Facsimile: (86-10) 6802-5425

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
East Wing Office, Level 4
China World Trade Center
1 Jianguomenwai Avenue
Beijing 100004
People's Republic of China
Attention: Jon L. Christianson, Esq.
Facsimile: (86-10) 6505-5522

If to the Lender: Sohu.com Inc.
7 Jianguomennei Avenue
Suite 1519, Tower 2
Bright China Chang An Building
Beijing 100005
People's Republic of China
Attention: Thomas Gurnee, Chief Financial Officer
Facsimile: (86-10) 6510-2572

with a copy to:

Sullivan & Cromwell
28th Floor
Nine Queen's Road Central
Hong Kong
Attention: Chun Wei, Esq.
Facsimile: (852) 2522-2280

If to the Pledgors: Joseph Chen
Nick Yang
Yunfan Zhou
c/o ChinaRen, Inc.
Room 918, Camway Building

66 Nan Li Shi Road
Beijing 100045
People's Republic of China
Facsimile: (86-10) 6802-5425

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
East Wing Office, Level 4
China World Trade Center
1 Jianguomenwai Avenue
Beijing 100004
People's Republic of China
Attention: Jon L. Christianson, Esq.
Facsimile: (86-10) 6505-5522

or to such other address or facsimile number as either party may hereafter specify for the purpose by notice to the other party in the manner provided in this Section 8.02. All such notices, requests and other communications shall be deemed received (a) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section 8.02 and confirmation of receipt is received and (b) if given by overnight express mail or courier delivery or any other means permitted by this Section 8.02, when received; provided, that if the date of receipt hereunder is not a business day in the place of receipt, the notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 8.03. Foreign Exchange Restrictions. All amounts payable by the Borrower hereunder shall be paid in United States dollars. If, as a result of foreign exchange restrictions in the People's Republic of China, it becomes illegal for the Borrower to make any payment referred to in this Agreement to the Lender in United States dollars, then the Borrower shall make such payment in any other currency which is still permitted for such purposes. The Lender, in its absolute discretion, may stipulate payment in any of these permitted currencies. The amount of the payment in such circumstances shall be the amount which is sufficient when fully converted in any foreign currency market in New York or any other place in the world chosen by the Lender in its absolute discretion to purchase the required amount in United States dollars, free and clear of all costs, expenses and commissions.

SECTION 8.04. Miscellaneous; Expenses; Indemnification. The provisions of this Agreement may not be waived, modified or amended except by an instrument in writing signed by the party to be charged with such waiver, modification or amendment and, if such party to be charged is the Lender, with the approval of the board of directors of the Lender. No failure or delay on the part of the Lender in exercising any of its powers or rights hereunder, nor

partial or single exercise thereof, shall constitute a waiver thereof or shall preclude any other future exercise of any other power or right. The Borrower shall pay all stamp, documentary or other taxes and reasonable out-of-pocket expenses and internal charges of the Lender (including reasonable fees and disbursements of counsel and time charges of attorneys who may be employees of the Lender) in connection with any payment made hereunder and in connection with the preparation of this Agreement and in connection with any Event of Default and collection or other enforcement proceedings resulting therefrom. The Borrower agrees to indemnify the Lender and hold the Lender harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the actual fees and disbursements of counsel for the Lender in connection with any investigative, administrative or judicial proceeding, whether or not the Lender shall be designated as a party thereto) which may be incurred by the Lender relating to or arising out of this Agreement or the use of the proceeds of the Loans.

SECTION 8.05. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns. Neither party may assign or otherwise transfer its or his rights or obligations under this Agreement without the prior written consent of the other party.

SECTION 8.06. Governing Law and Arbitration. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement shall be settled by arbitration administered by the International Chamber of Commerce in accordance with its International Arbitration Rules. The arbitration shall be the sole and exclusive forum for resolution of such dispute, controversy or claim, and the award rendered shall be final and binding. Judgement on the award rendered may be entered in any court having jurisdiction thereof.

(b) The number of arbitrators shall be three, one of whom shall be appointed by the party asserting a claim against the other party or parties, one of whom shall be appointed by the party or parties (acting together), as the case may be, against whom a claim has been asserted, and the third of whom shall be selected by mutual agreement, if possible, within thirty days of the selection of the second arbitrator and thereafter by the administering authority.

(c) The language of the arbitration shall be conducted in the English language and any foreign-language documents presented at such arbitration shall be accompanied by an English translation thereof. The arbitration shall be held in Hong Kong.

(d) Any award of the arbitrators (i) shall be in writing, (ii) shall state the reasons upon which such award is based and (iii) may include an award of costs, including reasonable attorneys' fees and disbursements.

(e) The arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

(f) Any party may make an application to the arbitrators seeking injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved. Any party may apply to any court having jurisdiction thereof and seek injunctive relief in order to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved.

SECTION 8.07. Headings. Headings are for ease of reference only and shall not form a part of this Agreement.

SECTION 8.08. Entire Agreement. This Agreement, including any appendices hereto, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all other prior agreements or undertakings with respect to the subject matter hereof, both written and oral.

SECTION 8.09. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 8.10. Waiver of Sovereign Immunity. To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid or execution or otherwise) with respect to himself or his property, the Borrower hereby irrevocably waives such immunity in respect of his obligations under this Agreement to the extent permitted by applicable law and, without limiting the generality of the foregoing, agrees that the waivers set forth in this Section 8.10 shall have the effect to the fullest extent permitted under the Foreign Sovereign Immunities Act of 1976 of the United States of America and are intended to be irrevocable for the purposes of such Act.

SECTION 8.11. Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language

shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

CHINAREN, INC., as Borrower

By

Name:
Title:

SOHU.COM INC., as Lender

By

Name:
Title:

JOSEPH CHEN, as Pledgor

NICK YANG, as Pledgor

YUNFAN ZHOU, as Pledgor

Exhibit 99.1

SOHU.COM ACQUIRES CHINAREN.COM TO SOLIDIFY ITS LEADING POSITION AS MAINLAND CHINA PORTAL

Merged Company Combines Strengths in Online Services, Community, Management and Technology to Provide Industry Leading and Country-Specific Internet Services in China

BEIJING AND HONG KONG, CHINA, September 14, 2000 -- SOHU.com Inc. (NASDAQ:SOHU), one of the leading Internet portals in China, today announced the signing of a definitive agreement to acquire ChinaRen.com, a leading Chinese community web site. The acquisition is expected to be completed in Q4 of 2000. The merger will create the largest Internet portal in Mainland China measured by a combined registered user base of over 7.8 million and daily page views of 44 million.

Since both companies uniquely focus on the country-specific Internet needs of Mainland China, today's acquisition allows SOHU.com to further strengthen its leadership position and extend its reach as a pure Internet brand aimed exclusively at the Chinese market. Combining SOHU.com's daily page view rate with ChinaRen.com's popular community features provides the merged company with the largest Internet audience in China, offering highly targetable demographic segments, such as the affluent urban youth market.

The merger is consistent with SOHU.com's growth strategy aimed at becoming the leading Internet portal in Mainland China. "With SOHU.com strong on comprehensive content and search and ChinaRen.com strong on sticky community services, the two companies naturally complement each other. Our user bases have little overlap because SOHU.com has a mass audience while ChinaRen.com enjoys a loyal following among the urban youth," said Charles Zhang, SOHU.com CEO. "We are pleased to be able to join forces to further pioneer the creation of Internet services specifically focused on Mainland China's unique needs."

Today's acquisition will allow SOHU.com to continue to play a leading role in advocating and practicing the kind of innovative Internet concepts needed to support the phenomenal growth in China's Internet population. SOHU.com was founded by Charles Zhang, who returned to China in 1995 after obtaining his Ph.D. from the Massachusetts Institute of Technology (MIT.) Combining his leadership skills with the Stanford University-educated ChinaRen.com founders, Joseph Chen, Yunfan Zhou, and Nick Yang, will allow the new organization to take an even bigger pioneering role as the country continues to evolve. The three founders of ChinaRen.com will enhance SOHU.com's top-notch management team while the workforce of the two companies will be combined.

The proprietary Web technologies designed by each company will be a driving force behind the development of new online services and products that challenge the technical barriers that currently exist. "We plan to continue our industry leadership through combining our strong engineering teams to develop innovative Web technologies in-house that will specifically meet the online challenges in China, a goal which no other Internet portal is focused on," said Joseph Chen, ChinaRen.com CEO and co-founder. "The management of both companies returned to China to give something back to our homeland, and we are focused on the specific challenges and needs in Mainland China, not the impossible task of serving the entire Asian community worldwide. With a population of over one billion, Mainland China alone is a big enough market for us", Mr. Chen added.

"We believe that this is truly a landmark combination in the consolidation of leading Internet companies in a very promising industry. The combination will accelerate SOHU.com's leadership position in China Internet industry and leverage the strengths of two of the most popular and heavily-used services on the Internet to deliver a superior community experience to Chinese Internet users." said Shirley Lin, managing director of Goldman Sachs (Asia) L.L.C. " We made the investment in ChinaRen.com because we have confidence in the Internet market potential in China and the capabilities of the management team. Now we are excited to become a shareholder of the new SOHU.com." added Ms. Lin. Goldman Sachs is the lead institutional investor in ChinaRen.com.

About SOHU.com
SOHU.com is one of mainland China's most recognized and established Internet brands and indispensable to the daily life of millions of Chinese who use the portal for their e-mail, home page, chat, messaging, news, search,

browsing and shopping. Apart from continuous product and services development, SOHU.com also concentrates its efforts on making the Internet ubiquitously available, whether in the office, at home or on the road. As of this release, page views per day have reached 26 million and registered users total 4.8 million. SOHU.com, established by Dr. Charles Zhang, one of the pioneers of the Internet in China, is in its fourth year of operation.

About ChinaRen.com
The goal of ChinaRen.com is to build the No. 1 Youth Destination Web site for the Chinese-speaking population. Going above and beyond simple content browsing, ChinaRen.com provides a platform for users to engage, interact, entertain and exchange ideas. ChinaRen.com was founded in 1999 by three Stanford classmates, Joseph Chen, Yunfan Zhou and Nick Yang. Investors in ChinaRen.com include Goldman Sachs, KKR and Joho Capital.

Exhibit 99.2

Notice of Certain Proposed Unregistered Offering pursuant to
Rule 135c under the U.S. Securities Act of 1933, as amended

(Beijing, September 14, 2000) Sohu.com Inc. ("Sohu") announced today that it has entered into an Agreement and Plan of Merger with ChinaRen, Inc. ("ChinaRen"), whereby Sohu will issue approximately 4,400,000 shares of its common stock, par value US$0.001 per share, in exchange for all of ChinaRen's outstanding common stock and preferred stock.

The securities offered have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
DATE OF REPORT: September 28, 2000

Sohu.com Inc.
(Exact name of registrant as specified in its charter)
000-30961

(Commission File Number)

Delaware	**98-0204667**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7 Jianguomen Nei Avenue
Suite 1519, Tower 2
Bright China Chang An Building
Beijing 100005
People's Republic of China
(Address of principal executive offices, with zip code)
86-10-6510-2160
(Registrant's telephone number, including area code)

Items 1-4. Not Applicable

Item 5. Other Events

On September 13, 2000 Sohu.com Inc. entered into an Agreement and Plan of Merger with Alpha Sub Inc., a California corporation, and ChinaRen, Inc., a California corporation (the "Merger Agreement"). The transaction is expected to be completed during the fourth quarter of 2000, and upon the consummation of the transaction, ChinaRen, Inc. will become a wholly-owned subsidiary of Sohu.com Inc. A copy of the press release regarding this transaction is attached hereto and incorporated by reference herein. will mature upon the earlier of the consummation of the transactions contemplated under the Merger Agreement or the termination of the Merger Agreement.

Item 6. Not Applicable

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

Exhibits

2.1 Agreement and Plan of Merger, dated as of September 13, 2000, among Sohu.com Inc., Alpha Sub Inc. and ChinaRen. Inc.

10.1 Interim Loan Agreement, dated as of September 20, 2000, among Sohu.com Inc., as lender, ChinaRen, Inc., as borrower, and Joseph Chen, Nick Yang and Yunfan Zhou, as pledgors.

99.1 Press Release dated September 14, 2000

99.2 Notice pursuant to Rule 135c under the Securities Act of 1933, as amended.

Item 8. Not Applicable

Cautionary Statement Regarding Forward-Looking Statements

Except for the historical information contained herein, the matters discussed in this Report on Form 8-K are forward-looking statements involving risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties include, but are not limited to, Sohu.com Inc.'s historical and future losses, limited

operating history, uncertain regulatory landscape in the People's Republic of China, fluctuations in quarterly operating results and Sohu.com Inc.'s reliance on online advertising sales for substantially all of its revenues. Further information regarding these and other risks is included in Sohu.com Inc.'s Quarterly Report on Form 10-Q for the three months ended June 30, 2000 as filed with the Securities and Exchange Commission.

SIGNATURES

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

Sohu.com Inc.

Date: September 28, 2000	By: /s/ THOMAS H.R. GURNEE Thomas H.R. Gurnee Chief Financial Officer (Principal Financial Officer)

SOHU.COM INC.
INDEX TO EXHIBITS

	Description
2.1	Agreement and Plan of Merger, dated as of September 13, 2000, among Sohu.com Inc., Alpha Sub Inc. and ChinaRen. Inc.
10.1	Interim Loan Agreement, dated as of September 20, 2000, among Sohu.com Inc., as lender, ChinaRen, Inc., as borrower, and Joseph Chen, Nick Yang and Yunfan Zhou, as pledgors.
99.1	Press Release dated September 14, 2000
99.2	Notice pursuant to Rule 135c under the Securities Act of 1933, as amended.