

Tuniu Corp
Form 424B4
May 09, 2014
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**Filed pursuant to Rule 424(b)(4)
Registration No. 333-195075**

PROSPECTUS

8,000,000 American Depositary Shares

Tuniu Corporation

REPRESENTING 24,000,000 CLASS A ORDINARY SHARES

Tuniu Corporation is offering 7,380,000 American depositary shares, or ADSs, and the selling shareholders are offering 620,000 ADSs. Each ADS represents three Class A ordinary shares, par value US\$0.0001 per share. This is our initial public offering and no public market currently exists for our ADSs or Class A ordinary shares.

Upon completion of this offering, we will have a dual class ordinary share structure. Our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. Holders of Class A and Class B ordinary shares will vote together as one class on all matters that require a shareholders' vote. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. Upon the completion of this offering, our existing shareholders will own an aggregate of 109,992,919 Class B ordinary shares, which will represent 96.9% of the then total voting power of our outstanding shares.

We are an emerging growth company under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements.

*Our ADSs have been approved for listing on the NASDAQ Global Market under the symbol **TOUR**.*

Investing in the ADSs involves risks. See Risk Factors beginning on page 13.

PRICE US\$9.00 AN ADS

	<i>Price to public</i>	<i>Underwriting Discounts and Commissions⁽¹⁾</i>	<i>Proceeds before expenses to Company</i>	<i>Proceeds before expenses to Selling Shareholders</i>
<i>Per ADS</i>	<i>US\$ 9.00</i>	<i>US\$ 0.63</i>	<i>US\$ 8.37</i>	<i>US\$ 8.37</i>
<i>Total</i>	<i>US\$ 72,000,000</i>	<i>US\$ 5,040,000</i>	<i>US\$ 61,770,600</i>	<i>US\$ 5,189,400</i>

(1) The underwriters will receive compensation in addition to the underwriting discount. See Underwriting. We have granted the underwriters the right to purchase up to 1,200,000 additional ADSs to cover over-allotments within 30 days after the date of this prospectus. We will not receive any of the proceeds from the sale of the ADSs by the selling shareholders.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on May 14, 2014.

MORGAN STANLEY

CREDIT SUISSE

CHINA RENAISSANCE

OPPENHEIMER & CO.

May 8, 2014

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You should rely only on the information contained in this prospectus or in any related free-writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus or any free-writing prospectus. We and the selling shareholders are offering to sell, and seeking offers to buy, the ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus outside the United States.

Until June 2, 2014 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in the ADSs, you should carefully read the entire prospectus, including our financial statements and related notes included in this prospectus and the information set forth under the headings Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations. In addition, we commissioned iResearch Consulting Group, or iResearch, a third-party research firm, to prepare a report for the purpose of providing various industry and other information and illustrating our position in the leisure travel industry in China. Information from the report prepared by iResearch, or the iResearch Report, appears in Prospectus Summary, Management's Discussion and Analysis of Financial Condition and Results of Operations, Industry Overview, Business and other sections of this prospectus. We have taken such care as we consider reasonable in the reproduction and extraction of information from the iResearch Report and other third-party sources.

Our Business

We are a leading online leisure travel company in China. We offer a large selection of packaged tours, including organized tours and self-guided tours, as well as travel-related services for leisure travelers. We ranked first in China's online organized tours market as measured by transaction value in 2013, according to iResearch, a third-party research firm. We believe we are well positioned to benefit from the significant growth potential of China's online leisure travel market, which is expected to grow at a compound annual growth rate, or CAGR, of 35.6% from 2013 to 2016 as measured by transaction value, according to iResearch.

We started offering packaged tours online in 2007, and are among the earliest Chinese companies that focus on the online leisure travel market. As an early mover in China's online leisure travel market, we have sold over three million packaged tours since our inception. We offer packaged tours sourced from over 3,000 travel suppliers, covering over 70 countries as well as all popular tourist attractions in China. Our product portfolio consists of over 100,000 stock-keeping units, or SKUs, of organized tours, over 100,000 SKUs of self-guided tours, and tickets for over 1,000 domestic and overseas tourist attractions. Our core strength is in overseas leisure travel products and services, which contributed over 70% of our gross bookings in 2013.

We have established Tuniu as a trusted and widely recognized brand in leisure travel in China, powered by a compelling customer experience. Our online platform, which comprises our *tuniu.com* website and mobile platform, provides comprehensive product and travel information through user-friendly interfaces to enable leisure travelers to plan their travels and search for itineraries that best suit their needs. Our online platform contains travel guides featuring photos, information and recommendations for all destinations we cover, as well as user-generated content that serves as valuable references for other travelers. We have more than 900,000 customer reviews about our products and services and over 20,000 travel stories on our online platform.

To cultivate customer loyalty and ensure customer satisfaction, we complement our online platform with an extensive nationwide service network, including our centralized call center in Nanjing and 15 regional service centers across China. We have a team of over 400 well-trained tour advisors to closely assist customers through their booking process. We believe that our high-quality customer service has contributed to the continuous growth in our customer base. The total number of trips sold by us grew from approximately 850,000 in 2012 to approximately 1,280,000 in 2013.

Our recognized brand in leisure travel and growing customer base enable us to source a broad range of products from high-quality travel suppliers at competitive prices. We rigorously select our travel suppliers to

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ensure quality and reliability. We have developed our proprietary supply chain management system N-booking system to streamline our interactions with travel suppliers, allowing them to receive booking information real-time, more efficiently manage travel products and better understand customer preferences.

We have achieved significant growth in recent years. Our net revenues increased from RMB765.5 million in 2011 to RMB1,112.9 million in 2012 and further to RMB1,949.7 million (US\$322.1 million) in 2013, representing a CAGR of 59.6%, and from RMB369.3 million in the three months ended March 31, 2013 to RMB578.2 million in the three months ended March 31, 2014. We had a net loss of RMB91.9 million, RMB107.2 million and RMB79.6 million (US\$13.2 million) in 2011, 2012 and 2013, respectively. Our net loss was RMB62.7 million in the three months ended March 31, 2014, compared to net loss of RMB5.4 million in the three months ended March 31, 2013. We generally collect payments from our customers upon contract confirmation before we pay our travel suppliers, which allows us to generate positive cash flow from operations. Our net cash provided by operating activities was RMB36.3 million, RMB14.7 million and RMB116.7 million (US\$19.3 million) in 2011, 2012 and 2013, respectively.

Our ability to achieve and maintain profitability depends on our ability to effectively reduce our costs and expenses as a percentage of our net revenues. Our cost of revenues as a percentage of our net revenues decreased from 96.9% in 2011 to 96.5% in 2012 and further to 93.8% in 2013. Cost to suppliers of our organized tours, which were attributed solely to revenues from organized tours, accounted for 92.1%, 93.8% and 92.4% of our revenues from organized tours in 2011, 2012 and 2013, respectively. Our operating expenses as a percentage of our net revenues decreased from 16.2% in 2011 to 13.7% in 2012 and further to 11.1% in 2013. Such decreases were primarily attributable to the improved operational efficiency and decrease of our average procurement costs for travel products. However, our past results of operations should not be taken as indicative of our future performance. We plan to increase our sales and marketing efforts, including advertising campaigns, to further increase our market share. Our sales and marketing expenses increased from RMB13.0 million in the three months ended March 31, 2013 to RMB73.5 million in the three months ended March 31, 2014. We also expect our share-based compensation to increase. As a result, we expect our operating expenses to increase in absolute amount. If we fail to effectively reduce our costs and expenses as a percentage of our net revenues, we may not be able to achieve and maintain profitability.

Our Industry

Demand for vacation, recreation and other forms of leisure travel has risen rapidly in China, driven by higher levels of disposable income, favorable government policies and growing interests in leisure activities. According to iResearch, the leisure travel industry in China, which primarily includes organized tours and self-guided tours, is expected to grow at a CAGR of 13.3% from RMB394.0 billion (US\$65.1 billion) in 2013 to reach RMB573.0 billion (US\$94.7 billion) in 2016, as measured by transaction value.

The online leisure travel market in China enjoys a significantly higher growth rate compared to the overall leisure travel industry. China's online leisure travel market is expected to grow at a CAGR of 35.6% from 2013 to 2016 to reach RMB75.5 billion (US\$12.5 billion), according to iResearch. The penetration rate of China's online leisure travel market remains low. The size of the online leisure travel market as a percentage of the overall leisure travel industry in China was only 7.7% in 2013 and is expected to reach 13.2% in 2016, according to iResearch.

The rapid growth of China's online leisure travel market is mainly driven by the migration of leisure travel bookings from offline to online and the increasing popularity of overseas travel among Chinese consumers. Inefficiencies in offline leisure travel bookings, the increasing Internet and mobile Internet penetration and a surging trend of shopping online have all contributed to the growth in online leisure travel bookings. At the same time, rising disposable income, an expanding middle class and relaxing visa requirements are leading to the growth in overseas travel demand. As such, the online leisure travel market has been, and is expected to continue to be, the fastest growing segment in the

online travel industry in China.

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Our Competitive Strengths

We believe the following competitive strengths have contributed to our strong market position:

leading online leisure travel company;

trusted brand powered by compelling customer experience;

comprehensive product offerings;

extensive supplier network and strong supply chain management expertise; and

robust technology capabilities.

Our Strategies

Our goal is to become Chinese consumers' destination for leisure travel products and services. We aim to further expand our online leisure travel market share by pursuing the following strategies:

expand our product selection and offering;

further grow our user base and increase our user engagement;

strengthen supply chain management;

enhance our mobile platform;

continue to invest in technology and product development capabilities; and

pursue strategic alliances and acquisitions.

Our Challenges

The successful execution of our strategies is subject to risks and uncertainties related to our business and industry, including those relating to our ability to:

adapt to declines and disruptions in the leisure travel industry in China;

continue to provide competitive travel products and services;

maintain the quality of customer services;

adequately control and ensure the quality of travel products and services sourced from our travel suppliers;

achieve and maintain profitability given our history of net losses;

adapt to the more stringent regulations on tour operators under the newly promulgated Tourism Law;

compete successfully against existing and new competitors;

enhance our brand recognition;

manage the proceedings or claims arising from travel-related accidents or customer misconducts; and

maintain the satisfactory performance of our online platform and management systems.

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In addition, we face risks and uncertainties related to our corporate structure and doing business in China, including:

risks associated with our control over Nanjing Tuniu Technology Co., Ltd., or Nanjing Tuniu, which is based on contractual arrangements rather than equity ownership, including our ability to use and enjoy assets held by Nanjing Tuniu and its subsidiaries that are material to the operation of our business, such as the domain names and trademarks held by Nanjing Tuniu;

risks related to the potential conflicts of interest between the shareholders of Nanjing Tuniu and our company;

uncertainties associated with the interpretation and application of PRC regulations and policies, including those relating to the distribution of internet content in China; and

risks related to our ability to use the proceeds of this offering to make additional capital contributions or loans to our PRC subsidiaries as a result of PRC regulations and governmental control of currency conversion.

See [Risk Factors](#) and [Special Note Regarding Forward-Looking Statements](#) for a discussion of these and other risks and uncertainties associated with our business and investing in our ADSs.

Corporate History and Structure

We began our operation in China through Nanjing Tuniu, a PRC company formed in December 2006. In June 2008, we incorporated Tuniu Corporation under the laws of the Cayman Islands as our offshore holding company in order to facilitate international financing. In May 2011, we established our wholly owned Hong Kong subsidiary, Tuniu (HK) Limited. Tuniu Corporation established a wholly owned PRC subsidiary, Beijing Tuniu Technology Co., Ltd., or Beijing Tuniu, in September 2008. Tuniu (HK) Limited established another wholly owned PRC subsidiary, Tuniu (Nanjing) Information Technology Co., Ltd., in August 2011, and acquired 100% of the equity interests in Beijing Tuniu in September 2011. Through Beijing Tuniu, we obtained control over Nanjing Tuniu by entering into a series of contractual arrangements, including purchase option agreement, equity interest pledge agreement, shareholders' voting rights agreement, powers of attorney and cooperation agreement, with Nanjing Tuniu and the shareholders of Nanjing Tuniu. Nanjing Tuniu holds our Internet content provision license, or ICP license, as an Internet content provider and operates our website. Beijing Tuniu International Travel Service Co., Ltd. and Nanjing Tuniu International Travel Service Co. Ltd., both of which are Nanjing Tuniu's subsidiaries, hold our operation permits for overseas travel business.

These contractual arrangements allow us to:

exercise effective control over Nanjing Tuniu;

receive substantially all of the economic benefits of Nanjing Tuniu; and

have an option to purchase all or part of the equity interests in Nanjing Tuniu when and to the extent permitted by PRC law.

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The following diagram illustrates our corporate structure, including our principal subsidiaries and consolidated affiliated entities, as of the date of this prospectus:

- (1) Messrs. Dunde Yu, Haifeng Yan, Tong Wang, Jiping Wang, Xin Wen, Yongquan Tan and Haifeng Wang hold 28.66%, 19.11%, 7.71%, 4.82%, 0.96%, 0.96% and 37.78% equity interests in Nanjing Tuniu, respectively. Among the shareholders of Nanjing Tuniu, Messrs. Dunde Yu and Haifeng Yan are founders, directors and ultimate shareholders of Tuniu Corporation. Messrs. Tong Wang, Jiping Wang, Xin Wen and Yongquan Tan are ultimate shareholders of Tuniu Corporation. Mr. Haifeng Wang is an employee of one of our preferred shareholders.

Corporate Information

Our principal executive offices are located at Tuniu Building, No.699-32, Xuanwudadao, Xuanwu District, Nanjing, Jiangsu Province 210042, People's Republic of China. Our telephone number at this address is +86 25 8685-3969. Our registered office in the Cayman Islands is located at International Corporation Services Ltd., P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4th Floor, New York, New York 10017. Investors should contact us for any inquiries through the address and telephone number of our principal executive offices.

Our website is *www.tuniu.com*. The information contained on our website is not a part of this prospectus.

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Implications of Being an Emerging Growth Company

As a company with less than US\$1.0 billion (RMB6.1 billion) in revenue for the last fiscal year, we qualify as an emerging growth company pursuant to the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to opt out of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We will remain an emerging growth company until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.0 billion (RMB6.1 billion); (b) the last day of our fiscal year following the fifth anniversary of completion of this offering; (c) the date on which we have, during the previous three year period, issued more than US\$1.0 billion (RMB6.1 billion) in non-convertible debt; or (d) the date on which we are deemed to be a large accelerated filer under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our ADSs that are held by non-affiliates exceeds US\$700 million (RMB4.2 billion) as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

Conventions Which Apply to this Prospectus

In this prospectus, unless otherwise indicated or the context otherwise requires,

ADSs refer to American depositary shares, representing our Class A ordinary shares; each ADS represents three Class A ordinary shares;

China or PRC refers to the People's Republic of China, excluding, for the purpose of this prospectus only, Taiwan, Hong Kong and Macau;

gross bookings refer to the total amount paid by our customers for the travel products that we have delivered and the travel services that we have rendered, including the related taxes, fees and other charges borne by our customers;

ordinary shares refer to the Class A and Class B ordinary shares of Tuniu Corporation, par value US\$0.0001 (RMB0.0006) per share;

preferred shares refer to Series A, Series B, Series C and Series D preferred shares, par value US\$0.0001 (RMB0.0006) per share, of Tuniu Corporation;

RMB or Renminbi refers to the legal currency of China;

trips refers to the number of packaged tours sold by us, including organized tours and self-guided tours;

unique visitor to our online platform refers to a visitor to our website from a specific IP address or a visitor to our mobile platform using a specific mobile device; and

we, us, our, and our company refer to Tuniu Corporation, a Cayman Islands company, and its subsidiaries and, in the context of describing our operations and consolidated financial information, also include the consolidated affiliated entities, Nanjing Tuniu Technology Co., Ltd. and its subsidiaries.

Table of Contents**The Offering**

The following information assumes that the underwriters will not exercise their option to purchase additional ADSs in the offering, unless otherwise indicated.

Offering price	US\$9.00 (RMB54.48) per ADS.
ADSs offered by us	7,380,000 ADSs.
ADSs offered by the selling shareholders	620,000 ADSs.
Concurrent Private Placement	<p>Concurrently with, and subject to, the completion of this offering, DCM Hybrid RMB Fund, L.P., our existing shareholder, Ctrip Investment Holding Ltd., or Ctrip, and Qihoo 360 Technology Co. Ltd., or Qihoo 360, have each agreed to purchase from us US\$15.0 million (RMB90.8 million), US\$15.0 million (RMB90.8 million) and US\$5.0 million (RMB30.3 million), respectively, in Class A ordinary shares at a price per share equal to the initial public offering price adjusted to reflect the ADS-to-ordinary-share ratio (the Concurrent Private Placement), or 5,000,000 Class A ordinary shares, 5,000,000 Class A ordinary shares and 1,666,666 Class A ordinary shares, respectively, at a price of US\$9.00 (RMB58.54) per ADS. Our proposed issuance and sale of Class A ordinary shares to these investors are being made through private placement pursuant to an exemption from registration with the U.S. Securities and Exchange Commission, or the SEC, under Regulation S of the Securities Act of 1933, as amended, or the Securities Act. Each of the investors has agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any Class A ordinary shares acquired in the Concurrent Private Placement for a period of 180 days after the date of this prospectus, subject to certain exceptions. In addition, we have granted Ctrip the right to designate and appoint one person to join our board of directors as a new director immediately after the closing of this offering. See Underwriting.</p>
Ordinary shares outstanding immediately after this offering	<p>We will adopt a dual class ordinary share structure immediately prior to the completion of this offering. Immediately upon completion of this offering, 145,659,585 ordinary shares (or 149,259,585 ordinary shares if the underwriters exercise their over-allotment option in full) will be outstanding, comprised of (1) 35,666,666 Class A ordinary shares, par value US\$0.0001 (RMB0.0006) per share (or 39,266,666 Class A ordinary shares if the underwriters exercise their over-allotment option in full), comprised of a total of 11,666,666 Class A ordinary shares we will</p>

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issue in the Concurrent Private Placement and 24,000,000 Class A ordinary shares (or 27,600,000 Class A ordinary shares if the underwriters exercise their over-allotment option in full)

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offered by us and the selling shareholders in the offering, and (2) 109,992,919 Class B ordinary shares, par value US\$0.0001 (RMB0.0006) per share. Class B ordinary shares outstanding immediately after the completion of this offering will represent 75.5% of our total outstanding shares and 96.9% of the then total voting power (or 73.7% of our total outstanding shares and 96.6% of the then total voting power if the underwriters exercise their over-allotment option in full).

ADSs outstanding immediately after this offering

8,000,000 ADSs (or 9,200,000 ADSs if the underwriters exercise their over-allotment option in full).

The ADSs

Each ADS represents three Class A ordinary shares, par value US\$0.0001 (RMB0.0006) per share.

The depositary will hold Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement.

If we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares, after deducting its fees and expenses.

You may turn in your ADSs to the depositary in exchange for Class A ordinary shares. The depositary will charge you fees for any exchange.

We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs, you agree to be bound by the deposit agreement as amended.

To better understand the terms of the ADSs, you should carefully read the [Description of American Depositary Shares](#) section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.

Ordinary shares

We will issue 22,140,000 Class A ordinary shares represented by ADSs and the selling shareholders will sell 1,860,000 Class A ordinary shares represented by ADSs in this offering.

All of our existing ordinary shares will be redesignated as Class B ordinary shares and all of our outstanding preferred shares will be

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redesignated or automatically converted into Class B ordinary shares basis immediately prior to the completion of this offering.

All options, regardless of grant dates, will entitle holders to the equivalent number of Class A ordinary shares once the vesting and exercising conditions on such share-based compensation awards are met.

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Holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to ten votes per share on all matters subject to shareholders' vote.

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, such Class B ordinary shares will be automatically and immediately converted into the equivalent number of Class A ordinary shares.

See Description of Share Capital.

Over-allotment option

We have granted to the underwriters an option, which is exercisable within 30 days from the date of this prospectus, to purchase up to an additional 1,200,000 ADSs to cover over-allotments.

Use of proceeds

Our net proceeds from this offering will be about US\$58.1 million (RMB351.8 million), assuming no exercise of the underwriters' over-allotment option. In addition, we expect to receive net proceeds of approximately US\$34.5 million (RMB208.7 million) from the Concurrent Private Placement.

We intend to use the net proceeds received by us from this offering and the Concurrent Private Placement for the following purposes:

approximately US\$30.0 million (RMB181.6 million) to expand our sales and marketing efforts;

approximately US\$20.0 million (RMB121.1 million) to expand our product selection and offerings;

approximately US\$10.0 million (RMB60.5 million) to strengthen our technology and product development capabilities; and

the balance for general corporate purposes, including strategic investments in and acquisitions of complementary businesses, although we have not identified any near-term investment or acquisition targets.

See Use of Proceeds for additional information.

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

Lock-up

We and all of our directors and officers, all of our existing shareholders, all investors in the Concurrent Private Placement and certain optionholders have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any of our ADSs or ordinary shares or securities convertible into or exercisable or exchangeable for our ADSs or

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ordinary shares for a period of 180 days after the date of this prospectus. In addition, through a letter agreement, we will instruct JPMorgan Chase Bank, N.A., as depositary, not to accept any deposit of any ordinary shares or issue any ADSs for 180 days after the date of this prospectus unless we otherwise instruct the depositary with the prior written consent of the representatives. The foregoing does not affect the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares. See [Shares Eligible for Future Sale](#) and [Underwriting](#) for more information.

NASDAQ Global Market symbol

Our ADSs have been approved for listing on the NASDAQ Global Market under the symbol [TOUR](#). Our ADSs and ordinary shares will not be listed on any other stock exchange or traded on any automated quotation system.

Payment and settlement

The underwriters expect to deliver the ADSs against payment therefor through the facilities of the Depository Trust Company on May 14, 2014.

Depositary

JPMorgan Chase Bank, N.A.

Directed share program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 560,000 ADSs offered by this prospectus to our directors, officers, employees, business associates and related persons.

Risk factors

See [Risk Factors](#) and other information included in this prospectus for a discussion of risks that you should carefully consider before investing in our ADSs.

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The following summary consolidated statements of comprehensive loss data (other than ADS data) and summary consolidated statements of cash flow for the years ended December 31, 2011, 2012 and 2013 and the summary consolidated balance sheet data as of December 31, 2011, 2012 and 2013 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following summary financial information in conjunction with the consolidated financial statements and related notes and the information under Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	For the Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
	(in thousands, except for share, per share and per ADS data)			
Summary Consolidated Statements of Comprehensive Loss Data:				
Revenues:				
Organized tours	751,388	1,075,094	1,892,826	312,673
Self-guided tours	17,559	32,359	48,901	8,078
Others	2,667	12,875	20,744	3,426
Total revenues	771,614	1,120,328	1,962,471	324,177
Less: Business and related taxes	(6,071)	(7,447)	(12,784)	(2,112)
Net revenues	765,543	1,112,881	1,949,687	322,065
Cost of revenues	(741,716)	(1,073,732)	(1,829,665)	(302,239)
Gross profit	23,827	39,149	120,022	19,826
Operating expenses:				
Research and product development	(21,386)	(33,370)	(38,994)	(6,441)
Sales and marketing	(50,589)	(57,994)	(110,071)	(18,182)
General and administrative	(53,877)	(62,006)	(69,679)	(11,510)
Other operating income	1,651	775	1,689	278
Loss from operations	(100,374)	(113,446)	(97,033)	(16,029)
Other income/(expenses):				
Interest income	2,287	7,432	16,163	2,670
Foreign exchange related gains/(losses), net	6,529	(741)	1,286	213
Other loss, net	(392)	(357)	(48)	(8)

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Loss before provision for income taxes	(91,950)	(107,112)	(79,632)	(13,154)
Provision for income taxes		(78)		
Net loss	(91,950)	(107,190)	(79,632)	(13,154)
Deemed dividends to preferred shareholders	(30,929)		(59,428)	(9,817)
Net loss attributable to ordinary shareholders	(122,879)	(107,190)	(139,060)	(22,971)
Net loss per ordinary share attributable to ordinary shareholders				
Basic	(4.73)	(4.12)	(5.35)	(0.88)
Diluted	(4.73)	(4.12)	(5.35)	(0.88)
Weighted average number of ordinary shares used in computing basic and diluted earnings per share	26,000,000	26,000,000	26,000,000	26,000,000

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	2011	As of December 31,		
	RMB	2012	2013	US\$
		RMB	RMB	
		(in thousands)		
Summary Consolidated Balance Sheet Data:				
Cash and cash equivalents	332,101	299,238	419,403	69,280
Restricted cash	11,530	6,875	9,250	1,528
Short-term investments		30,000	327,000	54,017
Prepayments and other current assets	56,635	127,050	286,560	47,336
Total assets	427,766	502,838	1,075,373	177,639
Accounts payable	55,822	127,240	288,965	47,734
Advances from customers	157,919	244,214	396,738	65,536
Total liabilities	250,938	433,262	784,017	129,510
Total mezzanine equity	350,744	350,744	716,441	118,348
Total shareholders deficit	(173,915)	(281,168)	(425,086)	(70,219)

	For the Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
		(in thousands)		
Summary Consolidated Statements of Cash Flow Data:				
Net cash provided by operating activities	36,270	14,663	116,736	19,283
Net cash used in investing activities	(20,686)	(46,786)	(304,218)	(50,253)
Net cash provided by financing activities	257,447		306,360	50,607

The following table presents summary operating data for the years indicated:

	For the Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
Gross bookings (in thousands)				
Organized tours (excluding local tours)	613,909	910,071	1,645,030	271,740
Local tours	137,479	165,023	247,796	40,933
Self-guided tours	277,444	590,597	1,128,531	186,420
Number of trips (in thousands)				
Organized tours (excluding local tours)	174	236	367	367
Local tours	409	503	687	687
Self-guided tours	49	110	221	221
Average gross bookings per trip				
Organized tours (excluding local tours)	3,528	3,856	4,482	740
Local tours	336	328	361	60
Self-guided tours	5,662	5,369	5,106	844

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RISK FACTORS

An investment in our ADSs involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

Declines or disruptions in the leisure travel industry in China may materially and adversely affect our business and results of operations.

We are dependent on the leisure travel industry for substantially all of our revenues. The leisure travel industry is dependent on personal discretionary spending levels, which may be materially and adversely affected by economic downturns and recessions. Although the leisure travel industry in China has experienced rapid growth over the past decade, any severe or prolonged slowdown in the Chinese economy could reduce expenditures for leisure travel, which in turn may adversely affect our financial condition and results of operations. The Chinese economy recovered in 2010 and remained relatively stable in 2011, but the growth rate of China's GDP decreased in 2012 and 2013, and it is uncertain whether this economic slowdown will continue into 2014 and beyond. Any severe or prolonged slowdown in the Chinese economy, slowdown in the growth rate of disposable income per capita in China or the recurrence of any financial disruptions may materially and adversely affect the leisure travel industry in China and our business, financial condition and results of operations.

Our business may also be significantly affected by other factors that tend to reduce leisure travel, including increased prices in hotel, air-ticketing, fuel or other travel-related sectors, work stoppages or labor unrest at airlines, increased occurrence of travel-related accidents, outbreaks of contagious diseases, natural disasters and extreme unexpected bad weather. For example, the travel industry was negatively impacted by the outbreak of severe acute respiratory syndrome in several regions in Asia, including Hong Kong and China, in early 2003, snowstorms that severely affected southern China in early 2008, the outbreak of H1N1 influenza (swine flu) that occurred in Mexico and the United States in April 2009, which was and continues to be discovered in China and Hong Kong, the earthquake, tsunami and nuclear crisis in Japan in early 2011, and heavy haze that shrouded central and northern China and some Southeast Asian countries in 2013. As another example, the incident of the missing plane of Malaysia Airlines in March 2014 has had and may continue to have a negative impact on air travel among our target customers. In addition, overseas leisure travel products and services, which accounted for over 70% of our total gross bookings in 2013, may be restricted by any adverse change of visa policies of foreign countries that prevents Chinese nationals from obtaining tourist visas. Terrorist attacks or threats of terrorist attacks, political unrests, wars, imposition of taxes or surcharges by regulatory authorities and regional hostilities may also reduce the demand for overseas tours. For example, the political protests in early 2009 and late 2013 in Thailand negatively impacted travels to Thailand. We have little or no control over the occurrence of such declines or disruptions, which could result in a decrease in demand for our travel products and services. This decrease in demand, depending on the scope and duration, could materially and adversely affect our business and results of operations over the short and long term.

If we do not continue to provide competitive travel products and services, we may not be able to attract new customers or to retain existing customers, and our business, financial condition and results of operations could suffer.

Our success depends on our ability to attract new customers or to retain existing customers, which in turn requires our continuous provision of a wide array of competitive travel products and services. Participants in the online travel

industry are continuously developing new travel products and services. We strive to stay abreast of emerging and rapidly changing customer preferences and be able to anticipate trends that will appeal to existing

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and potential customers. We will also continue to invest in research and development in order to continuously improve the speed, accuracy and comprehensiveness of our online platform. If we fail to continuously improve our travel products and services and platform at a competitive pace, we may lose customers to our competitors and may not attract new customers. In addition to packaged tours, we provide other travel-related services, such as sales of tourist attraction tickets and visa processing services. We intend to further broaden our product selection by extending our coverage of departing cities and travel destinations as well as offering more departure time selections. If we fail to continue to source quality travel products and services tailored to accommodate our customers' changing needs and preferences, we may not be able to sell additional products and services to our current customers, retain our current customers or attract new customers, and our business, financial condition and results of operations will be materially and adversely affected.

Failure to maintain the quality of customer services could harm our reputation and our ability to retain existing customers and attract new customers, which may materially and adversely affect our business, financial condition and results of operations.

Our business is significantly affected by the overall size of our customer base, which in turn is determined by, among other factors, their experience with our customer services. As such, the quality of customer services is critical to retaining our existing customers and attracting new customers. If we fail to provide quality customer services, our customers may be less inclined to book travel products and services with us or recommend us to new customers, and may switch to our competitors. Failure to maintain the quality of customer services could harm our reputation and our ability to retain existing customers and attract new customers, which may materially and adversely affect our business, financial condition and results of operations.

We may not be able to adequately control and ensure the quality of travel products and services sourced from our travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform.

Our ability to ensure satisfactory customer experience in a large part depends on our travel suppliers to provide high-quality travel products and services. Our reputation and brand will be negatively affected if our travel suppliers fail to provide quality travel products and services.

The actions we take to monitor and enhance the performance of our travel suppliers may be inadequate in discovering quality issues timely. There have been customer complaints and litigation against us due to our travel suppliers' failure to provide satisfactory travel products or services. If our customers are dissatisfied with the travel products and services provided, they may reduce their use of, or completely forgo, our online platform, and may even demand refunds of their payments to us or claim compensations from us for the damages they suffered from our travel suppliers' performance or misconduct, which could materially and adversely affect our business, financial condition and results of operations.

We have incurred losses in the past and may incur losses in the future.

We have incurred net losses historically and may incur losses in the future as we grow our business. We had a net loss of RMB91.9 million, RMB107.2 million and RMB79.6 million (US\$13.2 million) in 2011, 2012 and 2013, respectively. Our historical net losses were partially attributable to our sales and marketing expenses that we incurred to build, operate and expand our online platform, grow our customer base and establish our market position, and to our research and product development expenses. We expect that we will continue to incur significant expenses to continue to grow our business, which may affect our profitability and cash flow from operations in the future.

In addition, our ability to achieve profitability is affected by various factors that are beyond our control. For example, our revenues and profitability depend on the continuous development of the online leisure travel

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industry in China and consumers' preference to make travel bookings online. We cannot assure you that making travel bookings online will become more widely accepted in China or that consumers will increase their spending on online leisure travel booking. Factors negatively affecting our travel suppliers' profitability may in turn adversely affect our financial condition and results of operations.

If we are unsuccessful in addressing any of these risks and uncertainties, our business may be materially and adversely affected and we may continue to incur net loss in the future.

The Tourism Law may reduce the demand of organized tours and materially and adversely affect our business and results of operations.

On April 25, 2013, the Standing Committee of the National People's Congress promulgated the Tourism Law, which became effective as of October 1, 2013. The Tourism Law imposes more stringent restrictions on tour operators. Pursuant to the Tourism Law, tour operators are prohibited from arranging compulsory shopping or other activities which charge additional fees on top of the contract prices that tourists have already paid, unless it is agreed upon by both parties through consultation or requested by the tourists and does not affect the itinerary of other tourists. See PRC Regulation Regulations on Travel Companies. If our travel suppliers fail to comply with these restrictions, our reputation and brand may be negatively affected. In addition, as a result of the Tourism Law, the commissions or rebates that tour operators receive from shopping places have declined and organized tour prices have risen, which may reduce the demand of organized tours in the short term and may continue to reduce the demand of organized tours in the future. If customers cannot adapt to the increased organized tour prices, our business and results of operations will be materially and adversely affected.

We face intense competition and may not be able to compete successfully against existing and new competitors.

We operate in a highly competitive travel industry in China. We compete with not only other online travel companies, but also traditional travel service providers and tour operators, airlines and hotels and large, established Internet search engines. See Business Competition. Some of our current and potential competitors may have greater financial, marketing and other resources than we do. In addition, some of our competitors may be acquired by, receive investments from or enter into strategic relationships with larger, well-established and well-financed companies or investors. Furthermore, our business model causes us to maintain a cooperative-competitive relationship with some of our competitors, especially tour operators, as they are also our travel suppliers.

Many of our competitors have launched, and may continue to launch, aggressive advertising campaigns, special promotions and other marketing activities to promote their brands, acquire new customers or increase their market shares. In response, we have started to take and may continue to take similar measures and as a result will incur significant expenses, which could increase our net loss. Sales and marketing expenses accounted for 6.6%, 5.2% and 5.6% of our net revenues in 2011, 2012 and 2013, respectively. We cannot assure you that we will be able to successfully compete against existing or new competitors. If we are not able to compete successfully, we may lose our market share and our business, financial condition and results of operations may be materially and adversely affected.

If we fail to enhance our brand recognition, we may face difficulty in retaining existing and attracting new customers and travel suppliers and our business may be harmed.

Recognition and reputation of our Tuniu brand among our targeted customers and travel suppliers have contributed significantly to our growth. We have made continuous investment in enhancing awareness of our brand among customers and travel suppliers since our inception. Our brand recognition and reputation also depend on our ability to provide high-quality customer services, address customer needs and handle customer complaints properly, maintain

our relationships with travel suppliers and provide a user-friendly online platform. See Risks Related to Our Business and Industry Failure to maintain the quality of customer services could harm our reputation and our ability to retain existing customers and attract new customers, which may materially and adversely affect our business, financial condition and results of operations , Risks Related to Our Business and Industry If we are unable to maintain existing relationships with our travel suppliers, or develop

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relationships with new travel suppliers on favorable terms or terms similar to those we currently have, our business and results of operations may suffer and Risks Related to Our Business and Industry The proper functioning of our online platform and management systems is essential to our business. Any failure to maintain their satisfactory performance will materially and adversely affect our business, reputation, financial condition and results of operations. Failure to maintain the strength of our brand could reduce the number of customers and deteriorate our relationships with travel suppliers.

In addition, some of our competitors have well-established brands in the travel industry, and may have more financial and other resources to advertise and promote their brands. Therefore, we intend to incur more advertising and marketing expenditures and other resources to maintain and increase our brand recognition. Our marketing costs may also increase as a result of inflation in media pricing in China, including costs for purchasing search engine keywords and placing online and offline advertisements. If we fail to cost-effectively maintain and increase our brand recognition, our financial condition and results of operations may be materially and adversely affected.

We are exposed to the proceedings or claims arising from travel-related accidents or customer misconducts during their travels, the occurrence of which may be beyond our control.

Accidents are a leading cause of mortality and morbidity among tourists. We are exposed to risks of our customers claims arising from or relating to travel-related accidents. As we enter into contracts with our customers directly, our customers typically take actions against us for the damages they suffer during their travels. However, such accidents may result from the negligence or misconduct of our travel suppliers or other service providers, over which we have no or limited control. See also Risks Related to Our Business and Industry We may not be able to adequately control and ensure the quality of travel products and services sourced from our travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform. We maintain insurance coverage for our liabilities as a travel company, and are indemnified by the liable travel suppliers for the damages claimed by our customers. However, there is no assurance that such insurance or indemnification will be sufficient to cover all of our losses. In addition, some of the travel-related accidents result from adventure activities undertaken by our customers during their travels, such as scuba diving, white water rafting, wind surfing and skiing. Furthermore, we may be affected by our customer misconducts during their travels, over which we have no or limited control. However, such accidents and misconducts, even if not resulting from our or our travel suppliers negligence or misconduct, could create a public perception that we are less reliable than our competitors, which would harm our reputation, and could adversely affect our business and results of operations.

The proper functioning of our online platform and management systems is essential to our business. Any failure to maintain their satisfactory performance will materially and adversely affect our business, reputation, financial condition and results of operations.

Availability, satisfactory performance and reliability of our online platform are critical to our ability to attract and retain customers and provide quality travel products and services to our customers. Any unavailability or slowdown of our online platform would reduce the number of our customers and our customers travel bookings. Some of the telecommunications carriers have system constraints that can affect our customer experience. For example, if a large number of customers use the same telecommunications carrier at the same time for services requiring a large amount of data transmission, the customers could experience reduced speed or other technical issues due to the carrier s capacity restraints, over which we have no control. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins or other potential disruptions, which could lead to interruptions, delays, loss of data or the inability to accept and process customer queries or bookings. We may also experience interruptions caused by reasons beyond our control such as power outages. Unexpected interruptions could damage our reputation and result in a material decrease in our revenues. Also, our online platform may contain undetected errors or bugs that could

adversely affect their performance. Although only a small portion of our customers make bookings by using our mobile platform currently, our

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mobile platform serve as an important and integral part of their research on travel-related information. The lower functionality, speed and memory generally associated with mobile devices may make it more difficult for our customers to access our mobile platform, and we may fail to attract and retain a significant portion of the growing number of customers who search for and book travel products and services through mobile devices.

In addition, we rely significantly on our proprietary N-Booking system and other management systems to facilitate and process transactions. We may in the future experience system interruptions that prevent us from efficiently fulfilling bookings or providing services and support to our customers or travel suppliers. Any interruptions, outages or delays in our systems, or deterioration in their performance, could impair our ability to process transactions and decrease the quality of our services to our customers or travel suppliers. If we were to experience frequent or persistent system failures, our reputation and brand would be harmed.

If we are unable to maintain existing relationships with our travel suppliers, or develop relationships with new travel suppliers on favorable terms or terms similar to those we currently have, our business and results of operations may suffer.

Our business is dependent on our ability to maintain our relationships and arrangements with existing travel suppliers. Currently, we do not prohibit our travel suppliers from developing business relationships with our competitors or selling, through their direct sales, travel products that are the same as or similar to those they supply to us. If we are unable to maintain satisfactory relationships with our existing travel suppliers, or if our travel suppliers establish similar or more favorable relationships with our competitors, or if our travel suppliers increase their competition with us through their direct sales, we may not have the necessary supply to meet the needs of our customers, or we may not obtain it at satisfactory rates. However, we do not enter into any long-term agreements with our travel suppliers. We cannot assure you that our travel suppliers will renew our agreements in the future on favorable terms or terms similar to those we currently have agreed. Our travel suppliers may increase the prices that they charge us or the deposits that they require from us. As a result, the amount, pricing and breadth of travel products and services that we are able to offer may be reduced and our business and results of operations could be materially and adversely affected.

Furthermore, in order to grow our business, we will need to develop relationships with new travel suppliers of good quality. We cannot assure you that we will be able to identify appropriate travel suppliers or enter into arrangements with those travel suppliers on favorable terms or at all. Any failure to do so could harm the growth of our business and adversely affect our financial condition and results of operations.

Our financial condition and results of operations may be adversely affected if we are unable to predict the amount of travel products that we will need to purchase from our travel suppliers in advance and reserve for peak travel periods or for certain destinations.

We typically purchase certain travel products from our travel suppliers in advance to secure adequate supplies for our customers during peak travel periods or for certain destinations. For example, we reserve hotel rooms and air tickets before peak holiday seasons for certain popular destinations. If the demand for packaged tours, hotel rooms and air tickets that we need to purchase for certain peak travel periods is lower than our prediction, we might have to write-off the cost of the travel products that we are unable to sell, and our financial condition and results of operations would be adversely affected.

We may not be able to effectively manage our growth and expansion or implement our business strategies, in which case our business and results of operations may be materially and adversely affected.

We have experienced a period of rapid growth and expansion, which has placed, and will continue to place, significant strain on our management and resources. We cannot assure you that this level of significant growth and expansion will be sustainable or achieved at all in the future. We believe that our continued growth and expansion will depend on our ability to provide competitive travel products and services, attract new customers, continue developing travel products and services and innovative technologies in response to customer demand

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and preferences, increase brand awareness through marketing and promotional activities, expand into new market segments, and take advantage of any growth in the relevant markets. We cannot assure you that we will achieve any of the above.

To manage our growth and expansion, and to achieve profitability, we anticipate that we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our N-Booking system and other management systems. We will also need to further expand, train, manage and motivate our workforce and manage our relationships with our travel suppliers and customers. All of these objectives entail risks and will require substantial management efforts and skills and significant additional expenditures. Our further expansion may divert our management, operational or technological resources from our existing business operations. In addition, our expansion may require us to operate in new cities in China, including a number of small cities in China, where we may have difficulty in adjusting to local market demands and regulatory requirements. We cannot assure you that we will be able to effectively manage our growth and expansion or implement our future business strategies effectively, and failure to do so may materially and adversely affect our business and results of operations.

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

Our business experiences fluctuations, reflecting seasonal variations in demand for leisure travel services. Sales of leisure travel products and services will increase in respect of holiday periods and decrease in respect of off-peak times and prices of leisure travel products and services are subject to fluctuation between peak seasons and low seasons. For example, the third quarter of each year generally contributes the highest percentage of our annual revenues, because many of our customers tend to travel during summer holidays in July and August. Consequently, our results of operations may fluctuate from quarter to quarter. Our rapid growth has tended to mask the seasonality of our business. As our growth rate slows, the seasonality in our business will become more pronounced and cause our operating results to fluctuate.

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

Our future performance depends on the continued service of our senior management, in particular, Mr. Dunde Yu, our co-founder, chairman and chief executive officer, and Mr. Haifeng Yan, our co-founder, director and chief operating officer. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily, our future growth may be constrained, our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. There is no assurance that we can continue to retain their services and there can be no assurance that they will not compete against us.

If our business continues to expand, we will need to hire additional employees, including supplier management personnel to maintain and expand our travel supplier network, information technology and engineering personnel to maintain and expand our online platform and customer service personnel to serve an increasing number of customers. If we are unable to identify, attract, hire, train and retain sufficient employees in these areas, our customers may not have satisfactory experiences with us and may turn to our competitors, which may adversely affect our business and results of operations.

We may be subject to legal or administrative proceedings regarding our travel products and services, information provided on our online platform or other aspects of our business operations, which may be time-consuming to defend and affect our reputation.

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including breach of contract claims, anti-competition claims and other matters. Such proceedings are inherently uncertain and their results cannot be predicted with

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certainty. Regardless of the outcome and merit of such proceedings, any such legal action could have an adverse impact on our business because of defense costs, negative publicity, diversion of management's attention and other factors. In addition, it is possible that an unfavorable resolution of one or more legal or administrative proceedings, whether in the PRC or in another jurisdiction, could materially and adversely affect our financial position, results of operations or cash flows in a particular period or damage our reputation. In addition, our online platform contains information about our travel products and services, vacation destinations and other travel-related topics. It is possible that if any content accessible on our online platform contains errors or false or misleading information, our customers may take actions against us.

We may be subject to detrimental adverse publicity, malicious allegations or other conduct by people or entities, which could harm our reputation, adversely affect our business and the trading price of our ADSs.

We have been, and in the future may be, the target of adverse publicity, malicious allegations or other detrimental conduct by people or entities. Such allegations, directly or indirectly against us, may be posted in internet chat-rooms or on blogs or any website by anyone on an anonymous basis. We may be required to spend significant time and incur substantial costs in response to such allegations or other detrimental conduct, and there is no assurance that we will be able to conclusively refute each of them within a reasonable period of time, or at all. Our reputation may be harmed as a result of the public dissemination of malicious allegations about our personnel, business, operations, accounting, prospects or business ethics, which in turn could adversely affect our business and the trading price of our ADSs.

We have limited experience and operating history in developing and providing new products and services, which may negatively affect our business, financial condition and results of operations.

As part of our growth strategy, we intend to develop and offer new travel products and services to satisfy the evolving needs of our customers. In 2013, we launched discounted travel products that are exclusive to users of our mobile platform to enhance our mobile user engagement. We have limited experience and operating history in developing and operating these new services. These and other new products and services we may offer in the future present operating and marketing challenges that are different from those we currently encounter. In addition, the market for our new travel products and services may be highly competitive. If we fail to successfully develop and offer our new travel products and services in an increasingly competitive market, we may not be able to capture the growth opportunities associated with them or recover the development and marketing costs, and our future results of operations and growth strategies could be adversely affected.

If the fragmented travel industry in China becomes consolidated, our business, financial condition and results of operations may be adversely affected.

China's enormous size and population, imbalanced economic development and differences in consumer behavior across the country have created a highly fragmented and diverse travel industry. In recent years, customers have been shifting from highly fragmented traditional offline travel companies to travel websites for a wider product selection and greater convenience. If, however, traditional tour operators form alliances, or merge or consolidate among themselves, or if one of our travel suppliers is acquired by another company with which we do not have a relationship, we may not be able to maintain our strength in offering a wider selection of travel products and services as compared to traditional travel companies, and our business, financial condition and results of operations may be adversely affected.

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

We regard our intellectual property as critical to our success. We rely primarily on a combination of copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such

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as confidentiality agreements with our employees and others, to protect our intellectual property rights. The protection of intellectual property rights in China may not be as effective as that in the United States. Unauthorized use or other misappropriation of our technologies would enable third parties to benefit from our technologies without paying us, or enable our competitors to offer travel products and services that are comparable to or better than ours. From time to time, we may have to enforce our intellectual property rights through litigation. Such litigation may result in substantial costs and diversion of resources and management attention. If we are not successful in protecting our intellectual property, our business, financial condition and results of operations may be materially and adversely affected.

Claims by third parties that we infringe on their intellectual property rights could lead to government administrative actions and result in significant costs and have a material adverse effect on our business, financial condition and results of operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon copyrights or other intellectual property rights held by third parties. We have been in the past, and may be from time to time in the future, subject to legal proceedings, claims or government administrative actions relating to alleged infringement on copyrights or other intellectual property rights held by third parties in relation to the content on our online platform or intellectual property rights otherwise used in our operation. For example, our website may be found to contain pictures that infringe on copyrights of third parties or hotel reviews that are third parties' proprietary information. In addition, some of the software that we are currently using in our business may infringe on third parties' copyrights. If we are found to have infringed on the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Moreover, regardless of whether we successfully defend against such claims, we could suffer negative publicity and our reputation could be severely damaged. Any of these events could have a material and adverse effect on our business, financial condition and results of operations.

In addition, user-generated content on our online platform may contain or provide links to information that infringes on the copyrights or other intellectual property rights of third parties or violates applicable rules or regulations in relation to censorship, or we may use the user-generated content in a way that infringes on the rights of the users or third parties. Any claims, with or without merit, could be time-consuming to defend, result in litigation and divert management's attention and resources.

The successful operation of our business depends upon the performance and reliability of the Internet infrastructure and telecommunications networks in China.

Our business depends on the performance and reliability of the Internet infrastructure and telecommunications networks in China. Almost all access to the Internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology of the PRC, or the MIIT. In addition, the national networks in China are connected to the Internet through international gateways controlled by the PRC government. These international gateways are the only channels through which a domestic user can connect to the Internet. We rely on a limited number of telecommunications service providers, primarily China Telecom and China Unicom, to provide us with data communications capacity. We, our customers or travel suppliers, may not have access to alternative networks in the event of disruptions, failures or other problems with China's Internet infrastructure. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our online platform. However, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for

telecommunications and Internet services rise significantly, our results of operations may be materially and adversely affected. If Internet access fees or other charges to Internet users increase, the number of Internet users may decline and our business may be harmed.

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Moreover, if we are not able to renew services agreements with the telecommunications carriers when they expire and are not able to enter into agreements with alternative carriers on commercially reasonable terms or at all, the quality and stability of our online platform may be adversely affected.

We are subject to payment-related risks.

We enable our customers to make payments through our website by working with various third-party online payment processing service providers. As we rely on third parties to provide payment processing services, including processing payments made with credit cards and debit cards, it could disrupt our business if these companies become unwilling or unable to provide these services to us. We may be subject to human error, fraud and other illegal activities in connection with third-party online payment services. If our data security systems are breached or compromised, we may lose our ability to accept credit and debit card payments from our customers, and we may be subject to claims for damages from our customers and third parties, all of which could adversely and materially affect our reputation as well as our results of operations.

If we fail to adopt new technologies or adapt our website online platform and management systems to changing user requirements, increasing traffic or emerging industry standards, our business may be materially and adversely affected.

The online travel industry is subject to rapid technological changes. To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our online platform. The online travel industry is also characterized by rapid technological evolution and changes in customer requirements and preferences. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business and respond to technological advances and emerging industry standards and practices in a cost-effective and timely manner. The development of our online platform and other proprietary technology entails significant technical and business risks. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or adapt our infrastructure. We may not be able to use new technologies effectively or adapt our online platform, proprietary technologies and operating systems to the requirements of our customers and travel suppliers or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner to changing market conditions or user requirements, whether for technical, legal, financial, or other reasons, our business may be materially and adversely affected.

Our business may be harmed if we are unable to upgrade our systems and infrastructure fast enough to accommodate increasing traffic levels, or to avoid obsolescence, or successfully integrate any newly developed or purchased technology with our existing systems. Capacity constraints could cause unanticipated system disruptions, slower response times, poor customer experience, impaired quality and speed of reservations and confirmations and delays in reporting accurate financial and operating information. These factors could cause us to lose customers. Additionally, we will continue to upgrade and improve our technology infrastructure to support our business growth. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. If our existing or future technology infrastructure does not function properly, it could cause system disruptions and slow response times that affect data transmission, which in turn could materially and adversely affect our business.

We are exposed to risks associated with online security.

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The secure transmission of confidential information over the Internet is essential in maintaining customer confidence in us. We conduct a significant portion of our transactions through our website. We utilize digital certificates to help us conduct secure communications and transactions. In addition, customer sensitive information, such as password and payment information, is stored with encryption, and our data servers are

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secured with firewalls. However, advances in technology or other developments could result in a compromise or breach of the technology that we use to protect customer and transaction data. Our security measures may not be sufficient to prevent security breaches.

Our use of open source software could adversely affect our ability to offer our products and services and subject us to possible litigation.

We use open source software in connection with our development of technology infrastructure. From time to time, companies that use open source software have faced claims challenging the use of open source software and/or compliance with open source license terms. We could be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming noncompliance with open source licensing terms. Some open source licenses require users who distribute software containing open source to make available all or part of such software, which in some circumstances could include valuable proprietary code. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop travel products and services that are similar to or better than ours.

We may not be successful in pursuing strategic alliances and acquisitions, and future alliances and acquisitions may not bring us anticipated benefits.

Part of our growth strategy is the pursuit of strategic alliances and acquisitions. There can be no assurance that we will succeed in implementing this strategy as it is subject to many factors which are beyond our control, including our ability to identify and successfully execute suitable acquisition opportunities and alliances. This strategy may also subject us to uncertainties and risks, including acquisition and financing costs, potential ongoing and unforeseen or hidden liabilities, diversion of management resources and cost of integrating acquired businesses. We could face difficulties integrating the technology of acquired businesses with our existing technology, and employees of the acquired business into various departments and ranks in our company, and it could take substantial time and effort to integrate the business processes being used in the acquired businesses with our existing business processes. Moreover, there is no assurance that such alliances or acquisitions will achieve our intended objectives or benefits.

If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations or prevent fraud or fail to meet our reporting obligations, and investor confidence and the market price of our ADSs may be materially and adversely affected.

Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. However, in preparing our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board of the United States, or PCAOB. The material weakness identified related to the lack of sufficient financial reporting and accounting personnel with appropriate knowledge of US GAAP and the SEC, reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures. Following the identification of the material weakness, we have taken measures and plan to continue to take measures to remedy the material weakness. For details of these remedies, see Management's Discussion and Analysis of Financial Condition and Results of Operations Internal Control over Financial Reporting. However, the implementation of these measures may not fully

address the material weakness in our internal control over financial reporting, and we cannot conclude that they have been fully remedied. Our failure

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to correct the material weakness or our failure to discover and address any other material weakness or deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting significantly hinders our ability to prevent fraud.

Furthermore, it is possible that, had our independent registered public accounting firm conducted an audit of our internal control over financial reporting, such firm might have identified additional material weaknesses and deficiencies. Upon completion of this offering, we will become a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, will require that we include a report of management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2015. In addition, once we cease to be an emerging growth company as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

We have limited business insurance coverage in China.

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

We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

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We believe that our current cash and cash equivalents, and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for at least the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any marketing initiatives or investments we may decide to pursue. If these resources are insufficient to satisfy our

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cash requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. The sale of additional equity securities could result in dilution of our existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

We have granted share options and may grant share options and other share-based awards in the future, which may materially increase our net loss.

We adopted an incentive compensation plan in 2008, or the 2008 Plan, that permits granting of options to purchase our ordinary shares and restricted shares. The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2008 Plan is 18,375,140 shares. As of the date of this prospectus, there are options to acquire 18,149,593 ordinary shares issued and outstanding. However, we have not recorded any share-based compensation expense in connection with these options grants because certain defined exercisable event has not yet occurred. One of the exercisable events is completion of this offering. As a result, immediately upon completion of this offering, we expect that we will incur a share-based compensation charge of RMB17.2 million (US\$2.8 million), which will include RMB13.4 million (US\$2.2 million) associated with options for which the service condition was satisfied as of December 31, 2013, and an additional amount of RMB3.8 million (US\$0.6 million) associated with options for which the service condition was satisfied between January 1, 2014 and the date of this prospectus. In addition, we plan to grant employees share options and other share-based compensation in the future. Expenses associated with share-based awards may materially impact our results of operations.

Risks Related to Our Corporate Structure

Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to restrictions on foreign investment in value-added telecommunications and travel companies in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including shutting down of our online platform.

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide Internet content distribution services. Specifically, foreign investors are not allowed to own more than 50% of the equity interest in any entity conducting value-added telecommunications business. The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business issued by the Ministry of Industry and Information Technology in July 2006, or the MIIT Circular, reiterated the regulations on foreign investment in telecommunications business, which require foreign investors to set up foreign-invested enterprises and obtain business operating licenses for Internet content provision to conduct any value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the domestic ICP license holder or its shareholders. Due to a lack of interpretation from MIIT, it is unclear what impact the MIIT Circular will have on us or other PRC Internet companies that have adopted the same or similar corporate structures and contractual arrangements as ours. Nanjing Tuniu holds an ICP license, and owns the domain name used in our value-added telecommunications business. Nanjing Tuniu is also the owner of all registered trademarks used in our value-added telecommunications business and is the applicant of all the

applications for trademark registration we have made.

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We are a Cayman Islands company and our wholly owned PRC subsidiary, Beijing Tuniu, is considered a foreign invested enterprise. To comply with PRC laws and regulations, we conduct our operations in China through a series of contractual arrangements entered into among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu. As a result of these contractual arrangements, we exert control over Nanjing Tuniu and its subsidiaries and consolidate their results of operations in our financial statements under U.S. GAAP. For a detailed description of these contractual arrangements, see Corporate History and Structure.

In the opinion of our PRC counsel, Jun He Law Offices, our current ownership structure, the ownership structure of our PRC subsidiaries and our consolidated affiliated entities, each of the shareholders' voting rights agreement, powers of attorney, equity interest pledge agreement and purchase option agreement entered into among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu, and the cooperation agreement between Beijing Tuniu and Nanjing Tuniu, which establish our contractual arrangement with Nanjing Tuniu and its shareholders, and, except as otherwise disclosed in this prospectus, our business operations are not in violation of existing PRC laws, rules and regulations. However, we are advised by our PRC counsel, Jun He Law Offices, that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and there can be no assurance that the PRC government will ultimately take a view that is consistent with the opinion of our PRC counsel stated above.

In or around September 2011, various media sources reported that the China Securities Regulatory Commission, or the CSRC, had prepared a report proposing regulating the use of variable interest entity structures, such as ours, in industry sectors subject to foreign investment restrictions in China and overseas listings by China-based companies. However, it is unclear whether the CSRC officially issued or submitted such a report to a higher level government authority or what any such report provides, or whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide.

If our ownership structure, contractual arrangements and business of our company, our PRC subsidiaries or our consolidated affiliated entities are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of our PRC subsidiaries or consolidated affiliated entities, revoking the business licenses or operating licenses of our PRC subsidiaries or consolidated affiliated entities, shutting down our servers or blocking our online platform, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or prohibiting our use of proceeds from this offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of any of our consolidated affiliated entities that most significantly impact its economic performance, and/or our failure to receive the economic benefits from any of our consolidated affiliated entities, we may not be able to consolidate the entity in our consolidated financial statements in accordance with U.S. GAAP.

We rely on contractual arrangements with Nanjing Tuniu and its shareholders for the operation of our business, which may not be as effective as direct ownership. If Nanjing Tuniu or its shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to litigation or arbitration to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation. If we are unable to maintain effective control, we would not be able to continue to consolidate the financial results of our consolidated affiliated entities with our financial results.

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Although we have been advised by our PRC counsel, Jun He Law Offices, that our contractual arrangements with Nanjing Tuniu and its shareholders does not and will not result in any violation of current PRC laws, these contractual arrangements may not be as effective in providing control as direct ownership. If Nanjing Tuniu or its shareholders fail to perform their obligations under the contractual arrangements, we may have to incur

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substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under contract law, including seeking specific performance or injunctive relief and claiming damages, which we cannot assure you will be effective. For example, if the shareholders of Nanjing Tuniu refuse to transfer their equity interests in Nanjing Tuniu to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they otherwise act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. Furthermore, while the company chops of Nanjing Tuniu are held by its legal and accounting departments, our ability to ensure its performance under the contractual agreements may be limited if we are unable to secure control of the company chops in the event of a dispute with its management or shareholders, as many official documents require affixation of company chops to become fully effective. If we were the controlling shareholder of Nanjing Tuniu with direct ownership, we would be able to exercise our rights as shareholders to effect changes to its board of directors, which in turn could implement changes at the management and operational level.

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. There remain significant uncertainties regarding how our contractual arrangements would be interpreted under PRC law and the ultimate outcome of the resolution of disputes in relation to such contractual arrangements, should arbitration become necessary. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Under PRC laws, if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over Nanjing Tuniu and its shareholders, and our ability to conduct our business may be negatively affected. If we are unable to maintain effective control, we would not be able to continue to consolidate the financial results of our consolidated affiliated entities with our financial results.

The shareholders of Nanjing Tuniu may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

We have designated individuals who are PRC nationals to be the shareholders of Nanjing Tuniu. The equity interests of Nanjing Tuniu are held by Messrs. Dunde Yu, Haifeng Yan, Tong Wang, Jiping Wang, Xin Wen, Yongquan Tan and Haifeng Wang. The interests of these individuals as the shareholders of Nanjing Tuniu may differ from the interests of our company as a whole. These shareholders may breach, or cause Nanjing Tuniu to breach, the existing contractual arrangements we have with them and Nanjing Tuniu, which would have a material and adverse effect on our ability to effectively control Nanjing Tuniu. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the purchase option agreement with these shareholders to request them to transfer all of their equity interests in Nanjing Tuniu to a PRC entity or individual designated by us, to the extent permitted by PRC laws. We rely on Messrs. Dunde Yu and Haifeng Yan, who are our founders, directors and beneficial owners, Messrs. Tong Wang, Jiping Wang, Xin Wen and Yongquan Tan, who are our beneficial owners and Mr. Haifeng Wang, who is an employee of one of our preferred shareholders, to abide by the PRC law. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Nanjing Tuniu, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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Our contractual arrangements with Nanjing Tuniu and its shareholders may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially increase our consolidated net loss and reduce the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu do not represent an arm's-length price and adjust Nanjing Tuniu's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Nanjing Tuniu, which could in turn increase its tax liabilities without reducing our tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to Nanjing Tuniu for under-paid taxes. Our consolidated net loss may be increased if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

If Nanjing Tuniu becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy its assets, which could materially and adversely affect our business.

To comply with PRC laws and regulations relating to foreign ownership restrictions in the online value-added telecommunications business, we hold our ICP license and operate our business through contractual arrangements with Nanjing Tuniu as well as its shareholders. As part of these arrangements, Nanjing Tuniu holds assets that are important to the operation of our business.

We do not have priority pledges and liens against Nanjing Tuniu's assets. As a contractual and property right matter, this lack of priority pledges and liens has remote risks. If Nanjing Tuniu undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on Nanjing Tuniu's assets. If Nanjing Tuniu liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by Nanjing Tuniu to Beijing Tuniu under the cooperation agreement between them. To ameliorate the risks of an involuntary liquidation proceeding initiated by a third-party creditor, we closely monitor the operations and finances of Nanjing Tuniu through carefully designed budgetary and internal controls to ensure that Nanjing Tuniu is well capitalized and is highly unlikely to trigger any third party monetary claims in excess of its assets and cash resources. Furthermore, Beijing Tuniu has the ability, if necessary, to provide financial support to Nanjing Tuniu to avoid such an involuntary liquidation.

If the shareholders of Nanjing Tuniu were to attempt to voluntarily liquidate Nanjing Tuniu without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request Nanjing Tuniu's shareholders to transfer all of their equity interests to a PRC entity or individual designated by us in accordance with the purchase option agreement with the shareholders of Nanjing Tuniu, to the extent permitted by PRC laws. In the event that the shareholders of Nanjing Tuniu initiate a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of Nanjing Tuniu without our prior consent, we may need to resort to legal proceedings to enforce the terms of the contractual agreements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding would be uncertain.

Risks Related to Doing Business in China

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

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The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a

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comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and consolidated affiliated entities are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

Our business operations are based in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political and social conditions or government policies in China generally and by continued economic growth in China as a whole.

China's economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While China's economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and may slow down in the future. Some of the government measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. Any stimulus measures designed to boost the Chinese economy may contribute to higher inflation, which could adversely affect our financial condition and results of operations. For example, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation.

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

We are required to obtain applicable permits or approvals from regulatory authorities to conduct our business activities. See PRC Regulation. If we fail to obtain or maintain any of the required permits or

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approvals in the future, we may be subject to various penalties, such as fines or suspension of operations in these regulated businesses, which could severely disrupt our business operations. As a result, our financial condition and results of operations may be adversely affected.

Under the PRC Enterprise Income Tax Law, we may be classified as a PRC resident enterprise for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law, or the EIT Law, that became effective on January 1, 2008, an enterprise established outside the PRC with a de facto management body within the PRC is considered a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the EIT Law, or the Implementation Rules, a de facto management body is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, SAT Circular 82, which was issued in April 2009 by the State Administration of Taxation, or the SAT, specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board's and shareholders' meetings are located or kept in the PRC; and (d) half or more of the enterprises' directors or senior management personnel with voting rights habitually reside in the PRC. Further to SAT Circular 82, the SAT issued SAT Bulletin 45, which took effect on September 1, 2011, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such Chinese-controlled offshore-incorporated resident enterprises. SAT Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals like us, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the SAT's general position on how the de facto management body test should be applied in determining the PRC resident enterprise status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

We do not believe that Tuniu Corporation meets all of the conditions above and thus we do not believe that it is a PRC resident enterprise, despite the fact that all of the members of our management team as well as the management team of Tuniu (HK) Limited are located in China. However, if the PRC tax authorities determine that it is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we will be subject to the uniform 25% enterprise income tax on our worldwide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Second, although dividends paid by one PRC tax resident to another PRC tax resident should qualify as tax-exempt income under the EIT Law, we cannot assure you that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax on dividends, and the PRC tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are not controlled by any PRC enterprise or PRC enterprise group and treated as PRC resident enterprises for PRC enterprise income tax purposes.

Under the EIT Law and its Implementation Rules, subject to any applicable tax treaty or similar arrangement between the PRC and our investors' jurisdiction of residence that provides for a different income tax arrangement, PRC

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withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not

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effectively connected with the establishment or place of business. Any gain realized on the transfer of American depositary shares or shares by such non-PRC resident enterprise investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a tax treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of American depositary shares or shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. It is also unclear whether dividends we pay with respect to our ordinary shares or ADSs, or the gain realized from the transfer of our ordinary shares or ADSs, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we were considered a PRC resident enterprise, as described above. If PRC income tax were imposed on gains realized through the transfer of our ADSs or ordinary shares or on dividends paid to our non-PRC resident investors, the value of the investment in our ADSs or ordinary shares may be materially and adversely affected. Furthermore, our ADS holders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

We face uncertainty regarding the PRC tax reporting obligations and consequences for certain indirect transfers of our operating company's equity interests. Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

In connection with the EIT Law, the Ministry of Finance and the SAT jointly issued SAT Circular 59 in April 2009, and the SAT issued SAT Circular 698 in December 2009. Both SAT Circular 59 and Circular 698 became effective retroactively on January 1, 2008.

According to SAT Circular 698, where a non-PRC resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, and the overseas holding company is located in a tax jurisdiction that: (1) has an effective tax rate of less than 12.5% or (2) does not impose tax on foreign income of its residents, the non-PRC resident enterprise, being the transferor, must report to the relevant tax authority of the PRC resident enterprise this Indirect Transfer. Using a substance over form principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income resulting from the transaction. In addition, the PRC resident enterprise is supposed to provide necessary assistance to support the enforcement of SAT Circular 698.

On March 28, 2011, the SAT released SAT Public Notice (2011) No. 24, or SAT Public Notice 24, to clarify several issues related to SAT Circular 698. SAT Public Notice 24 became effective on April 1, 2011. According to SAT Public Notice 24, the term effective tax rate refers to the effective tax rate on the gain derived from disposition of the equity interests of an overseas holding company; and the term does not impose income tax refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the country/region where the overseas holding company is a resident.

There is little guidance as to the application of SAT Circular 698. For example, while the term Indirect Transfer is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order

to reduce, avoid or defer PRC tax. If any of the previous investments by non-PRC resident investors in our company were determined by the tax authorities to lack reasonable commercial purpose,

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it is possible that the PRC tax authorities would pursue our offshore shareholders to conduct a filing regarding our offshore restructuring transactions where non-PRC resident investors were involved and would request our PRC subsidiaries to assist in providing such disclosures. In addition, if our offshore subsidiaries are deemed to lack substance, they could be disregarded by the PRC tax authorities. As a result, we and our non-PRC resident investors may become at risk of being taxed under SAT Circular 698 and may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we and our non-PRC resident investors should not be taxed under SAT Circular 698, which may have a material adverse effect on our financial condition and results of operations or the non-PRC resident investors' investments in us.

By promulgating and implementing these circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-PRC resident enterprise. The PRC tax authorities have the discretion under SAT Circular 59 and SAT Circular 698 to make adjustments to the taxable capital gains based on the difference between the fair value of the equity interests transferred and the cost of investment. Although we currently have no confirmed plans to pursue any acquisitions in China or elsewhere in the world, we may pursue acquisitions in the future that may involve complex corporate structures. If we are considered a non-PRC resident enterprise under the EIT Law and if the PRC tax authorities make adjustments under SAT Circular 59 or SAT Circular 698, our income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

Six PRC regulatory agencies promulgated regulations effective in September 2006 that are commonly referred to as the M&A Rules. See PRC Regulation. The M&A Rules establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, national security review rules issued by the PRC governmental authorities in 2011 require acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. Moreover, the Anti-Monopoly Law requires that the Ministry of Commerce shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. We may expand our business in part by acquiring complementary businesses. Complying with the requirements of the M&A Rules, security review rules and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, limit our ability to inject capital into our PRC subsidiaries, or otherwise expose us to liability and penalties under PRC laws.

The PRC State Administration of Foreign Exchange, or the SAFE, promulgated in October 2005 a SAFE Circular 75 that requires PRC residents to register with SAFE or its local branches in connection with their establishment or control of an offshore special purpose vehicle established for the purpose of overseas equity financing with assets or equity interests of onshore companies held by the PRC residents. In addition, such PRC residents who are shareholders or beneficial owners of the offshore special purpose vehicle are required to update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to increases or decreases in investment amount, transfers or exchanges of shares, mergers or divisions, long-term equity or debt investments, external guarantees, or other material changes in share capital. The term "control" under SAFE Circular 75 is broadly

defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements.

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Subsequent regulations further clarified that PRC subsidiaries of an offshore special purpose vehicle are required to urge its PRC resident shareholders and beneficial owners to update their registrations with local branches of SAFE. If these shareholders or beneficial owners fail to comply, the PRC subsidiaries are required to report to local SAFE branches of SAFE. See PRC Regulation Regulations on Offshore Financing. If our shareholders or beneficial owners who are PRC citizens or residents do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liabilities for our PRC subsidiaries under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by SAFE to return the foreign exchange remitted overseas within a period specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. Furthermore, the persons-in-charge and other persons at our PRC subsidiaries who are held directly liable for the violations may be subject to criminal sanctions.

These foreign exchange regulations provide that PRC residents include both PRC citizens, meaning any individual who holds a PRC passport or resident identification card, and individuals who are non-PRC citizens but primarily reside in the PRC due to their economic ties to the PRC. We have requested all of our current shareholders and/or beneficial owners to disclose whether they or their shareholders or beneficial owners fall within the ambit of SAFE Circular 75 and its guidance and will urge relevant shareholders and beneficial owners, upon learning they are PRC residents, to make the necessary applications, filings and amendments as required under SAFE Circular 75 and other related rules. To our knowledge, all of our shareholders who are PRC residents and hold interest in us have registered with the local SAFE branch as required under SAFE Circular 75. We would expect these shareholders to also amend their registrations after completion of this offering as required by PRC laws. However, we cannot assure you that they can successfully amend their foreign exchange registrations with the local SAFE branch in compliance with applicable laws after this offering. In addition, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurances that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by SAFE Circular 75 or other related rules. A failure by any of our current or future shareholders or beneficial owners who are PRC residents to comply with the SAFE regulations may subject us to fines or other legal sanctions, restrict our cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, either we or the owners of such company, as the case may be, may not be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or the Stock

Option Rules. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plans in an overseas publicly-listed company are required to

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register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. See PRC Regulation Regulations on Employee Stock Option Plans.

We and our PRC employees who have been granted share options will be subject to these regulations upon completion of this offering. If we or our PRC share option holders fail to comply with these regulations, we or our PRC share option holders may be subject to fines, and other legal or administrative sanctions.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities and governmental control of currency conversion may delay or limit us from using the proceeds of this offering to make additional capital contributions or loans to our PRC subsidiaries.

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the proceeds of this offering, are subject to PRC laws and regulations. Under PRC laws and regulations, we are permitted to utilize the proceeds from this offering to fund our existing PRC subsidiaries only through loans or capital contributions or to establish new PRC subsidiaries, subject to applicable government registration and approval requirements. None of our loans to a PRC subsidiary can exceed the difference between its total amount of investment and its registered capital approved under relevant PRC laws, and the loans must be registered with the local branch of SAFE. Our capital contributions to our PRC subsidiaries or establishment of new PRC subsidiaries must be approved by the Ministry of Commerce or its local counterpart. We cannot assure you that we will be able to complete the necessary registration or obtain the necessary approval on a timely basis, or at all. If we fail to complete the necessary registration or obtain the necessary approval, our ability to make loans or capital contributions to our PRC subsidiaries may be negatively affected, which could adversely affect our PRC subsidiaries' liquidity and their ability to fund their working capital and expansion projects and meet their obligations and commitments.

In August 2008, SAFE promulgated a SAFE Circular 142 regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 provides that the Renminbi capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and unless otherwise provided by law, such Renminbi capital may not be used for equity investments in the PRC. The business scopes of Beijing Tuniu and Tuniu (Nanjing) Information Technology Co., Ltd. include research and development of computer software, network information technology products, computer application systems, e-commerce systems, network security systems and computer system integration; technology services, consulting and transfers; sales of self-developed products; investment consulting; business information consulting; and conference services and public relations advice. Beijing Tuniu and Tuniu (Nanjing) Information Technology Co., Ltd. may only use Renminbi converted from foreign exchange capital contribution for activities within their respective approved business scope. In addition, the use of such Renminbi capital may not be altered without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. If we convert the net proceeds we receive from this offering into Renminbi pursuant to SAFE Circular 142, our use of Renminbi funds for general corporate purposes will be within the business scopes of our PRC subsidiaries. However, we may not be able to use such Renminbi funds to make equity investments in the PRC through our PRC

subsidiaries.

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Furthermore, SAFE promulgated in November 2010 a SAFE Circular 59, which requires the relevant government authorities to closely examine the authenticity of settlement of net proceeds from offshore offerings and the net proceeds to be settled in the manner described in the offering documents. SAFE also promulgated a SAFE Circular 45 in November 2011, which, among other things, restricts a foreign-invested enterprise from using Renminbi converted from its registered capital to provide entrusted loans or repay loans between non-financial enterprises. SAFE Circular 142, SAFE Circular 59 and SAFE Circular 45 may significantly limit our ability to use Renminbi converted from the net proceeds of this offering to fund establishment of new PRC subsidiaries by Beijing Tuniu or Tuniu (Nanjing) Information Technology Co., Ltd. to invest in or acquire any other PRC companies, or to establish new PRC consolidated affiliated entities.

Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu in a manner that would materially and adversely affect Beijing Tuniu's ability to pay dividends and other distributions to us. Any limitation on the ability of our subsidiaries to distribute dividends to us or on the ability of Nanjing Tuniu to make payments to us may restrict our ability to satisfy our liquidity requirements.

We may not be able to obtain certain treaty benefits on dividends paid to us by our PRC subsidiaries through our Hong Kong subsidiary.

Under the EIT Law, dividends generated from retained earnings after January 1, 2008 from a PRC company and distributed to a foreign parent company are subject to a withholding tax rate of 10% unless the foreign parent's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, or the Hong Kong Tax Treaty, which became effective on December 8, 2006, a company incorporated in Hong Kong, such as Tuniu (HK) Limited, will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries, if it holds a 25% or more interest in that particular PRC subsidiary, or 10% if it holds less than a 25% interest in that subsidiary. However, the SAT promulgated SAT Circular 601 on October 27, 2009, which provides that tax treaty benefits will be denied to conduit or shell companies without business substance, and that substance over form principles will be used to determine beneficial ownership for purposes of receiving tax treaty benefits. On June 29, 2012, the SAT further issued the Announcement of the SAT regarding Recognition of Beneficial Owner under Tax Treaties, or Announcement 30, which provides that a comprehensive analysis should be made when determining the beneficial owner status based on various factors supported by various types of documents including the articles of association, financial statements, records of cash movements, board meeting minutes, board resolutions, staffing and materials, relevant expenditures, functions and risk assumption as well as relevant contracts and other information. As a result, although our PRC subsidiaries, Beijing Tuniu and Tuniu (Nanjing) Information Technology

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Co., Ltd., are currently wholly owned by our Hong Kong subsidiary, Tuniu (HK) Limited, we cannot assure you that we would be entitled to the tax treaty benefits and enjoy the favorable 5% rate applicable under the Hong Kong Tax Treaty. If Tuniu (HK) Limited is not recognized as the beneficial owner of the dividends paid to it by Beijing Tuniu or Tuniu (Nanjing) Information Technology Co., Ltd., such dividends will be subject to a normal withholding tax of 10% as provided by the EIT Law.

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Discontinuation or revocation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes or surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries are incorporated in the PRC and governed by applicable PRC tax laws and regulations. The EIT Law and its Implementation Rules have adopted a uniform statutory enterprise income tax rate of 25% to all enterprises in China, including foreign-invested enterprises. The EIT Law and its Implementation Rules also permit qualified high and new technology enterprises, or HNTEs, to enjoy a preferential enterprise income tax rate of 15% upon filing with the relevant tax authorities. The qualification as a HNTE is generally effective for a term of three years and the renewal of such qualification is subject to review by the relevant authorities in China. Nanjing Tuniu obtained its HNTE certificate in 2010 with a valid period of three years and successfully renewed such certificate in December 2013 for additional three years. Therefore, Nanjing Tuniu is eligible to enjoy a preferential tax rate of 15% from 2013 to 2015 to the extent it has taxable income under the EIT Law, as long as it maintains the HNTE qualification and duly conducts relevant EIT filing procedures with the relevant tax authority. If Nanjing Tuniu fails to maintain its HNTE qualification or renew its qualification when its current term expires, its applicable enterprise income tax rate may increase to 25%, which could have an adverse effect on our financial condition and results of operations.

In addition, our PRC subsidiaries have received various financial subsidies from PRC local government authorities. Preferential tax treatments and financial subsidies are subject to review and may be adjusted or revoked at any time in the future. The discontinuation of any preferential tax treatments or financial subsidies or imposition of any additional taxes or surcharges could adversely affect our financial condition and results of operations.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

We generate all of our revenues and incur substantially all of our expenses in Renminbi, and substantially all of our sales and supply contracts are denominated in Renminbi. As a result, fluctuations in the exchange rates between the U.S. dollar and Renminbi will affect the relative purchasing power in Renminbi terms of our U.S. dollar assets and the proceeds from this offering. As the functional currency for our PRC subsidiaries and affiliated PRC entities is Renminbi, fluctuations in the exchange rates may also cause us to incur foreign exchange losses on any foreign currency holdings they may have. In addition, appreciation or depreciation in the value of Renminbi relative to the U.S. dollar would affect our financial results in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. If we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amount available to us.

The value of Renminbi against U.S. dollars and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. In July 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to U.S. dollars, and Renminbi appreciated more than 20% against U.S. dollars over the following three years. However, the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates to achieve policy goals. During the period between July 2008 and June 2010, the exchange rates between Renminbi and the U.S. dollars had been stable and traded within a narrow range. However, Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with U.S. dollars. Since June 2010, Renminbi has started to slowly appreciate against the U.S. dollars, though there have been periods recently when U.S. dollars appreciated against Renminbi. It is difficult to predict how long the current situation may last and when and how the relationship between Renminbi and U.S. dollars may change again.

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There remains significant international pressure on the PRC government to adopt a flexible currency policy. Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive from this initial public offering into Renminbi to pay our operating expenses, appreciation of Renminbi against U.S. dollars would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the amount of U.S. dollars equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currencies. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.

Six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was subsequently amended. The M&A Rules, among other things, require offshore special purpose vehicles controlled by PRC companies or individuals formed for the purpose of an overseas listing of such PRC companies or individuals' interests in PRC domestic companies to obtain the CSRC's approval prior to listing their securities on an overseas stock exchange. The application of this regulation remains unclear. Our PRC counsel, Jun He Law Offices, has advised us that, based on its understanding of the current PRC laws, rules and regulations, we are not required to submit an application to the CSRC for its approval of the listing and trading of our ADSs on the NASDAQ Global Market, because:

the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;

our wholly owned PRC subsidiaries were established by means of foreign direct investment, rather than through a merger or acquisition of domestic companies, as defined under the M&A Rules; and

there is no provision in the M&A Rules that explicitly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

There is uncertainty as to how this regulation will be interpreted or implemented. If it is determined that the CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC's approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, delays or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our PRC subsidiaries, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as

the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable to us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

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

Online payment systems in China are at an early stage of development. Although major Chinese banks are instituting online payment systems, these systems are not as widely acceptable to consumers in China as in the United States and other developed countries. The lack of wide acceptance of online payment systems and concerns regarding the adequacy of system security may limit the number of online commercial transactions that we can service. If online payment services and their security capabilities are not significantly enhanced, our ability to grow our online business may be limited.

The Internet market has not been proven as an effective commercial medium in China. The Internet penetration rate in China is lower than those in the United States and other developed countries. Our future results of operations from online business will depend substantially upon the increased use and acceptance of the Internet for distribution of products and services and facilitation of commerce in China.

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

consumer dependence on traditional means of commerce;

inexperience with the Internet as a sales and distribution channel;

inadequate development of the necessary infrastructure;

concerns about security, reliability, cost, ease of deployment, administration and quality of service associated with conducting business and settling payment over the Internet;

inexperience with credit card usage or with other means of electronic payment; and

limited use of personal computers.

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

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

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

privacy and the collection, distribution and use of information about individuals have led to national and local regulations that could increase our expenses.

In December 2012, the Standing Committee of the National People's Congress enacted the Decision to Enhance the Protection of Network Information, or the Information Protection Decision, to further enhance the protection of users' personal information in electronic form. The Information Protection Decision provides that Internet information services providers must expressly inform their users of the purpose, manner and scope of the collection and use of users' personal information by Internet information services providers, publish the Internet information services providers' standards for their collection and use of users' personal information, and collect and use users' personal information only with the consent of the users and only within the scope of such consent. The Information Protection Decision also mandates that Internet information services providers and their employees keep users' personal information that they collect strictly confidential, and that they must take such

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technical and other measures as are necessary to safeguard the information against disclosure, damages and loss. Compliance with current regulations and regulations that may come into effect in these areas may increase our expenses related to regulatory compliance, which could have an adverse effect on our financial condition and results of operations.

Regulation and censorship of information distribution over the Internet in China may adversely affect our business, and we may be liable for information displayed on, retrieved from or linked to our website.

The PRC government has adopted regulations governing Internet access and the distribution of information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these regulations may result in the revocation of licenses to provide Internet content and other licenses, the closure of the concerned websites. A website operator may also be held liable for such censored information displayed on or linked to its website. For a detailed discussion, see PRC Regulation Regulations on Information Security and Censorship. We have a team dedicated to screening and monitoring content published on our online platform and removing prohibited content. However, we may have difficulty identifying and removing all illegal content displayed on or linked to our website, which could expose us to the penalties described above.

Increases in labor costs in the PRC may adversely affect our business and results of operations.

The economy of China has been experiencing increases in inflation and labor costs in recent years. As a result, the average wage in the PRC are expected to continue to grow. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. If the relevant PRC authorities determine that we shall make supplemental social insurance and housing fund contributions and that we are subject to fines and legal sanctions, our business, financial condition and results of operations may be adversely affected. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers by increasing the prices of our products and services, our financial condition and results of operations may be materially and adversely affected.

We face certain risks relating to the real properties that we lease.

We lease real properties from third parties primarily for our office use in the PRC. Our leasehold interests in a number of these leased properties may be defective as a result of the lessors' lack of proper title or right to lease. As a result, we cannot assure you that our leasehold interests will not be challenged. In addition, we have not registered almost all of our lease agreements with relevant PRC governmental authorities as required by PRC law, and although failure to do so does not in itself invalidate the leases, we may not be able to defend these leases against bona fide third parties. As of the date of this prospectus, we are not subject to any actions, claims or investigations pending or threatened in writing by government authorities or third parties with respect to the defects in our leased properties. However, if third parties who purport to be property owners or beneficiaries of the mortgaged properties challenge our right to lease these properties, we may not be able to protect our leasehold interests and may be ordered to vacate the affected premises, which could materially and adversely affect our business and results of operations.

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The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the Public Company Accounting Oversight Board (United States), or PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because our auditor is located in the Peoples Republic of China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the PRC authorities, our auditor is not currently inspected by the PCAOB. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating audits and quality control procedures of any auditors operating in China, including our auditor. As a result, investors may be deprived of the benefits of PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

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

In December 2012, the SEC instituted administrative proceedings under Rule 102(e)(1)(iii) of the SEC's Rules of Practice against five PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' work papers related to their audits of certain PRC-based companies that are publicly traded in the United States. Rule 102(e)(1)(iii) authorizes the SEC to deny any person, temporarily or permanently, the ability to practice before the SEC if found by the SEC, after notice and opportunity for a hearing, to have willfully violated any such laws or rules and regulations. On January 22, 2014, an administrative law judge in the SEC issued an initial decision sanctioning four of these accounting firms from practicing before the SEC for six months. The accounting firms involved have the ability to appeal, first to the SEC, then to the federal appeals court if necessary, and if appealed, the sanction will not take effect until the SEC issues an order of finality. While we cannot predict the outcome of these proceedings, if the accounting firms, including our independent registered public accounting firm, were denied, even temporarily, the ability to practice before the SEC, and we are unable to timely find another registered public accounting firm which can audit and issue a report on our financial statements, our financial statements could be determined to not be in compliance with the requirements for financial statements in connection with this offering under the Securities Act of 1933, as amended, or the Securities Act, or those of public companies registered under the Exchange Act after our completion of this offering. Such a determination could ultimately lead to the delay or abandonment of this offering, or, after completion of this offering, delisting of our ADSs from the NASDAQ Global Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States, result in a sharp decline of our market capitalization and materially and adversely affect the value of your investment in our ADSs.

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Risks Related to Our ADSs and This Offering

An active trading market for our ordinary shares or our ADSs may not develop and the trading price for our ADSs may fluctuate significantly.

Our ADSs have been approved for listing on the NASDAQ Global Market. Prior to completion of this offering, there has been no public market for our ADSs or our Class A ordinary shares underlying the ADSs, and we cannot assure you that a liquid public market for our ADSs will develop or be sustained after this offering. If an active public market for our ADSs does not develop following completion of this offering, the market price and liquidity of our ADSs may be materially and adversely affected. The initial public offering price for our ADSs was determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the trading price of our ADSs after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ADSs.

The trading prices of our ADSs are likely to be volatile, which could result in substantial losses to investors.

The trading prices of our ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. The widespread negative publicity of alleged fraudulent accounting practices and poor corporate governance of certain U.S. public companies with operations in China in recent years were believed to have negatively affected investors' perception and sentiment towards companies with connection with China, which significantly and negatively affected the trading prices of some companies' securities listed in the U.S. Once we become a public company, any similar negative publicity or sentiment may affect the performances of our ADSs. A number of PRC companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these PRC companies' securities after their offerings may affect the attitudes of investors toward PRC companies listed in the United States in general and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

the financial projections that we may choose to provide to the public, any changes in those projections or our failure for any reason to meet those projections;

variations in our revenues, net income and cash flow;

announcements of new investments, acquisitions, strategic partnerships, or joint ventures;

announcements of new products, services and expansions by us or our competitors;

changes in financial estimates by securities analysts;

additions or departures of key personnel;

release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;

potential litigation or regulatory investigations; and

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fluctuations in market prices for our products or services.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will be influenced by research or reports that securities or industry analysts publish about our business. If one or more analysts who cover us downgrade our ADSs, or publish unfavorable research about us, the market price for our ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

Our dual class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Immediately prior to the completion of this offering, our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to ten votes per share, with Class A and Class B ordinary shares voting together as one class on all matters subject to a shareholders' vote. We will issue Class A ordinary shares represented by our ADSs in this offering. All of our outstanding shares will be redesignated as Class B ordinary shares immediately prior to the completion of this offering. Due to the disparate voting powers attached to these two classes of ordinary shares, our existing shareholders will collectively own approximately 109,992,919 Class B ordinary shares immediately after this offering, representing 96.9% of our total voting power, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs. Currently, our directors and officers beneficially own an aggregate of 86.4% of our outstanding shares. Upon the completion of this offering, they will beneficially own an aggregate of 73.0% of our outstanding shares and 85.7% of our total voting power, assuming that the underwriters do not exercise their over-allotment option to purchase additional ADSs.

As a result of the dual class share structure and the concentration of ownership, our existing shareholders have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial. For more information regarding our principal shareholders and their affiliated entities, see [Principal and Selling Shareholders](#).

The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.

Sales of substantial amounts of our ADSs in the public market after completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act, and shares held by our existing

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shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. There will be 8,000,000 ADSs (equivalent to 24,000,000 Class A ordinary shares) outstanding immediately after this offering, or 9,200,000 ADSs (equivalent to 27,600,000 Class A ordinary shares) if the underwriters exercise their option to purchase additional ADSs in full. In connection with this offering, we, our directors and executive officers, all of our existing shareholders, Ctrip, Qihoo 360 and certain optionholders have agreed not to sell any ordinary shares or ADSs for 180 days after the date of this prospectus without prior written consent of the underwriters. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, Inc. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs. In addition, certain holders of our preferred shares prior to completion of this offering are entitled to certain registration rights, including demand registration rights, piggyback registration rights, and Form F-3 or Form S-3 registration rights. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market, or the perception that such sales could occur, could cause the price of our ADSs to decline. See [Underwriting and Shares Eligible for Future Sale](#) for a more detailed description of the restrictions on selling our securities after this offering.

Because the initial public offering price is substantially higher than the pro forma net tangible book value per share, you will experience immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for each ADS than the corresponding amount paid by existing shareholders for their ordinary shares. As a result, you will experience immediate and substantial dilution of approximately US\$6.12 (RMB37.04) per ADS (assuming that no outstanding options to acquire Class A ordinary shares are exercised). This number represents the difference between our pro forma net tangible book value per ADS of US\$2.88 (RMB17.44) as of December 31, 2013, after giving effect to this offering and the initial public offering price of US\$9.00 (RMB54.48) per ADS. See [Dilution](#) for a more complete description of how the value of your investment in our ADSs will be diluted upon completion of this offering.

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

We will be classified as a passive foreign investment company, or PFIC if, in the case of any particular taxable year, either (a) 75% or more of our gross income for such year consists of certain types of passive income or (b) 50% or more of the average quarterly value of our assets (as determined on the basis of fair market value) during such year produce or are held for the production of passive income. Although the law in this regard is unclear, we treat Nanjing Tuniu and its subsidiaries as being owned by us for United States federal income tax purposes, not only because we exercise effective control over their operations, but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements. Assuming that we are the owner of Nanjing Tuniu and its subsidiaries for United States federal income tax purposes, and based upon our current income and assets (taking into account the proceeds from this offering) and projections as to the value of our ADSs and ordinary shares following the offering, we do not presently expect to be classified as a PFIC for the current taxable year or the foreseeable future.

While we do not expect to become a PFIC, because the value of our assets for purposes of the asset test will generally be determined by reference to the market price of our ADSs or ordinary shares, fluctuations in the market price of our ADSs or ordinary shares may cause us to become a PFIC for the current or subsequent taxable years. The

determination of whether we will be or become a PFIC will also depend, in part, on the

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composition of our income and assets, which will be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. Under circumstances where we determine not to deploy significant amounts of cash for active purposes or where Nanjing Tuniu and its subsidiaries are not treated as owned by us for United States federal income tax purposes, our risk of being classified as a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

If we are classified as a PFIC in any taxable year, a U.S. Holder (as defined in Taxation United States Federal Income Tax Considerations) may incur significantly increased United States federal income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an excess distribution under the United States federal income tax rules, and such holders may be subject to burdensome reporting requirements. Further, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares. For more information, see Taxation United States Federal Income Tax Considerations Passive Foreign Investment Company Considerations.

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

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law of the Cayman Islands (2013 Revision) and the common law of the Cayman Islands. The rights of shareholders to take actions against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

The Cayman Islands courts are also unlikely:

to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws; and

to impose liabilities against us, in original actions brought in the Cayman Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

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As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands (2013 Revision) and the laws applicable to companies incorporated in the United States and their shareholders, see [Description of Share Capital Differences in Corporate Law](#).

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Judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands company and all of our assets are located outside of the United States. Our current operations are based in China. In addition, some of our current directors and executive officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the United States federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see *Enforceability of Civil Liabilities*.

We have not determined a specific use for a portion of the net proceeds from this offering, and we may use these proceeds in ways with which you may not agree.

We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. For more information, see *Use of Proceeds*. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. We cannot assure you that the net proceeds will be used in a manner that would improve our results of operations or increase our ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote your Class A ordinary shares.

As a holder of our ADSs, you will only be able to exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depository. Upon receipt of your voting instructions, the depository will vote the underlying Class A ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying shares unless you withdraw the shares. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is 14 calendar days. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depository will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your shares. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements,

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our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to opt out of this provision and, as a

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result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;

the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;

the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and

the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NASDAQ Global Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely as compared to that required to be filed with the SEC by United States domestic issuers. As a Cayman Islands company listed on the NASDAQ Global Market, we are subject to the NASDAQ Global Market corporate governance listing standards. However, NASDAQ Global Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NASDAQ Global Market corporate governance listing standards. Although we do not currently plan to utilize the home country exemption for corporate governance matters, to the extent that we choose to do so in the future, our shareholders may be afforded less protection than they otherwise would under the NASDAQ Global Market corporate governance listing standards applicable to U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a United States domestic issuer.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of our ADSs for return on your investment.

We do not anticipate that we will pay any cash dividends on our ordinary shares, or indirectly on our ADSs, for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our results of operations, financial condition, contractual restrictions relating to indebtedness we may incur, restrictions imposed by applicable law and other factors our board of directors deems relevant. Accordingly, if you purchase ADSs in this offering, realization of a gain on your investment will depend on the appreciation of the price of our ADSs, which may never occur. Investors seeking cash dividends in the foreseeable

future should not purchase our ADSs.

You may not receive dividends or other distributions on our Class A ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on Class A ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to

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make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our Class A ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

You may not be able to participate in rights offerings and may experience dilution of your holdings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an emerging growth company.

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and NASDAQ Global Market, impose various requirements on the corporate governance practices of public companies. As a company with less than US\$1.0 billion (RMB6.1 billion) in revenues for our last fiscal year, we qualify as an emerging growth company pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. However, we have elected to opt out of this provision and, as a result, we will comply with new or revised

accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

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We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an emerging growth company, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as may, will, expect, anticipate, aim, estimate, intend, plan, believe, likely to or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

our goals and strategies;

the expected growth of the online leisure travel market in China;

our expectations regarding demand for our products and services;

our expectations regarding our relationships with customers and travel suppliers;

our ability to offer competitive travel products and services;

our future business development, results of operations and financial condition;

competition in our industry in China;

relevant government policies and regulations relating to our corporate structure, business and industry;

our expectation regarding the use of proceeds from this offering;

general economic and business condition in China and elsewhere; and

assumptions underlying or related to any of the foregoing.

You should read thoroughly this prospectus and the documents that we refer to in this prospectus with the understanding that our actual future results may be materially different from and worse than what we expect. Other

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

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

This prospectus also contains statistical data and estimates that we obtained from industry publications and reports generated by government agencies and third-party providers of market intelligence, including a report that we commissioned from iResearch for purposes of this offering. Certain information in this prospectus on the travel market is from independent market research carried out by Euromonitor International Limited, or Euromonitor, but should not be relied upon in making, or refraining from making, any investment decision. These industry publications and reports generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe that the publications and reports are reliable, we have not independently verified the data.

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USE OF PROCEEDS

We will receive net proceeds from this offering of approximately US\$58.1 million (RMB351.8 million), or approximately US\$68.2 million (RMB412.6 million) if the underwriters exercise their option to purchase additional ADSs in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders. In addition, we expect to receive net proceeds of approximately US\$34.5 million (RMB208.7 million) from the Concurrent Private Placement.

We intend to use the net proceeds received by us from this offering and the Concurrent Private Placement for the following purposes:

approximately US\$30.0 million (RMB181.6 million) to expand our sales and marketing efforts;

approximately US\$20.0 million (RMB121.1 million) to expand our product selection and offerings;

approximately US\$10.0 million (RMB60.5 million) to strengthen our technology and product development capabilities; and

the balance for general corporate purposes, including strategic investments in and acquisitions of complementary businesses, although we have not identified any near-term investment or acquisition targets. The amounts and timing of any expenditures will vary depending on the amount of cash generated by our operations, and the rate of growth, if any, of our business. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus.

In utilizing the proceeds from this offering, we are permitted under PRC laws and regulations to provide funding to our existing PRC subsidiaries only through loans or capital contributions, or to establish new PRC subsidiaries, if we satisfy the applicable government registration and approval requirements. We cannot assure you that we will be able to meet these requirements on a timely basis, if at all. See **Risk Factors** **Risks Related to Our Corporate Structure** **PRC regulation of direct investment and loans by offshore holding companies to PRC entities and governmental control of currency conversion may delay or limit us from using the proceeds of this offering to make additional capital contributions or loans to our PRC subsidiaries.**

Pending any use of the net proceeds as described above, we intend to hold our net proceeds in short-term, interest-bearing, financial instruments or demand deposits.

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DIVIDEND POLICY

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our shares or ADSs. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See PRC Regulation Regulations on Dividend Distribution.

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See Description of American Depositary Shares. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2013:

on an actual basis;

on a pro forma basis to reflect (i) the automatic redesignation of all of our existing 26,000,000 ordinary shares as Class B ordinary shares immediately upon completion of this offering, (ii) the automatic conversion of all of our outstanding preferred shares into 85,852,919 Class B ordinary shares immediately upon completion of this offering, and (iii) share-based compensation expense of RMB13.4 million (US\$2.2 million) associated with options for which the service condition was satisfied as of December 31, 2013, and which we expect to record upon completion of this offering; and

on a pro forma as adjusted basis to reflect (i) the automatic redesignation of all of our existing 26,000,000 ordinary shares as Class B ordinary shares immediately upon completion of this offering, (ii) the automatic conversion of all of our outstanding preferred shares into 85,852,919 Class B ordinary shares immediately upon completion of this offering, (iii) share-based compensation expense of RMB13.4 million (US\$2.2 million) associated with options for which the service condition was satisfied as of December 31, 2013, and which we expect to record upon completion of this offering, (iv) the issuance and sale of 22,140,000 Class A ordinary shares in the form of ADSs by us in this offering at the initial public offering price of US\$9.00 (RMB54.48) per ADS, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us (assuming the over-allotment option is not exercised), (v) the sale of 1,860,000 Class B ordinary shares by the selling shareholders in this offering, and the automatic and immediate conversion of such Class B ordinary shares into the equivalent number of Class A ordinary shares, and (vi) our issuance and sale of a total of 11,666,666 Class A ordinary shares to the investors in the Concurrent Private Placement at the initial public offering price of US\$9.00 (RMB54.48) per ADS, after deducting the placement fee.

On April 28, 2014, we agreed with the holders of our Series D preferred shares to issue additional shares to such holders if the final offering price is below US\$10.00 (RMB60.54) per ADS. In the event that the public offering price per ADS is below US\$10.00 (RMB60.54), immediately prior to completion of this offering, all of our outstanding Series D preferred shares will be automatically converted into and designated into Class B ordinary shares as follows: US\$60,000,000 (RMB363,222,000) divided by 80% of the initial public offering price per ADS, and then multiplied by the ADS-to-ordinary-shares ratio (each ADS represents three Class A ordinary shares). The difference between the fair value of Series D Preferred Shares before and after the modification will increase accumulated deficit in the period the modification is made, but will not impact total shareholders' deficit or total capitalization.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under Management's Discussion and Analysis of Financial Condition and Results of Operations.

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As of December 31, 2013

	Actual		Pro forma ⁽¹⁾⁽³⁾		Pro forma as adjusted ⁽¹⁾⁽³⁾	
	RMB	US\$	RMB	US\$	RMB	US\$
Mezzanine Equity						
Series A preferred shares (US\$0.0001 (RMB0.0006) par value; 13,506,748 shares issued and outstanding on an actual basis; none outstanding on a pro forma or pro forma as adjusted basis)	9,360	1,546				
Series B preferred shares (US\$0.0001 (RMB0.0006) par value; 21,564,115 shares issued and outstanding on an actual basis; none outstanding on a pro forma or pro forma as adjusted basis)	48,890	8,076				
Series C preferred shares (US\$0.0001 (RMB0.0006) par value; 25,782,056 shares issued and outstanding on an actual basis; none outstanding on a pro forma or pro forma as adjusted basis)	290,256	47,947				
Series D preferred shares (US\$0.0001 (RMB0.0006) par value; 21,771,472 shares issued and outstanding on an actual basis; none outstanding on a pro forma or pro forma as adjusted basis) ⁽²⁾	367,935	60,779				
Shareholders Deficit						
Ordinary shares (US\$0.0001 (RMB0.0006) par value; 126,999,531 shares authorized, 26,000,000 shares issued and outstanding on an actual basis; nil issued and outstanding on a pro forma or pro forma as adjusted basis)	18	3				
Class A ordinary shares (US\$0.0001 (RMB 0.0006) par value; nil issued and outstanding on a pro forma basis; 35,666,666 shares issued and outstanding on a pro forma as adjusted basis)					21	4
Class B ordinary shares (US\$0.0001 (RMB 0.0006) par value; 111,852,919 issued and outstanding on a pro forma basis; 109,992,919			68	11	66	11

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issued and outstanding on a pro forma as adjusted basis) ⁽²⁾						
Accumulated paid-in capital	200	33	729,945	120,578	1,305,858	215,669
Accumulated other comprehensive loss	(19,723)	(3,258)	(19,723)	(3,257)	(19,723)	(3,257)
Accumulated deficit	(405,580)	(66,997)	(418,934)	(69,203)	(434,363)	(71,709)
Total shareholders' deficit	(425,085)	(70,219)	291,356	48,129	851,860	140,718
Total capitalization	1,075,373	177,639	1,075,373	177,639	1,635,877	270,228

- (1) The pro forma and pro forma as adjusted information discussed above is illustrative only.
- (2) As a result of the modification to the conversion rights of Series D preferred shares on April 28, 2014, 21,771,472 Series D preferred shares outstanding as of December 31, 2013 will be converted into 25,000,000 Class B ordinary shares upon completion of this offering on a pro forma as adjusted basis.
- (3) The pro forma and pro forma as adjusted data as of December 31, 2013 gives effect to (i) share-based compensation expense of RMB13.4 million (US\$2.2 million) associated with options for which the service condition was satisfied as of December 31, 2013, and which we expect to record upon completion of this offering, as further described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates - Share-Based Compensation." This adjustment has been reflected as an increase to additional paid-in capital and accumulated deficit, and (ii) deemed dividends of US\$2.5 million (RMB15.2 million) which will be recorded as a result of the modification to the conversion rights of Series D preferred shares on April 28, 2014. This adjustment has been reflected as an increase to additional paid-in capital and accumulated deficit.

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Our net tangible book value as of December 31, 2013 was approximately US\$0.42 (RMB2.56) per ordinary share and US\$1.27 (RMB7.68) per ADS, on an as-converted basis. Net tangible book value per ordinary share represents the amount of total tangible assets, minus the amount of total liabilities, divided by the total number of ordinary shares outstanding assuming all preferred shares are converted into ordinary shares. Dilution is determined by subtracting net tangible book value per ordinary share from the public offering price per ordinary share.

Without taking into account any other changes in such net tangible book value after December 31, 2013, other than to give effect to (1) the conversion of all of our Series A, B, C and D preferred shares into 85,852,919 Class B ordinary shares, which will occur automatically upon completion of this offering, (2) our issuance and sale of 7,380,000 ADSs in this offering at US\$9.00 (RMB54.48) per ADS, and after deduction of underwriting discounts and commissions and estimated offering expenses payable by us (assuming the over-allotment option is not exercised), and (3) our issuance and sale of a total of 11,666,666 Class A ordinary shares to the investors in the Concurrent Private Placement at US\$9.00 (RMB54.48) per ADS, the initial public offering price shown on the front cover page of this prospectus. Our pro forma net tangible book value as adjusted to give effect to the net proceeds from this offering and the Concurrent Private Placement as of December 31, 2013 would have been US\$0.96 (RMB5.81) per outstanding ordinary share, or US\$2.88 (RMB17.44) per ADS. This represents an immediate increase in net tangible book value of US\$0.54 (RMB3.25) per ordinary share, or US\$1.61 (RMB9.76) per ADS, to existing shareholders and an immediate dilution in net tangible book value of US\$2.04 (RMB12.35) per ordinary share, or US\$6.12 (RMB37.04) per ADS, to purchasers of ADSs in this offering.

The following table illustrates the dilution on a per ordinary share basis at the initial public offering price per ordinary share of US\$3.00 (RMB18.16) and all ADSs are exchanged for ordinary shares:

Initial public offering price per Class A ordinary share	US\$3.00 (RMB18.16)
Net tangible book value per ordinary share as of December 31, 2013, on a as-converted basis	US\$0.42 (RMB2.56)
Pro forma net tangible book value per ordinary share as adjusted to give effect to the automatic conversion of all of our outstanding preferred shares, this offering and the Concurrent Private Placement	US\$0.96 (RMB5.81)
Amount of dilution in net tangible book value per ordinary share to new investors in the offering	US\$2.04 (RMB12.35)
Amount of dilution in net tangible book value per ADS to new investors in the offering	US\$6.12 (RMB37.04)

The pro forma information discussed above is illustrative only.

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The following table summarizes, on a pro forma basis as of December 31, 2013, the differences between the shareholders as of December 31, 2013 and the new investors with respect to the number of ordinary shares purchased from us (including in the Concurrent Private Placement), the total consideration paid and the average price per ordinary share paid at the initial public offering price of US\$9.00 (RMB54.48) per ADS before deducting estimated underwriting discounts and commissions and estimated offering expenses.

	Ordinary shares		Total Consideration			Average Price		Average Price	
	Number	Percent	Amount		Percent	Per Ordinary Share		Per ADS	
			US\$	RMB		US\$	RMB	US\$	RMB
Existing shareholders ⁽¹⁾	111,852,919	76.8%	\$ 120,856,430	\$ 731,628,432	54.4%	\$ 1.08	\$ 6.54	\$ 3.24	\$ 19.62
New Shareholders	33,806,666	23.2%	\$ 101,420,000	\$ 613,966,254	45.6%	\$ 3.00	\$ 18.16	\$ 9.00	\$ 54.48
	145,659,585	100%	\$ 222,276,430	\$ 1,345,594,686	100%	\$ 1.53	\$ 9.24	\$ 4.59	\$ 27.72

(1) The additional 3,228,528 Class B ordinary shares issuable to Series D preferred shareholders and the resulting deemed dividends of US\$2.5 million (RMB15.2 million) as a result of the modification to Series D preferred shares on April 28, 2014 are included in the table above. See Description of Share Capital History of Securities Issuances Modification of the Conversion Rights of Series D Preferred Shares.

The discussion and tables above also assume no exercise of any outstanding share options outstanding as of the date of this prospectus. As of the date of this prospectus, options to purchase 18,149,593 ordinary shares are issued and outstanding, at a weighted average exercise price of US\$0.52 (RMB3.15) per ordinary share, and there are 5,725,547 ordinary shares available for future issuance upon the exercise of future grants under our 2008 Plan and 2014 Plan.

Table of Contents**EXCHANGE RATE INFORMATION**

Our reporting currency is Renminbi because our business operations are based in China and all of our revenues are denominated in Renminbi. This prospectus contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the readers. The conversion of Renminbi into U.S. dollars in this prospectus is based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all other translations from Renminbi to U.S. dollars and U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.0537 to US\$1.00, the exchange rate in effect as of December 31, 2013. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On May 2, 2014, the noon buying rate was RMB6.2591 to US\$1.00.

The following table sets forth information concerning exchange rates between Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you.

Period	Period End	Certified Exchange Rate		
		Average ⁽¹⁾ (RMB per US\$1.00)	Low	High
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8102	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
November	6.0922	6.0929	6.0993	6.0903
December	6.0537	6.0738	6.0927	6.0537
2014				
January	6.0590	6.0509	6.0600	6.0402
February	6.1448	6.0816	6.1448	6.0591
March	6.2164	6.1729	6.2273	6.1183
April	6.2591	6.2246	6.2591	6.1966
May (through May 2)	6.2591	6.2591	6.2591	6.2591

Source: Federal Reserve Statistical Release

(1) Annual averages were calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages were calculated by using the average of the daily rates during the relevant month.

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ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy the following benefits:

political and economic stability;

an effective judicial system;

a favorable tax system;

the absence of exchange control or currency restrictions; and

the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors; and

Cayman Islands companies may not have standing to sue before the federal courts of the United States. Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

All of our operations are conducted outside the United States, and all of our assets are located outside the United States. All of our officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4th Floor, New York, New York 10017, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Travers Thorp Alberga, our counsel as to Cayman Islands law, and Jun He Law Offices, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

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recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Travers Thorp Alberga has informed us that it is uncertain whether the courts of the Cayman Islands will allow shareholders of our company to originate actions in the Cayman Islands based upon securities laws of the United States. In addition, there is uncertainty with regard to Cayman Islands law related to whether a judgment obtained from the U.S. courts under civil liability provisions of U.S. securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands company, such as our company. As the courts of the Cayman Islands have yet to rule on making such a determination in relation to judgments obtained from U.S. courts under civil liability provisions of U.S. securities laws, it is uncertain whether such judgments would be enforceable in the Cayman Islands. Travers Thorp Alberga has further advised

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us that the courts of the Cayman Islands would recognize as a valid judgment a final and conclusive judgment in personam obtained in the federal or state courts in the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that: (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

Jun He Law Offices has further advised us that the recognition and enforcement of foreign judgments are subject to compliance with the PRC Civil Procedures Law and relevant civil procedure requirements in the PRC. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

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CORPORATE HISTORY AND STRUCTURE

We began our operation in China through Nanjing Tuniu, a PRC company formed in December 2006. Nanjing Tuniu acquired 100% of the equity interests in Shanghai Tuniu International Travel Service Co., Ltd., Nanjing Tuniu International Travel Service Co., Ltd. and Beijing Tuniu International Travel Service Co., Ltd. in August 2008, December 2008 and November 2009, respectively. Nanjing Tuniu established Nanjing Tuzhilv Tickets Sales Co., Ltd. in April 2011.

In June 2008, we incorporated Tuniu Corporation under the laws of the Cayman Islands as our offshore holding company in order to facilitate international financing. In May 2011, we established our wholly owned Hong Kong subsidiary, Tuniu (HK) Limited.

Tuniu Corporation established a wholly owned PRC subsidiary, Beijing Tuniu, in September 2008. Tuniu (HK) Limited established another wholly owned PRC subsidiary, Tuniu (Nanjing) Information Technology Co., Ltd., in August 2011, and acquired 100% of the equity interests in Beijing Tuniu in September 2011. Through Beijing Tuniu, we obtained control over Nanjing Tuniu by entering into a series of contractual arrangements, including purchase option agreement, equity interest pledge agreement, shareholders' voting rights agreement, powers of attorney and cooperation agreement, with Nanjing Tuniu and the shareholders of Nanjing Tuniu. Nanjing Tuniu holds our ICP license as an Internet content provider and operates our website. Beijing Tuniu International Travel Service Co., Ltd. and Nanjing Tuniu International Travel Service Co. Ltd., both of which are Nanjing Tuniu's subsidiaries, hold our operation permits for overseas travel business.

These contractual arrangements allow us to:

exercise effective control over Nanjing Tuniu;

receive substantially all of the economic benefits of Nanjing Tuniu; and

have an option to purchase all or part of the equity interests in Nanjing Tuniu when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we are the primary beneficiary of Nanjing Tuniu, and we treat it and its subsidiaries as consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of Nanjing Tuniu and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

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The following diagram illustrates our corporate structure, including our principal subsidiaries and consolidated affiliated entities, as of the date of this prospectus:

- (1) Messrs. Dunde Yu, Haifeng Yan, Tong Wang, Jiping Wang, Xin Wen, Yongquan Tan and Haifeng Wang hold 28.66%, 19.11%, 7.71%, 4.82%, 0.96%, 0.96% and 37.78% equity interests in Nanjing Tuniu, respectively. Among the shareholders of Nanjing Tuniu, Messrs. Dunde Yu and Haifeng Yan are founders, directors and ultimate shareholders of Tuniu Corporation. Messrs. Tong Wang, Jiping Wang, Xin Wen and Yongquan Tan are ultimate shareholders of Tuniu Corporation. Mr. Haifeng Wang is an employee of one of our preferred shareholders.

The following is a summary of the currently effective contractual arrangements by and among our wholly owned subsidiary, Beijing Tuniu, our consolidated affiliated entity, Nanjing Tuniu, and the shareholders of Nanjing Tuniu.

Agreements that Provide us Effective Control over Nanjing Tuniu

Purchase Option Agreement. Pursuant to the purchase option agreement entered into on September 17, 2008, restated and amended on January 24, 2014 and further restated and amended on March 19, 2014, each of the shareholders of Nanjing Tuniu irrevocably and exclusively grants Beijing Tuniu an option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of such shareholder's equity interests in Nanjing Tuniu. The aggregate purchase price is RMB1.8 million (US\$0.3 million). The shareholders of Nanjing Tuniu agree, without the prior written consent of Beijing Tuniu, not to transfer or otherwise dispose of their equity interests in Nanjing Tuniu, pledge their equity interests or create any encumbrance on their equity interests. The agreement remains effective until all equity interests held

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in Nanjing Tuniu by the shareholders of Nanjing Tuniu are transferred or assigned to Beijing Tuniu or its designated person or persons. The purchase price has been prepaid by Beijing Tuniu to the shareholders of Nanjing Tuniu.

Equity Interest Pledge Agreement. Pursuant to the equity interest pledge agreement entered into on September 17, 2008 and supplemented on March 19, 2014, each of the shareholders of Nanjing Tuniu pledges all of such shareholder's equity interests in Nanjing Tuniu to guarantee the performance of the obligations under the purchase option agreement. If the shareholders of Nanjing Tuniu breach their contractual obligations under the purchase option agreement, Beijing Tuniu, as the pledgee, will have the right to either conclude an agreement with the pledgor to obtain the pledged equity or seek payments from the proceeds of the auction or sell-off of the pledged equity to any person pursuant to the PRC law. The shareholders of Nanjing Tuniu agree that, during the term of the equity interest pledge agreement, they will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests. During the equity pledge period, Beijing Tuniu is entitled to all dividends and other distributions made by Nanjing Tuniu. The equity interest pledge became effective on the date when the equity interest pledge was registered with the relevant local administration for industry and commerce, and remains effective until the shareholders of Nanjing Tuniu discharge all their obligations under the purchase option agreement, or Beijing Tuniu enforces the equity interest pledge, whichever is earlier. We have completed the registration of the equity interest pledge with Xuanwu Branch of Nanjing Administration for Industry and Commerce.

Shareholders' Voting Rights Agreement. Pursuant to the shareholders' voting rights agreement entered into on September 17, 2008, the shareholders of Nanjing Tuniu appointed Beijing Tuniu or its designated person as their attorney-in-fact to exercise all of their voting and related rights with respect to their equity interests in Nanjing Tuniu, including attending shareholders' meetings, voting on all matters of Nanjing Tuniu requiring shareholder approval, nominating and appointing directors, convening extraordinary shareholders' meetings, and other voting rights pursuant to the then-effective articles of association of Nanjing Tuniu. The shareholders' voting rights agreement will remain in force until all the parties to the agreement mutually agree to terminate the agreement in writing or cease to be shareholders of Nanjing Tuniu.

Irrevocable Powers of Attorney. Pursuant to the powers of attorney dated January 24, 2014, the shareholders of Nanjing Tuniu each irrevocably appointed Beijing Tuniu as the attorney-in-fact to exercise all of such shareholder's voting and related rights with respect to such shareholder's equity interests in Nanjing Tuniu, including but not limited to attending shareholders' meetings, voting on all matters of Nanjing Tuniu requiring shareholder approval, nominating and appointing directors, convening extraordinary shareholders' meetings, and other voting rights pursuant to the then-effective articles of association of Nanjing Tuniu. Each power of attorney will remain in force until the shareholders' voting rights agreement expires or is terminated. These powers of attorney replaced the powers of attorney previously granted to a person designated by Beijing Tuniu on September 17, 2008.

Agreement that Allows us to Receive Economic Benefits from Nanjing Tuniu

Cooperation Agreement. Under the cooperation agreement entered into on September 17, 2008 and restated and amended on January 24, 2014, Beijing Tuniu has the exclusive and irrevocable right to provide to Nanjing Tuniu business consulting, technical consulting and technical services related to the businesses of Nanjing Tuniu and its subsidiaries. Beijing Tuniu owns the exclusive intellectual property rights created by Nanjing Tuniu or its employees as a result of the performance of this agreement. Beijing Tuniu has the right to receive, or designate a person or persons to receive, a quarterly service fee, which equals the profits of each of Nanjing Tuniu and its subsidiaries, to which it provides such business consulting, technical consulting and technical services, provided that such amount of service fees can be adjusted by Beijing Tuniu at its sole discretion. This agreement will remain effective until expiration of Beijing Tuniu's business term, unless Beijing Tuniu exercises its unilateral right to terminate the agreement, one of the parties is declared bankrupt or Beijing Tuniu is not able to provide consulting and services as

agreed for more than three consecutive years because of force majeure. Nanjing Tuniu is not permitted to terminate the agreement in any other event.

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In 2012 and 2013, we received service fees of RMB20.1 million and RMB22.6 million (US\$3.7 million), respectively, from our consolidated affiliated entities.

In the opinion of Jun He Law Offices, our PRC counsel:

the ownership structures of Beijing Tuniu and Nanjing Tuniu, currently and immediately after giving effect to this offering, will not result in any violation of PRC laws or regulations currently in effect; and

each of the shareholders' voting rights agreement, the powers of attorney, the equity interest pledge agreement, the purchase option agreement and the cooperation agreement under the contractual arrangements among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu governed by PRC law, currently and immediately after giving effect to this offering, is valid, binding and enforceable, and does not and will not result in any violation of PRC laws or regulations currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. If the PRC government finds that the agreements that establish the structure for operating our online travel business do not comply with PRC government restrictions on foreign investment in our businesses, we could be subject to severe penalties, including being prohibited from continuing operations. See **Risk Factors** **Risks Related to Our Corporate Structure**. Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to restrictions on foreign investment in value-added telecommunications and travel companies in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including shutting down of our online platform. and **Risk Factors** **Risks Related to Doing Business in China**. Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following selected consolidated statements of comprehensive loss data (other than ADS data) and selected consolidated statements of cash flow for the years ended December 31, 2011, 2012 and 2013 and the selected consolidated balance sheet data as of December 31, 2011, 2012 and 2013 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following selected financial information in conjunction with the consolidated financial statements and related notes and the information under Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	For the Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
	(in thousands, except for share, per share and per ADS data)			
Selected Consolidated Statements of Comprehensive Loss Data:				
Revenues:				
Organized tours	751,388	1,075,094	1,892,826	312,673
Self-guided tours	17,559	32,359	48,901	8,078
Others	2,667	12,875	20,744	3,426
Total revenues	771,614	1,120,328	1,962,471	324,177
Less: Business and related taxes	(6,071)	(7,447)	(12,784)	(2,112)
Net revenues	765,543	1,112,881	1,949,687	322,065
Cost of revenues	(741,716)	(1,073,732)	(1,829,665)	(302,239)
Gross profit	23,827	39,149	120,022	19,826
Operating expenses:				
Research and product development	(21,386)	(33,370)	(38,994)	(6,441)
Sales and marketing	(50,589)	(57,994)	(110,071)	(18,182)
General and administrative	(53,877)	(62,006)	(69,679)	(11,510)
Other operating income	1,651	775	1,689	278
Loss from operations	(100,374)	(113,446)	(97,033)	(16,029)
Other income/(expenses):				
Interest income	2,287	7,432	16,163	2,670
Foreign exchange related gains/(losses), net	6,529	(741)	1,286	213
Other loss, net	(392)	(357)	(48)	(8)
Loss before provision for income taxes	(91,950)	(107,112)	(79,632)	(13,154)
Provision for income taxes		(78)		

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Net loss	(91,950)	(107,190)	(79,632)	(13,154)
Deemed dividends to preferred shareholders	(30,929)		(59,428)	(9,817)
Net loss attributable to ordinary shareholders	(122,879)	(107,190)	(139,060)	(22,971)
Net loss per ordinary share attributable to ordinary shareholders				
Basic	(4.73)	(4.12)	(5.35)	(0.88)
Diluted	(4.73)	(4.12)	(5.35)	(0.88)
Weighted average number of ordinary shares used in computing basic and diluted earnings per share	26,000,000	26,000,000	26,000,000	26,000,000

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The following table presents our selected consolidated balance sheet data as of the dates indicated:

	2011 RMB	As of December 31,		
		2012 RMB	2013 RMB	US\$
(in thousands)				
Selected Consolidated Balance Sheet Data:				
Cash and cash equivalents	332,101	299,238	419,403	69,280
Restricted cash	11,530	6,875	9,250	1,528
Short-term investments		30,000	327,000	54,017
Prepayments and other current assets	56,635	127,050	286,560	47,336
Total assets	427,766	502,838	1,075,373	177,639
Accounts payable	55,822	127,240	288,965	47,734
Advances from customers	157,919	244,214	396,738	65,536
Total liabilities	250,938	433,262	784,017	129,510
Total mezzanine equity	350,744	350,744	716,441	118,348
Total shareholders' deficit	(173,915)	(281,168)	(425,086)	(70,219)

The following table presents our selected consolidated cash flow data for the years indicated:

	For the Year Ended December 31,			
	2011 RMB	2012 RMB	2013 RMB	US\$
(in thousands)				
Selected Consolidated Statements of Cash Flow Data:				
Net cash provided by operating activities	36,270	14,663	116,736	19,283
Net cash used in investing activities	(20,686)	(46,786)	(304,218)	(50,253)
Net cash provided by financing activities	257,447		306,360	50,607

The following table presents our selected operating data for the years indicated:

	For the Year Ended December 31,			
	2011 RMB	2012 RMB	2013 RMB	US\$
Gross bookings (in thousands)				
Organized tours (excluding local tours)	613,909	910,071	1,645,030	271,740
Local tours	137,479	165,023	247,796	40,933
Self-guided tours	277,444	590,597	1,128,531	186,420
Number of trips (in thousands)				
Organized tours (excluding local tours)	174	236	367	367
Local tours	409	503	687	687
Self-guided tours	49	110	221	221
Average gross bookings per trip				

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Organized tours (excluding local tours)	3,528	3,856	4,482	740
Local tours	336	328	361	60
Self-guided tours	5,662	5,369	5,106	844

Table of Contents**RECENT DEVELOPMENTS**

The following table sets forth certain unaudited consolidated statements of comprehensive loss data for the three months ended March 31, 2013 and 2014. We have prepared this unaudited consolidated financial information on the same basis as our audited consolidated financial statements. These unaudited consolidated statements of comprehensive loss data reflect all adjustments, consisting only of normal and recurring adjustments, which we consider necessary for a fair statement of our results of operations for the periods presented. Our financial results for the three months ended March 31, 2014 may not be indicative of our full year results for 2014 or future quarterly periods. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors included elsewhere in this prospectus for information regarding trends and other factors that may affect our results of operations.

	For the Three Months Ended	
	March 31, 2013	March 31, 2014
	(RMB in thousands)	
Revenues:		
Organized tours	353,066	554,090
Self-guided tours	15,480	22,796
Others	3,622	5,455
Total revenues	372,168	582,341
Less: Business and related taxes	(2,853)	(4,167)
Net revenues	369,315	578,174
Cost of revenues	(342,890)	(535,880)
Gross profit	26,425	42,294
Operating expenses:		
Research and product development	(8,082)	(16,977)
Sales and marketing	(13,005)	(73,480)
General and administrative	(13,261)	(19,737)
Other operating income	202	1,374
Total operating expenses	(34,146)	(108,820)
Loss from Operations	(7,721)	(66,526)
Other income/(expenses):		
Interest income	1,886	6,595
Foreign exchange related gains / (losses), net	426	(2,752)
Other income/(loss), net	10	(51)
Loss before provision for income taxes	(5,399)	(62,734)
Provision for income taxes		

Net loss	(5,399)	(62,734)
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Revenues. Total revenues increased by 56.4% from RMB372.2 million in the three months ended March 31, 2013 to RMB582.3 million in the three months ended March 31, 2014. This increase was primarily due to an increase in our revenues from both organized tours and self-guided tours. Revenues from organized tours increased by 56.9% from RMB353.1 million in the three months ended March 31, 2013 to RMB554.1 million in the three months ended March 31, 2014, primarily due to the growth in the number of trips of our organized tours. During the same period, the number of trips of our organized tours (excluding local tours) increased by 44.7% from 70,458 to 101,964 and the number of trips of our local tours increased by 42.9% from 78,837 to 112,687. Revenues from self-guided tours increased by 47.1% from RMB15.5 million in the three months ended March 31, 2013 to RMB22.8 million in the three months ended March 31, 2014, primarily due to a 45.3% increase in the number of trips of our self-guided tours from 45,627 to 66,302. Our gross bookings for self-guided tours increased by 29.0% from RMB253.9 million to RMB327.5 million during the same period. Other

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revenues increased by 52.8% from RMB3.6 million in the three months ended March 31, 2013 to RMB5.5 million in the three months ended March 31, 2014, primarily due to an increase in the advertising fees we received from tourism boards and bureaus. The year-over-year growth rate of total revenues slowed down to 56.4% in the three months ended March 31, 2014 from 80.0% in the three months ended March 31, 2013, primarily due to the continued impact of the political unrest in Thailand. Despite the fact that demand for our products in March 2014 was impacted by the incident of the missing Malaysia airlines plane, in April 2014, gross bookings from our signed contracts increased by over 80% as compared to the same period in 2013.

Cost of Revenues. Cost of revenues increased by 56.3% from RMB342.9 million in the three months ended March 31, 2013 to RMB535.9 million in the three months ended March 31, 2014, primarily due to the increase in the cost to suppliers of our organized tours. As a percentage of our net revenues, our cost of revenues was 92.7% in the three months ended March 31, 2014 as compared to 92.8% in the three months ended March 31, 2013.

Operating Expenses. Operating expenses increased by 219.1% from RMB34.1 million in the three months ended March 31, 2013 to RMB108.8 million in the three months ended March 31, 2014, due to the increases in sales and marketing expenses, research and product development expenses and general and administrative expenses, partially offset by the increase in other operating income. In particular, our sales and marketing expenses increased by 465.4% from RMB13.0 million in the three months ended March 31, 2013 to RMB73.5 million in the three months ended March 31, 2014, primarily due to our increased marketing efforts, such as commercial advertisements on television, to promote our brand. As a result of these increased marketing efforts, the average daily unique visitors to our online platform in the period from March 1, 2014 to April 24, 2014 increased by over 150% year over year, compared to the year-over-year increase of over 85% in the period from January 1, 2014 to February 28, 2014. As we plan to continue our television advertising campaign through the end of May 2014, we expect our sales and marketing expenses for the second quarter of 2014 to substantially increase compared to the second quarter of 2013. Our research and product development expenses increased by 109.9% from RMB8.1 million in the three months ended March 31, 2013 to RMB17.0 million in the three months ended March 31, 2014, primarily due to the increased headcount and the associated salaries and other compensation expenses.

Net Loss. As a result of the foregoing, net loss increased from RMB5.4 million in the three months ended March 31, 2013 to RMB62.7 million in the three months ended March 31, 2014.

On April 28, 2014, we agreed with holders of our Series D preferred shares that in the event that the public offering price per ADS in this offering is below US\$10.00 (RMB60.54), immediately prior to completion of this offering, all of the outstanding Series D preferred shares will be automatically converted and designated as Class B ordinary shares as calculated as follows: US\$60,000,000 (RMB363,222,000) divided by 80% of the initial public offering price per ADS, and then multiplied by the ADS-to-ordinary-share ratio. See Description of Share Capital History of Securities Issuances Modification of the Conversion Rights of Series D Preferred Shares. As a result of this modification, immediately prior to completion of this offering, all of the outstanding 21,771,472 Series D preferred shares will be automatically converted and designated as 25,000,000 Class B ordinary shares based on the initial public offering price of US\$9.00 (RMB54.48) per ADS. The impact of this modification to the conversion rights of Series D preferred shares is recorded as deemed dividends, and will increase our net loss attributable to ordinary shareholders by US\$2.5 million (RMB15.2 million) in the relevant period.

As of March 31, 2014, our cash and cash equivalents, restricted cash and short-term investments amounted to RMB719.0 million.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial and Operating Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We are a leading online leisure travel company in China. We offer a large selection of packaged tours, including organized tours and self-guided tours, as well as travel-related services for leisure travelers. We ranked first in China's online organized tours market as measured by transaction value in 2013, according to iResearch, a third-party research firm. We believe we are well positioned to benefit from the significant growth potential of China's online leisure travel market, which is expected to grow at a CAGR of 35.6% from 2013 to 2016 as measured by transaction value, according to iResearch.

We started offering packaged tours online in 2007, and are among the earliest Chinese companies that focus on the online leisure travel market. As an early mover in China's online leisure travel market, we have sold over three million packaged tours since our inception. We offer packaged tours sourced from over 3,000 travel suppliers, covering over 70 countries as well as all popular tourist attractions in China. Our product portfolio consists of over 100,000 SKUs of organized tours, over 100,000 SKUs of self-guided tours, and tickets for over 1,000 domestic and overseas tourist attractions. Our core strength is in overseas leisure travel products and services, which contributed over 70% of our gross bookings in 2013.

We have achieved significant growth in recent years. Our net revenues increased from RMB765.5 million in 2011 to RMB1,112.9 million in 2012 and further to RMB1,949.7 million (US\$322.1 million) in 2013, representing a CAGR of 59.6%, and from RMB369.3 million in the three months ended March 31, 2013 to RMB578.2 million in the three months ended March 31, 2014. We had a net loss of RMB91.9 million, RMB107.2 million and RMB79.6 million (US\$13.2 million) in 2011, 2012 and 2013, respectively. Our net loss was RMB62.7 million in the three months ended March 31, 2014, compared to net loss of RMB5.4 million in the three months ended March 31, 2013. We generally collect payments from our customers upon contract confirmation before we pay our travel suppliers, which allows us to generate positive cash flow from operations. Our net cash provided by operating activities was RMB36.3 million, RMB14.7 million and RMB116.7 million (US\$19.3 million) in 2011, 2012 and 2013, respectively.

Our ability to achieve and maintain profitability depends on our ability to effectively reduce our costs and expenses as a percentage of our net revenues. Our cost of revenues as a percentage of our net revenues decreased from 96.9% in 2011 to 96.5% in 2012 and further to 93.8% in 2013. Cost to suppliers of our organized tours, which were attributed solely to revenues from organized tours, accounted for 92.1%, 93.8% and 92.4% of our revenues from organized tours in 2011, 2012 and 2013, respectively. Our operating expenses as a percentage of our net revenues decreased from 16.2% in 2011 to 13.7% in 2012 and further to 11.1% in 2013. Such decreases were primarily attributable to the improved operational efficiency and decrease of our average procurement costs for travel products. However, our past results of operations should not be taken as indicative of our future performance. We plan to increase our sales and marketing efforts, including advertising campaigns, to further increase our market share. Our sales and marketing expenses increased from RMB13.0 million in the three months ended March 31, 2013 to RMB73.5 million in the three

months ended March 31, 2014. We also expect our share-based compensation to increase. As a result, we expect our operating expenses to increase in absolute amount. If we fail to effectively reduce our costs and expenses as a percentage of our net revenues, we may not be able to achieve and maintain profitability.

Table of Contents**Selected Income Statement Items****Revenues**

We generate revenues primarily from sales of packaged tours, which consist of organized tours and self-guided tours. Revenues from organized tours are recognized on gross basis, which represent amounts received from customers. For organized tours, we are the primary obligor and bear the risks and rewards, including customers' acceptance of products and services rendered. On the other hand, revenues from self-guided tours are recognized on net basis, representing the difference between the amount received from customers and the amount due to our travel suppliers, as we act as an agent for travel suppliers. See also Critical Accounting Policies and Estimates.

The following table sets forth the components of our revenues in absolute amounts and as percentages of our net revenues for the years presented:

	2011		For the Year Ended December 31,				
	RMB	%	2012		2013		
			RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Revenues:							
Organized tours	751,388	98.2%	1,075,094	96.6%	1,892,826	312,673	97.1%
Self-guided tours	17,559	2.3	32,359	2.9	48,901	8,078	2.5
Others	2,667	0.3	12,875	1.2	20,744	3,426	1.1
Total revenues	771,614	100.8	1,120,328	100.7	1,962,471	324,177	100.7
Less: Business and related taxes	(6,071)	(0.8)	(7,447)	(0.7)	(12,784)	(2,112)	(0.7)
Net revenues	765,543	100.0%	1,112,881	100.0%	1,949,687	322,065	100.0%

As revenues generated from organized tours are recognized on gross basis while revenues generated from self-guided tours are recognized on net basis, we also evaluate our financial performance using gross bookings, which represent the total amount paid by our customers for the travel products and services that we have rendered, including related taxes, fees and other charges borne by our customers.

The following table sets forth the gross bookings, number of trips and average gross bookings per trip of our organized tours and self-guided tours for the years presented:

	For the Year Ended December 31,			
	2011 RMB	2012 RMB	2013 RMB	US\$
Gross bookings (in thousands)				
Organized tours (excluding local tours)	613,909	910,071	1,645,030	271,740
Local tours	137,479	165,023	247,796	40,933
Self-guided tours	277,444	590,597	1,128,531	186,420

Number of trips (in thousands)				
Organized tours (excluding local tours)	174	236	367	367
Local tours	409	503	687	687
Self-guided tours	49	110	221	221
Average gross bookings per trip				
Organized tours (excluding local tours)	3,528	3,856	4,482	740
Local tours	336	328	361	60
Self-guided tours	5,662	5,369	5,106	844

Organized tours. As we recognize revenues from organized tours on gross basis, revenues from organized tours are equivalent to the gross bookings for organized tours. The increase in revenues from organized tours was primarily driven by the growth in the number of trips and the average gross bookings per trip. This was a result of the expansion of our product portfolio in terms of departing cities and travel destinations and our increased marketing efforts in promoting organized tours. Our organized tour portfolio also includes local tours. Typically, local tours have lower average gross booking per trip as compared to other types of organized tours. Revenues

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from organized tours accounted for 98.2%, 96.6% and 97.1% of our net revenues in 2011, 2012 and 2013, respectively. We expect that revenues from organized tours will continue to constitute a large majority of our net revenues in the foreseeable future.

Self-guided tours. Revenues from self-guided tours represent the difference between amounts received from our customers and amounts due to our travel suppliers. As such, revenues from self-guided tours are affected by both gross bookings for self-guided tours and the amounts paid to our travel suppliers for the sale of self-guided tour products to customers. From 2012 to 2013, our revenues from self-guided tours increased by 50.9% from RMB32.4 million to RMB 48.9 million (US\$8.1 million), while gross bookings for our self-guided tours increased by 91.1% during the same period. From 2011 to 2012, revenues from self-guided tours increased by 84.1% from RMB17.6 million in 2011 to RMB32.4 million in 2012, while gross bookings for our self-guided tours increased by 112.9% during the same period. Our gross bookings for self-guided tours increased at a faster pace than the growth of our revenues from self-guided tours primarily as a result of increased competition which resulted in higher amounts paid to our travel suppliers for self-guided tour products during these periods. The decrease in the average gross bookings per trip of self-guided tours during the period from 2011 to 2013 was primarily due to the different growth rates of different products as we expanded our self-guided tour product portfolio. Revenues from our self-guided tours accounted for 2.3%, 2.9% and 2.5% of our net revenues in 2011, 2012 and 2013, respectively.

Revenues from self-guided tours generally reflected the increase of the gross bookings for self-guided tours, which primarily resulted from the growth in the number of trips as we expanded our self-guided tour portfolio and increased marketing efforts in promoting our tours. Primarily due to the fact that our revenues from self-guided tours are recognized on net basis, we expect that revenues from self-guided tours will continue to constitute a small percentage of our net revenues in the near future.

Others. Other revenues accounted for 0.3%, 1.2% and 1.1% of our net revenues in 2011, 2012 and 2013, respectively. Our other revenues primarily comprise revenues generated from (i) other travel-related services, such as sales of tourist attraction tickets and visa processing services; and (ii) fees for advertising services that we provide primarily to domestic and foreign tourism boards and bureaus.

Cost of Revenues

Our cost of revenues accounted for 96.9%, 96.5% and 93.8% of our net revenues in 2011, 2012 and 2013, respectively. A substantial majority of our cost of revenues is cost to suppliers of our organized tours, which were attributed solely to revenues from organized tours and accounted for 92.1%, 93.8% and 92.4% of our revenues from organized tours in 2011, 2012 and 2013, respectively. Costs common to all revenue categories accounted for 6.5%, 5.8% and 4.1% of our total net revenues in 2011, 2012 and 2013, respectively.

Cost to suppliers of our organized tours represents amounts paid to our travel suppliers for the sale of the relevant organized tour products to customers, net of supplier rebates. See also Business Supply Chain Management. Cost to suppliers of our organized tours generally increases with the increase in our revenues from organized tours. We expect that cost to suppliers of our organized tours will increase in absolute amounts as revenues from our organized tours continue to grow. As revenues from self-guided tours are recognized on net basis, the amounts we pay to our travel suppliers for self-guided tours are recorded as reduction to revenues, rather than cost of revenues, and hence have no impact on our cost of revenues. For self-guided tours, the amounts we pay our travel suppliers represented approximately 93.7%, 94.5% and 95.7% of gross bookings in the years ended December 31, 2011, 2012 and 2013, respectively.

Our cost of revenues also includes salaries, commissions, employee welfare expenses, bonuses and contributions to mandatory retirement provident funds and other headcount-related expenses for our tour advisors, customer service representatives and other personnel directly related to providing products and services. Other components of our cost of revenues include (i) charges and other direct expenses related to tour transactions such as credit card processing fees, (ii) office rental and depreciation and other office related expenses and (iii) network maintenance costs such as bandwidth costs and data center costs. Components of our cost of revenues, other than cost to suppliers of our organized tours, are common to all of our travel products and services which consist of organized tours, self-guided tours and other travel-related services. As a result, these

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components cannot be reasonably allocated among different travel products and services. The following table sets forth the components of our cost of revenues in absolute amounts and as percentages of our net revenues for the years presented:

	2011		For the Year Ended December 31, 2012				2013	
	RMB	%	RMB	%	RMB	US\$	%	
(in thousands, except percentages)								
Cost of revenues:								
Costs to suppliers for organized tours	(691,710)	(90.4)%	(1,008,897)	(90.7)%	(1,748,702)	(288,865)	(89.7)%	
Costs common to all revenue categories	(50,006)	(6.5)	(64,835)	(5.8)	(80,963)	(13,374)	(4.1)	
Cost of revenues	(741,716)	(96.9)%	(1,073,732)	(96.5)%	(1,829,665)	(302,239)	(93.8)%	

Operating Expenses

Our operating expenses accounted for 16.2%, 13.7% and 11.1% of our net revenues in 2011, 2012 and 2013, respectively. The following table sets forth the components of our operating expenses in absolute amounts and as percentages of our net revenues for the years presented:

	2011		For the Year Ended December 31, 2012				2013	
	RMB	%	RMB	%	RMB	US\$	%	
(in thousands, except percentages)								
Operating expenses:								
Research and product development	(21,386)	(2.8)%	(33,370)	(3.0)%	(38,994)	(6,441)	(2.0)%	
Sales and marketing	(50,589)	(6.6)	(57,994)	(5.2)	(110,071)	(18,182)	(5.6)	
General and administrative	(53,877)	(7.0)	(62,006)	(5.6)	(69,679)	(11,510)	(3.6)	
Other operating income	1,651	0.2	775	0.1	1,689	278	0.1	
Total operating expenses	(124,201)	(16.2)%	(152,595)	(13.7)%	(217,055)	(35,855)	(11.1)%	

Research and product development expenses. Research and product development expenses primarily comprise salaries and other compensation expenses for our research and product development personnel as well as office rental, depreciation and other expenses related to our research and product development function. Research and product development expenses also include expenses that are incurred in connection with the planning and implementation phases of development and costs that are associated with the maintenance of our online platform or software for internal use. Research and product development expenses accounted for 2.8%, 3.0% and 2.0% of our net revenues in 2011, 2012 and 2013, respectively. During the same period, our research and product development expenses increased in absolute amounts to support our business expansion, primarily attributable to the increases in the headcount and the average salary of our research and product development personnel. The year-over-year growth rate of our research and

product development expenses was lower than that of our net revenues in 2013 but higher than that of our net revenues in 2012. We expect research and product development expenses to increase in absolute amounts as the results of our continuous research and product development efforts and the increase in share-based compensation expenses.

Sales and marketing expenses. Sales and marketing expenses primarily comprise marketing and promotional expenses, salaries and other compensation expenses for our sales and marketing personnel and office rental, depreciation and other expenses related to our sales and marketing function. Our sales and marketing expenses accounted for 6.6%, 5.2% and 5.6% of our net revenues in 2011, 2012 and 2013, respectively. During the same period, our sales and marketing expenses increased in absolute amounts primarily due to our increased marketing efforts to promote our business. The year-over-year growth rate of our sales and marketing expenses was higher than that of our net revenues in 2013 but lower than that of our net revenues in 2012. We plan to increase our sales and marketing efforts, including advertising campaigns, to increase our market share. We expect our sales and marketing expenses to increase in absolute amounts as our business continues to grow and share-based compensation expenses increase.

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General and administrative expenses. General and administrative expenses primarily comprise salaries and other compensation expenses for our administrative personnel, professional service fees, office rental, depreciation and other expenses related to our administrative function. General and administrative expenses accounted for 7.0%, 5.6% and 3.6% of our net revenues in 2011, 2012 and 2013, respectively. We expect general and administrative expenses to increase in absolute amounts in the near term as we hire additional personnel and incur additional costs in connection with the expansion of our business and with being a public company and the increase in share-based compensation expenses.

Other operating income. Other operating income relates primarily to government subsidies that we receive from provincial and local governments. Government subsidies are granted from time to time at the discretion of the relevant government authorities. These subsidies are granted for general corporate purposes and to support our ongoing operations in the region. Other operating income accounted for 0.2%, 0.1% and 0.1% of our net revenues in 2011, 2012 and 2013, respectively.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. In doing so, we have to make estimates and assumptions that affect our reported amounts of assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities. To the extent that there are material differences between these estimates and actual results, our financial condition or operating results and margins would be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting policies and estimates, which we discuss further below.

Revenue Recognition

We generate revenues primarily from selling packaged tours and travel-related services. Our main product and service offerings include (i) organized tours, (ii) self-guided tours and (iii) other travel-related services. Organized tour offers pre-arranged itineraries, transportations, accommodations, entertainments, meals and tour guide services and customers pay one lump-sum fee in exchange for such a package. Self-guided tour consists of a combination of flights and hotel bookings or cruise trip, which are often offered to customers at a more favorable price as compared to customers purchasing these travel-related products and services on a stand-alone basis. Other travel-related services primarily include sales of tourist attraction tickets, visa processing services and advertising services that we provide to domestic and foreign tourism boards and bureaus.

Revenues are recognized in accordance with ASC 605, Revenue Recognition, when the following criteria are met: persuasive evidence of an arrangement exists, the sales price is fixed or determinable, delivery has occurred or service has been provided and collectability is reasonably assured.

Organized tours

Revenues from organized tours are recognized on gross basis, which represent amounts charged to and received from customers, as we are the primary obligor in the arrangement and bear the risks and rewards, including the customers acceptance of products and services delivered. While we do not generally assume the inventory risk of purchasing travel services before customers place an order, we assess the facts and circumstances and conclude that we are the principal in organized tour arrangements. Factors that support our conclusion mainly include the following:

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We are the primary obligor in the arrangement as we are responsible for the ultimate customer acceptance for all products and services rendered. Such commitment is also made in the contracts we enter into with our customers. We are the party retained by and paid by our customers. In situations of customer disputes, where the customer files a complaint or demands a refund, we assume risks and responsibilities for the delivery of organized tours and we, rather than the travel suppliers, are responsible for (and solely authorized to grant) refunding the customers their payments.

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We independently determine the prices charged to customers for organized tours, as well as the prices paid to travel suppliers and subcontractors.

We conduct a rigorous process in qualifying our travel suppliers and selecting travel products and services at our discretion before selling these products to our customers, and participate in the design of organized tours. Revenues from organized tours are recognized when customers return from the trips as delivery is only considered completed upon conclusion of the entire organized tour.

Self-guided tours

Revenues from self-guided tours are recognized on net basis, representing the difference between the amount the customer pays us, and the amount we pay our travel suppliers. We generally do not assume inventory risk and have limited involvement in determining the product or service specifications in the self-guided tour arrangements. Customers purchase self-guided tours based on the desired products specified, and we provide limited additional services to customers. Suppliers are responsible for all aspects of providing the air transportation and hotel accommodation. Therefore, we are an agent for the travel suppliers in the self-guided tour transactions and revenues from self-guided tours are reported on net basis. Revenues from self-guided tours are recognized when the tours end, as commissions are not earned until this time according to the contractual arrangements entered into with travel suppliers.

Other revenues

For other travel-related services such as sales of tourist attraction tickets and visa processing services, we generally earn a commission or service fee from travel suppliers and revenues recognized represents the commissions earned from these transactions on net basis. We also enter into contractual arrangements with domestic and foreign tourism boards and bureaus, and provide advertising services on our online platform. Revenues are recognized when tickets are issued or when services are rendered.

Customer incentives

We have a customer loyalty program that offers customers coupons, travel vouchers, membership points or cash rewards. We account for these customer incentives in accordance with ASC 605-50, Customer Payments and Incentives. For coupons and travel vouchers offered where prior purchase is not required, we account for them as a reduction of revenues when revenues are recognized. We also assess coupons and vouchers offered to customers as part of a current purchase that give customers a right, but not an obligation to make future purchases, and concluded discounts offered are insignificant; as such, no deferral of revenues are considered necessary.

For membership points earned by customers which provides travel awards upon point redemption, we use the incremental cost method to estimate our future obligation to our customers, and record the incremental costs as sales and marketing expenses in the consolidated statements of comprehensive loss. Unredeemed membership points are recorded in other current liabilities in the consolidated balance sheets. Cash rewards earned by customers are recorded as a reduction to revenues, with corresponding unclaimed amount recorded in other current liabilities. We adjust the liability when the membership points and cash rewards remain unclaimed upon program expiration, which is typically two years from the day when the membership points and cash rewards are awarded.

Research and Product Development

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Research and product development expenses include salaries and other compensation-related expenses for our research and product development personnel, as well as office rental, depreciation and other related expenses for our research and product development function. We recognize software development costs in accordance with ASC 350-40 *Software internal use software*. We expense all costs that are incurred in connection with the

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planning and implementation phases of development, and costs that are associated with repair or maintenance of the existing websites or software for internal use. Certain costs associated with developing internal use software are capitalized when such costs are incurred within the application development stage of software development.

Income Taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred income taxes are provided using the liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in the statement of comprehensive loss in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

The guidance prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance also provides on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating our uncertain tax positions and determining its provision for income taxes. We recognize interests and penalties, if any, under accrued expenses and other current liabilities on its balance sheet and under other expenses in our statement of comprehensive loss. As of December 31, 2011, 2012 and 2013, we did not have any significant unrecognized uncertain tax positions or any interest or penalties associated with tax positions.

In order to assess uncertain tax positions, we apply a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Share-Based Compensation

We account for share options granted to employees in accordance with ASC 718, Stock Compensation. The 2008 Plan allows the plan administrator to grant options and restricted shares to our employees, directors, and consultants. The plan administrator is our board of directors or a committee appointed and determined by the board. The board may also authorize one or more of our officers to grant awards under the plan. In accordance with the guidance, we determine whether a stock-based award should be classified and accounted for as a liability award or equity award. Under the 2008 Plan, we only granted options to employees and directors, and such stock-based compensation is considered to be equity classified awards, and is recognized in the financial statements based on their grant date fair values which are calculated using the binomial option pricing model. Share-based compensation expense is recorded net of an estimated forfeiture rate at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expense is recorded net of estimated forfeitures such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

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Under the 2008 plan, options granted to employees vest upon satisfaction of a service condition, which is generally satisfied over four years. Additionally, the incentive plan includes an exercisability clause where employees can only exercise vested options upon the occurrence of the following events: (i) after our ordinary

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shares become listed securities, (ii) in connection with or after a triggering event (defined as a sale, transfer, or disposition of all or substantially all of our assets, or a merger, consolidation, or other business combination transaction), or (iii) if the optionee obtains all necessary governmental approvals and consents required. Options for which the service condition has been satisfied are forfeited should employment terminate three months prior to the occurrence of an exercisable event, which substantially creates a performance condition. Since the adoption of the 2008 Plan, we have not recognized any stock-based compensation expense for options granted, because an exercisable event as described above had not occurred. The satisfaction of the performance condition becomes probable upon completion of our initial public offering, and for options granted for which the service condition has been satisfied as of such date, we will record a significant cumulative stock-based compensation expense for these options in the quarter of completing the initial public offering. Unrecognized stock-based compensation expense as a result of the performance condition as of December 31, 2012 and December 31, 2013 amounted approximately RMB5.9 million and RMB7.5 million (US\$1.2 million), respectively. As a result, immediately upon completion of this offering, we expect that we will incur a significant share-based compensation charge of RMB17.2 million (US\$2.8 million), which will include RMB13.4 million (US\$2.2 million) associated with options for which the service condition was satisfied as of December 31, 2013, and an additional amount of RMB3.8 million (US\$0.6 million) associated with options for which the service condition was satisfied between January 1, 2014 and the date of this prospectus. The estimates we used to determine the fair value of these options in computing our share-based compensation expense are determined on the respective grant dates, and will not change when the underlying shares begin trading because our options are equity classified awards.

The following table sets forth the options granted under the 2008 Plan as of December 31, 2013:

	Number of Options Granted	Exercise Price		Fair Value of Option as of the Grant Date		Fair Value of the Underlying Ordinary Shares as of the Grant Date		Intrinsic Value as of the Grant Date		Type of Valuation
		US\$	RMB ⁽²⁾	US\$	RMB ⁽²⁾	US\$	RMB ⁽²⁾	US\$	RMB ⁽²⁾	
December 16, 2012	6,000	1.14	6.90	0.44	2.66	0.91	5.51	N/A	N/A	Restrospective
January 7, 2013	2,177,133	0.90	5.45	0.44	2.66	0.91	5.51	0.01	0.06	Restrospective
March 23, 2013	5,000	1.14	6.90	0.44	2.66	0.91	5.51	N/A	N/A	Restrospective
April 18, 2013	45,000	1.14	6.90	0.44	2.66	0.91	5.51	N/A	N/A	Restrospective
June 3, 2013	20,000	1.14	6.90	0.44	2.66	0.91	5.51	N/A	N/A	Restrospective
June 28, 2013	20,000	1.14	6.90	0.44	2.66	0.91	5.51	N/A	N/A	Restrospective
July 1, 2013	20,000	1.14	6.90	0.44	2.66	0.91	5.51	N/A	N/A	Restrospective
August 1, 2013	3,809,985	0.0001	0.001	1.20	7.26	1.20	7.26	1.20	7.26	Restrospective
August 15, 2013	378,192	1.79	10.84	0.44	2.66	1.20	7.26	N/A	N/A	Restrospective
	500,000	1.14	6.90	1.07 ⁽¹⁾	6.48	1.82	11.02	0.68	4.12	Contemporaneous

October 30, 2013 ⁽¹⁾										
October 30, 2013 ⁽¹⁾	190,000	1.14	6.90	0.98 ⁽¹⁾	5.93	1.82	11.02	0.68	4.12	Contemporaneous
November 30, 2013 ⁽¹⁾	10,000	2.00	12.11	0.93 ⁽¹⁾	5.63	1.98	11.99	N/A	N/A	Contemporaneous
November 30, 2013 ⁽¹⁾	270,000	2.00	12.11	0.79 ⁽¹⁾	4.78	1.98	11.99	N/A	N/A	Contemporaneous

(1) Options granted to officers and non-officer employees result in different fair value on the same grant date.

(2) The translations from U.S. dollars to Renminbi were made at a rate of RMB6.0537 to US\$1.00, the exchange rate in effect as of December 31, 2013, solely for the convenience of the readers.

On April 1, 2014, we granted options to acquire a total of 576,000 ordinary shares at an exercise price of US\$5.0 (RMB30.27) per share. As we are approaching the completion of this offering, we intend to use US\$3.33 (RMB20.18), the mid-point of the estimated price range identified on the front cover of our preliminary prospectus dated April 28, 2014, as the fair value of the underlying ordinary share and the basis to determine the fair value of the option as of the date of the grant.

Significant Factors, Assumptions, and Methodologies Used in Determining Fair Value of Options

We estimated the fair value of share options using the binomial option-pricing model with the assistance from an independent valuation firm. As part of our valuation process, we have also taken into consideration the transaction value of independent third parties' private equity investments in us that are closest to the respective valuation dates. Our management is ultimately responsible for all assumptions and valuation methodologies used.

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in such determination. The fair value of each option grant is estimated on the date of grant with the following assumptions:

Expected volatility. We estimated expected volatility based on the annualized standard deviation of the daily return embedded in historical share prices of comparable companies with a time horizon close to the expected expiry of the term.

Risk-free interest rate (per annum). We estimated risk-free interest rate based on the yield to maturity of US Treasury Bond with a maturity similar to the expected expiry of the term.

Exercise multiple. The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a consideration of empirical studies on the actual exercise behavior of employees.

Expected dividend yield. We have never declared or paid any cash dividends on our capital stock, and we do not anticipate any dividend payments on our ordinary shares in the foreseeable future.

Expected term (in years). Expected term is the contract life of the option.

Expected forfeiture rate (post-vesting). Estimated based on historical employee turnover rate after each option grant.

Potential for changes in the estimates used to determine the fair value of future awards upon completion of the offering

Once the ADSs representing our ordinary shares begin trading upon completion of this offering, in addition to the significant estimates and assumptions disclosed above, we will take the following factors into consideration, which may change the estimates we use to determine the fair value of future awards on their respective grant dates:

Expected volatility. Once the ADSs representing our ordinary shares begin trading, we will determine if there is sufficient history for us to calculate volatility using trading prices of our own ADSs. Additionally, we may update the list of comparable companies from time to time.

Risk-free interest rate (per annum). We plan to update this estimate each time a new stock award is granted.

Exercise multiple. The exercise multiple is estimated based on a consideration of empirical studies on the actual exercise behavior of our employees, which will be impacted by the completion of this offering, as our employees are currently restricted in exercising vested stock awards. Based on our employees' exercise

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behavior and pattern subsequent to the completion of this offering, we will update this estimate when future stock awards are granted.

Expected dividend yield. This estimate will not change once the ADSs representing our ordinary shares begin trading, as we do not anticipate any dividend payments on our ordinary shares in the foreseeable future.

Expected term (in years). This estimate will not change upon completion of this offering, unless there is a modification to the existing 2008 Plan, or a new share incentive compensation plan is implemented.

Expected forfeiture rate (post-vesting). We plan to update this estimate each time a new stock award is granted based on the turnover rate of our employees.

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Fair value of our ordinary shares. Once the ADSs representing our ordinary shares begin trading upon completion of this offering, the fair value of our ordinary shares on the grant date will be determined based on the trading price of our ADSs on such date, as opposed to applying the income approach valuation method.

Significant Factors, Assumptions, and Methodologies Used in Determining Fair Value of Ordinary Shares

Determining the fair value of our ordinary shares required us to make complex and subjective judgments, assumptions and estimates, which involved inherent uncertainty. Had our management used different assumptions and estimates, the resulting fair value of our ordinary shares and the resulting share-based compensation expenses could have been different.

In determining the grant date fair value of our ordinary shares for purposes of recording share-based compensation in connection with employee stock options, we, with the assistance of independent appraisers, performed retrospective valuations instead of contemporaneous valuations because, at the time of the valuation dates, our financial and limited human resources were principally focused on business development efforts. This approach is consistent with the guidance prescribed by the AICPA Audit and Accounting Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the Practice Aid. Specifically, the Level B recommendation in paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used.

We, with the assistance of an independent valuation firm, evaluated the use of three generally accepted valuation approaches: market, cost and income approaches to estimate our enterprise value. We and our appraisers considered the market and cost approaches as inappropriate for valuing our ordinary shares because no exactly comparable market transaction could be found for the market valuation approach and the cost approach does not directly incorporate information about the economic benefits contributed by our business operations. Consequently, we and our appraisers relied solely on the income approach in determining the fair value of our ordinary shares. This method eliminates the discrepancy in the time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to our company.

The income approach involves applying discounted cash flow analysis based on our projected cash flow using management's best estimate as of the valuation dates. Estimating future cash flow requires us to analyze projected revenue growth, gross margins, operating expense levels, effective tax rates, capital expenditures, working capital requirements, and discount rates. Our projected revenues were based on expected annual growth rates derived from a combination of our historical experience and the general trend in online leisure travel market. The revenue and cost assumptions we used are consistent with our long-term business plan and market conditions in the online leisure travel market. We also have to make complex and subjective judgments regarding our unique business risks, our limited operating history, and future prospects at the time of grant. Other assumptions we used in deriving the fair value of our equity include:

no material changes will occur in the applicable future periods in the existing political, legal, fiscal or economic conditions in China;

no material changes will occur in the current taxation law in China and the applicable tax rates will remain consistent;

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we have the ability to retain competent management and key personnel to support our ongoing operations;
and

industry trends and market conditions for the online leisure travel market will not deviate significantly from current forecasts.

The option-pricing method was used to allocate equity value of our company to preferred and ordinary shares, taking into account the guidance prescribed by the Practice Aid. This method involves making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering,

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and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board and management.

The other major assumptions used in calculating the fair value of ordinary shares include:

Weighted average cost of capital, or WACC. Our cash flows were discounted to present value using discount rates that reflect the risks the management perceived as being associated with achieving the forecasts and are based on the estimate of our weighted average cost of capital, or WACC, on the grant date. The WACCs were determined considering the risk-free rate, industry-average correlated relative volatility coefficient, or beta, equity risk premium, country risk premium, size of our company, scale of our business and our ability in achieving forecast projections. WACCs of 25%, 23%, 22% and 22%, were used for dates as of January 7, 2013, August 1, 2013, October 30, 2013 and November 30, 2013, respectively.

Comparable companies. In deriving the WACCs, which are used as the discount rates under the income approach, six to eight publicly traded companies in the U.S. (varied by valuation time points), two publicly traded companies in Australia, and one publicly traded company in China online travel industry were selected for reference as our guideline companies.

Discount for lack of marketability, or DLOM. At the time of above grants, we were a closely-held company and there was no public market for our equity securities. To determine the discount for lack of marketability, we and the independent appraisers used the Finnerty's average-strike put option model. Pursuant to that model, we used the cost of a put option, which can be used to hedge the price change before a privately held share can be sold, as the basis to determine the discount for lack of marketability. A put option was used because it incorporates certain company-specific factors, including timing of the expected initial public offering and the volatility of the share price of the guideline companies engaged in the same industry. Based on the analysis, DLOM of 16%, 13%, 11% and 11% were used for the valuation of our ordinary shares as of January 7, 2013, August 1, 2013, October 30, 2013 and November 30, 2013, respectively.

Significant Factors Contributing to the Difference in Fair Value Determined

The determined fair value of our ordinary shares increased from US\$0.91 (RMB 5.51) per share as of December 16, 2012 to US\$1.20 (RMB 7.26) per share as of August 1, 2013. We believe the increase in the fair value of our ordinary shares was primarily attributable to the following factors:

continued adoption and increased penetration of online leisure travel and the consistent strong growth seen in the overall industry;

improvement of our financial and operating performance in 2013 which was primarily attributable to increased economies of scale, greater bargaining power with travel suppliers, and hence improved gross margin in 2013; and

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management's adjustment of our financial forecasts to reflect the anticipated higher revenue growth rate and long-term profitability in the future due to the abovementioned developments.

The determined fair value of our ordinary shares increased from US\$1.20 (RMB 7.26) per share as of August 1, 2013 to US\$1.82 (RMB 11.02) per share as of October 30, 2013 and further to US\$1.98 (RMB 11.99) per share as of November 30, 2013. We believe the increase in the fair value of our ordinary shares was primarily attributable to the following factors:

the improvement of our financial and operating performance in 2013, which was primarily attributable to increased economies of scale, including greater pricing power with travel suppliers;

the issuance of Series D convertible preferred shares in August 2013, which provided us with additional capital for our business expansion;

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management's adjustment of our financial forecast to reflect the anticipated higher revenue growth rate and better financial performance in the future due to the abovementioned developments; and

the commencement of our initial public offering preparation process in November 2013 and the estimation of our listing date to be in 2014, resulting in a decrease in expected time period leading to a liquidity event. As we progress towards this offering, lead time to an expected liquidity event decreased, resulting in a decrease in the DLOM.

The determined fair value of our ordinary shares increased from US\$1.98 (RMB11.99) per share as of November 30, 2013 to US\$3.33 (RMB20.18) per share, the mid-point of the estimated price range identified on the front cover of our preliminary prospectus dated April 28, 2014. We believe the increase in the fair value of our ordinary shares was primarily attributable to the following factors:

the improvement of our financial and operating performance in the first quarter of 2014, which was primarily attributable to increased economies of scale, including greater bargaining power with travel suppliers and increased customer base;

the short-term negative impact resulted from the promulgation of the Tourism Law in October 2013 has been fading, and we saw a steady and sustainable increase in the number of customers purchasing the more expensive organized tours in the first quarter of 2014, which resulted in higher average gross booking per trip; and

we confidentially submitted the registration statement relating to this offering to the SEC in the first quarter of 2014, and the estimation of our listing date to be in May 2014, resulting in a decrease in expected time period leading to a liquidity event. As we progress towards this offering, lead time to an expected liquidity event decreased, resulting in a decrease in the DLOM.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong

Tuniu (HK) Limited is incorporated in Hong Kong. Companies registered in Hong Kong are subject to Hong Kong Profits Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong. Under the Hong Kong tax law, Tuniu (HK) Limited is exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

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Our PRC subsidiaries and consolidated affiliated entities are subject to PRC enterprise income tax, or EIT, on the taxable income in accordance with the relevant PRC income tax laws.

Under the EIT Law, an enterprise established outside the PRC with a de facto management body within the PRC is considered a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the Implementation Rules, a de facto management body is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

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In addition, SAT Circular 82, which was issued in April 2009 by the State Administration of Taxation, or the SAT, specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board s and shareholders meetings are located or kept in the PRC; and (d) half or more of the enterprises directors or senior management personnel with voting rights habitually reside in the PRC. Further to SAT Circular 82, the SAT issued SAT Bulletin 45, which took effect on September 1, 2011, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such Chinese-controlled offshore-incorporated resident enterprises. SAT Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals like us, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the SAT s general position on how the de facto management body test should be applied in determining the PRC resident enterprise status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

Nanjing Tuniu obtained its HNTE certificate in 2010 with a valid period of three years and successfully renewed such certificate in December 2013 for additional three years. Therefore, Nanjing Tuniu is eligible to enjoy a preferential tax rate of 15% from 2013 to 2015 to the extent it has taxable income under the EIT Law, as long as it maintains the HNTE qualification and duly conducts relevant EIT filing procedures with the relevant tax authority. Nanjing Tuniu also obtained a software company certificate in 2012. Pursuant to such certificate, Nanjing Tuniu qualifies for a tax holiday during which it is entitled to an exemption from enterprise income tax for two years commencing from its first profit-making year of operation and a 50% reduction of enterprise income tax for the following three years. However, if we are considered a PRC resident enterprise and earn income other than dividends from our PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Under the EIT Law and its Implementation Rules, subject to any applicable tax treaty or similar arrangement between the PRC and our investors jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of American depositary shares or shares by such non-PRC resident enterprise investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a tax treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of American depositary shares or shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although substantially all of our business operations are based in China, it is unclear whether dividends we pay with respect to our ordinary shares or ADSs, or the gain realized from the transfer of our ordinary shares or ADSs, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we were considered a PRC resident enterprise, as described above.

As we had losses from operation in 2011, 2012 and 2013, we have not incurred any PRC income taxes for those periods, with the exception of one operating entity in China, which incurred immaterial income tax expenses in 2012.

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See Risk Factors Risks Related to Doing Business in China Under the PRC Enterprise Income Tax Law, we may be classified as a PRC resident enterprise for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.

Pursuant to the applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay business taxes at the rate of 5% on the revenues generated from providing such services. Entities engaging in the travel business can deduct certain approved cost from their revenues in calculating business taxes. However, if the services provided are related to technology development and transfer, such entities may be exempted from business and related taxes arising from such services subject to approval by the relevant tax authorities. We are subject to business and related taxes on services provided in the PRC, and the applicable business tax rate is 5%. In our consolidated financial statements included elsewhere in this prospectus, business and related taxes are deducted from gross revenues to arrive at net revenues.

In November 2011, the Ministry of Finance released Circular Caishui [2011] No. 111 mandating Shanghai to be the first city to carry out a pilot program of tax reform. Effective January 1, 2012, any entity that carries out selected modern services in Shanghai is required to pay value-added tax (VAT) instead of business tax. These entities are permitted to offset input VAT incurred with the output VAT. The pilot program has been expanded to other regions, including Beijing from September 1, 2012 and Nanjing from October 1, 2012. Beijing Tuniu, Nanjing Tuniu and Tuniu (Nanjing) Information Technology Co., Ltd. have been subject to VAT at a rate of 6% and has since stopped paying the 5% business tax from the respective effective dates of the tax reform. We do not expect this change to have a significant financial statement impact on our consolidated results of operations.

Results of Operations

The following table presents our historical results of operations in absolute amounts and as percentages of our net revenues for the years indicated:

	2011		For the Year Ended December 31,				2013	
	RMB	%	RMB	%	RMB	US\$	%	
	(in thousands, except for percentages)							
Revenues:								
Organized tours	751,388	98.2%	1,075,094	96.6%	1,892,826	312,673	97.1%	
Self-guided tours	17,559	2.3	32,359	2.9	48,901	8,078	2.5	
Others	2,667	0.3	12,875	1.2	20,744	3,426	1.1	
Total revenues	771,614	100.8	1,120,328	100.7	1,962,471	324,177	100.7	
Less: Business and related taxes	(6,071)	(0.8)	(7,447)	(0.7)	(12,784)	(2,112)	(0.7)	
Net revenues	765,543	100.0	1,112,881	100.0	1,949,687	322,065	100.0	
Cost of revenues	(741,716)	(96.9)	(1,073,732)	(96.5)	(1,829,665)	(302,239)	(93.8)	
Gross profit	23,827	3.1	39,149	3.5	120,022	19,826	6.2	
Operating expenses:								

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Research and product development	(21,386)	(2.8)	(33,370)	(3.0)	(38,994)	(6,441)	(2.0)
Sales and marketing	(50,589)	(6.6)	(57,994)	(5.2)	(110,071)	(18,182)	(5.6)
General and administrative	(53,877)	(7.0)	(62,006)	(5.6)	(69,679)	(11,510)	(3.6)
Other operating income	1,651	0.2	775	0.1	1,689	278	0.1
Loss from operations	(100,374)	(13.1)	(113,446)	(10.2)	(97,033)	(16,029)	(5.0)
Other income/(expenses):							
Interest income	2,287	0.3	7,432	0.7	16,163	2,670	0.8
Foreign exchange related (losses)/gains, net	6,529	0.9	(741)	(0.1)	1,286	213	0.1
Other loss, net	(392)	(0.1)	(357)	(0.0)	(48)	(8)	(0.0)
Loss before provision for income taxes	(91,950)	(12.0)	(107,112)	(9.6)	(79,632)	(13,154)	(4.1)
Provision for income taxes			(78)	(0.0)			
Net loss	(91,950)	(12.0)%	(107,190)	(9.6)%	(79,632)	(13,154)	(4.1)%

Table of Contents***Year Ended December 31, 2013 Compared to Year Ended December 31, 2012***

Revenues. Total revenues increased by 75.2% from RMB1,120.3 million in 2012 to RMB1,962.5 million (US\$324.2 million) in 2013. This increase was primarily due to an increase in our revenues from both organized tours and self-guided tours.

Revenues from organized tours. Revenues from organized tours increased by 76.1% from RMB1,075.1 million in 2012 to RMB1,892.8 million (US\$312.7 million) in 2013, due to the growth in the number of trips of our organized tours and the average gross bookings per trip of our organized tours. This was a result of the expansion of our organized tour portfolio in terms of departing cities and travel destinations and our increased marketing efforts in promoting our organized tours. During the same period, the number of trips of our organized tours (excluding local tours) increased by 55.8% from 235,607 to 367,104 and the number of trips of our local tours increased by 36.5% from 503,342 to 687,121. The average gross bookings per trip of our organized tours (excluding local tours) increased by 16.2% from RMB3,856 to RMB4,482 (US\$740), and the average gross bookings per trip of our local tours increased by 10.1% from RMB328 to RMB361 (US\$60).

Revenues from self-guided tours. Revenues from self-guided tours increased by 50.9% from RMB32.4 million in 2012 to RMB 48.9 million (US\$8.1 million) in 2013. The increase in revenues from self-guided tours generally reflected an increase in our gross bookings for self-guided tours during the period. Gross bookings for our self-guided tours increased by 91.1% from RMB590.6 million in 2012 to RMB1,128.5 million (US\$186.4 million) in 2013, due primarily to the increase of number of trips of our self-guided tours from 109,910 to 221,412 during the same period. Our gross bookings for self-guided tours increased at a faster pace than the growth of our revenues from self-guided tours primarily as a result of increased competition during the period.

Other revenues. Other revenues increased by 60.5% from RMB12.9 million in 2012 to RMB20.7 million (US\$3.4 million) in 2013, primarily due to the increase in service fees we received from insurance companies that sell travel insurance products through our online platform, commissions from sales of tickets for tourist attractions and the increase in the advertising fees we received from tourism boards and bureaus.

Net Revenues. Net revenues increased by 75.2% from RMB1,112.9 million in 2012 to RMB1,949.7 million (US\$322.1 million) in 2013, as a result of our increased total revenues, partially offset by the resulting increase in business and related taxes over the same periods.

Cost of Revenues. Cost of revenues increased by 70.4% from RMB1,073.7 million in 2012 to RMB1,829.7 million (US\$302.2 million) in 2013, primarily due to the increase in the cost to suppliers of our organized tours. Cost to suppliers of our organized tours increased mainly as a result of the increase in the sales of our organized tours (excluding local tours) from 235,607 trips in 2012 to 367,104 trips in 2013 and the sales of our local tours from 503,342 trips in 2012 to 687,121 trips in 2013. As a percentage of our net revenues, our cost of revenues decreased from 96.5% in 2012 to 93.8% in 2013, primarily due to the decrease in cost to suppliers of our organized tours as a percentage of our net revenues from 90.7% in 2012 to 89.7% in 2013, which reflected our efforts in sourcing travel products at more competitive prices.

Operating Expenses. Operating expenses increased by 42.3% from RMB152.6 million in 2012 to RMB217.1 million (US\$35.9 million) in 2013, due to the increases in sales and marketing expenses, research and product development expenses and general and administrative expenses, partially offset by the increase in our other operating income.

Research and product development. Research and product development expenses increased by 16.8% from RMB33.4 million in 2012 to RMB39.0 million (US\$6.4 million) in 2013, primarily attributable to the increases in the headcount and the average salary of our research and product development personnel.

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Sales and marketing. Sales and marketing expenses increased by 89.8% from RMB58.0 million in 2012 to RMB110.1 million (US\$18.2 million) in 2013. The increase was primarily attributable to the increase in marketing and promotional expenses in 2013, mainly resulting from increased expenses associated with our online and outdoor marketing efforts.

General and administrative. General and administrative expenses increased by 12.4% from RMB62.0 million in 2012 to RMB69.7 million (US\$11.5 million) in 2013, primarily attributable to the increases in the headcount and average salary of our general and administrative personnel.

Other operating income. Other operating income increased from RMB0.8 million in 2012 to RMB1.7 million (US\$0.3 million) in 2013.

Provision for Income Taxes. We did not make any provision for income taxes in 2013, as compared to RMB77,890 in 2012.

Net Loss. As a result of the foregoing, net loss decreased from RMB107.2 million in 2012 to RMB139.1 million (US\$23.0 million) in 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenues. Total revenues increased by 45.2% from RMB771.6 million in 2011 to RMB1,120.3 million in 2012. This increase was primarily due to the increase in our revenues from both organized tours and self-guided tours.

Revenues from organized tours. Revenues from organized tours increased by 43.1% from RMB751.4 million in 2011 to RMB1,075.1 million in 2012, due to the growth in the number of trips of our organized tours and the average gross bookings per trip of our organized tours. This was a result of the expansion of our organized tour portfolio in terms of departing cities and travel destinations and our increased marketing efforts in promoting our organized tours. During the same period, the number of trips of our organized tours (excluding local tours) increased by 35.8% from 173,505 to 235,607 and the number of trips of our local tours increased by 23.1% from 408,909 to 503,342. The average gross bookings per trip of our organized tours (excluding local tours) increased by 9.5% from RMB3,528 to RMB3,856.

Revenues from self-guided tours. Revenues from self-guided tours increased by 84.1% from RMB17.6 million in 2011 to RMB32.4 million in 2012. The increase in revenues from self-guided tours generally reflected an increase in our gross bookings for self-guided tours during the period. Gross bookings for our self-guided tours increased by 112.9% from RMB277.4 million in 2011 to RMB590.6 million in 2012, due mainly to the increase of number of trips of our self-guided tours from 49,367 in 2011 to 109,910 in 2012. Our gross bookings for self-guided tours increased at a faster pace than the growth of our revenues from self-guided tours primarily as a result of increased competition during the period.

Other revenues. Other revenues increased by 377.8% from RMB2.7 million in 2011 to RMB12.9 million in 2012, primarily due to the increase in the advertising fees we received from tourism boards and bureaus.

Net Revenues. Net revenues increased by 45.4% from RMB765.5 million in 2011 to RMB1,112.9 million in 2012, as a result of our increased total revenues, partially offset by the resulting increase in business and related taxes over the same periods.

Cost of Revenues. Cost of revenues increased by 44.8% from RMB741.7 million in 2011 to RMB1,073.7 million in 2012, primarily due to the increases in the cost to suppliers of our organized tours. Cost to suppliers of our organized tours increased mainly as a result of the increase in the sales of organized tours from 582,649 trips in 2011 to 751,554 trips in 2012.

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Operating Expenses. Operating expenses increased by 22.9% from RMB124.2 million in 2011 to RMB152.6 million in 2012, due to the increases in our research and product development expenses, sales and marketing expenses and general and administrative expenses and the decrease in our other operating income.

Research and product development. Research and product development expenses increased by 56.1% from RMB21.4 million in 2011 to RMB33.4 million in 2012, primarily attributable to the increases in the headcount and the average salary of research and product development personnel.

Sales and marketing. Sales and marketing expenses increased by 14.6% from RMB50.6 million in 2011 to RMB58.0 million in 2012. This was primarily attributable to the increase in marketing and promotional expenses, mainly resulting from our increased efforts in advertising.

General and administrative. General and administrative expenses increased by 15.0% from RMB53.9 million in 2011 to RMB62.0 million in 2012, primarily attributable to the increase in office rental related to our administrative function due to our business expansion.

Other operating income. Other operating income was RMB0.8 million in 2012, as compared to RMB1.7 million in 2011.

Net Loss. As a result of the foregoing, net loss increased from RMB91.9 million in 2011 to RMB107.2 million in 2012.

Table of Contents**Selected Quarterly Results of Operations**

The following table sets forth our selected unaudited condensed consolidated quarterly results of operations for each of the eight quarters in the period from January 1, 2012 to December 31, 2013. You should read the following table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. We have prepared the unaudited condensed consolidated quarterly results of operations on the same basis as our audited consolidated financial statements. The unaudited condensed consolidated quarterly results of operations includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our operating results for the quarters presented.

	For the Three Months Ended							
	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
	(RMB in thousands, except share data and per share data, or otherwise noted)							
Revenues:								
Organized tours	197,845	207,163	373,491	296,595	353,066	374,714	690,192	474,854
Self-guided tours	7,927	5,405	9,274	9,753	15,480	10,220	15,919	7,281
Others	1,043	2,341	5,294	4,196	3,622	4,811	5,330	6,982
Total revenues	206,815	214,909	388,059	310,544	372,168	389,745	711,441	489,117
Less: Business and related taxes	(1,650)	(1,799)	(1,973)	(2,024)	(2,853)	(2,394)	(4,831)	(2,707)
Net revenues	205,165	213,110	386,086	308,520	369,315	387,351	706,610	486,410
Cost of revenues	(197,698)	(205,297)	(376,702)	(294,035)	(342,890)	(356,880)	(660,867)	(469,027)
Gross profit	7,467	7,813	9,384	14,485	26,425	30,471	45,743	17,383
Operating expenses:								
Research and product development	(6,932)	(9,889)	(8,693)	(7,856)	(8,082)	(7,619)	(9,300)	(13,994)
Sales and marketing	(9,936)	(15,464)	(18,309)	(14,285)	(13,005)	(19,251)	(39,433)	(38,382)
General and administrative	(15,987)	(16,837)	(15,952)	(13,228)	(13,261)	(14,775)	(17,027)	(24,615)
Other operating income		381	88	304	202	566	493	428
Total operating expenses	(32,855)	(41,809)	(42,866)	(35,065)	(34,146)	(41,079)	(65,267)	(76,563)
Gross from operations	(25,388)	(33,996)	(33,482)	(20,580)	(7,721)	(10,608)	(19,524)	(59,180)

Other								
Income/(expenses):								
Interest income	1,237	1,327	3,213	1,656	1,886	3,029	5,755	5,494
Foreign exchange								
Related								
Gains/(losses), net	(174)	(1,068)	(308)	809	426	248	590	22
Other								
Losses/(income), net	(25)	(57)	(222)	(54)	10	(42)	10	(28)
Loss before								
Provision for								
Income taxes	(24,350)	(33,794)	(30,799)	(18,169)	(5,399)	(7,373)	(13,169)	(53,692)
Provision for								
Income taxes	(18)	(24)	(22)	(13)				
Net loss	(24,368)	(33,818)	(30,821)	(18,182)	(5,399)	(7,373)	(13,169)	(53,692)
Basic and diluted								
Net loss per share								
Attributable to the								
Company's ordinary								
Shareholders	(0.94)	(1.30)	(1.19)	(0.70)	(0.21)	(0.28)	(2.79)	(2.07)
Weighted average								
Number of ordinary								
Shares								
Outstanding basic								
and diluted	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000

The growth of our quarterly net revenues was primarily driven by the increases in organized tours over the eight quarters in the period from January 1, 2012 to December 31, 2013, although our net revenues were relatively lower in the fourth quarter 2012 and 2013 due to seasonal fluctuations discussed below. Apart from seasonality, the decrease in our net revenues in the fourth quarter of 2013 was also due to the implementation of

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the Tourism Law and the political unrest in Thailand. See PRC Regulation Regulations on Travel Companies. The growth in our net revenues was mainly attributable to the increase in the number of trips of organized tours. The increased competition in Maldives, one of our major markets, in the fourth quarter of 2013 resulted in relatively low revenues from self-guided tours in the fourth quarter of 2013.

Seasonal fluctuations have affected, and are likely to continue to affect, our business. We generally generate more revenues from organized tours in the third quarter of each year because many of our customers tend to travel during summer holidays in July and August. Our cost of revenues and sales and marketing expenses tend to follow the trend of our revenue growth. We may experience fluctuations in our quarterly results of operations after this offering, for the reasons given above or other reasons, which may be significant. See also Risk Factors Risks Related to Our Business and Industry Our quarterly results are likely to fluctuate because of seasonality in the leisure travel industry in China.

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash generated from our operating activities and private issuances and sales of preferred shares. Generally, our customers pay us upon contract confirmation, which is usually more than one month before the departure dates, and we pay our travel suppliers at a later date, such as at the end of each month. The timing difference between when the cash is collected from our customers and when payments are made to our travel suppliers increases our operating cash inflow and provides us with a source of liquidity to fund our settlement of outstanding accounts payable to travel suppliers and our prepayment to our travel suppliers to secure organized tours and self-guided tours during peak seasons.

In connection with the increase in the sales of our travel products and services, advances from customer increased from RMB157.9 million as of December 31, 2011 to RMB244.2 million as of December 31, 2012 and further to RMB396.7 million (US\$65.5 million) as of December 31, 2013. In addition, primarily due to timing difference between when the cash is collected from our customers and when payments are made to our travel suppliers and the expansion of our business, accounts payable increased from RMB55.8 million as of December 31, 2011 to RMB127.2 million as of December 31, 2012 and further to RMB289.0 million (US\$47.7 million) as of December 31, 2013. Furthermore, primarily due to the increase in our prepayment to travel suppliers as a result of our business expansion, prepayments and other current assets increased from RMB56.6 million as of December 31, 2011 to RMB127.0 million as of December 31, 2012 and further to RMB286.6 million (US\$47.3 million) as of December 31, 2013. As a result, our net cash provided by operating activities was RMB36.3 million, RMB14.7 million and RMB116.7 million (US\$19.3 million) in 2011, 2012 and 2013, respectively.

Our principal uses of cash for the years ended December 31, 2011, 2012 and 2013 were for operating activities, primarily marketing and promotional expenses, salaries and other compensation expenses as well as office rental and professional service fees. Our cash and cash equivalents consist of cash on hand and cash in bank, including demand bank deposits. Our short-term investments comprise financial products issued by banks or other financial institutions. As of December 31, 2011, 2012 and 2013, we had RMB343.6 million, RMB336.1 million and RMB755.7 million (US\$124.8 million) in cash and cash equivalents, restricted cash and short-term investments, respectively. We did not have any short-term or long-term bank borrowings outstanding as of December 31, 2011, 2012 and 2013.

We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for at least the next 12 months. We may require additional cash due to unanticipated business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or secure debt funding from financial institutions.

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The following table sets forth a summary of our cash flows for the periods presented:

	For the Year Ended December 31,			
	2011	2012	2013	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash provided by operating activities	36,270	14,663	116,736	19,283
Net cash used in investing activities	(20,686)	(46,786)	(304,218)	(50,253)
Net cash provided by financing activities	257,447		306,360	50,607
Effect of exchange rate changes on cash and cash equivalents	6,529	(740)	1,287	212
Net increase/(decrease) in cash and cash equivalents	279,560	(32,863)	120,165	19,849
Cash and cash equivalents at beginning of the period	52,541	332,101	299,238	49,431
Cash and cash equivalents at the end of the period	332,101	299,238	419,403	69,280

Operating Activities

Our net cash provided by operating activities was RMB116.7 million (US\$19.3 million) in 2013, primarily attributable to cash inflows from sales of our travel products and services of RMB3,199.2 million (US\$528.5 million) and cash inflows from interest income and government subsidies of RMB13.0 million (US\$2.2 million), partially offset by cash outflows due to payments to our travel suppliers of RMB2,842.0 million (US\$469.5 million), payments relating to other operating activities, which include payments for marketing and promotional activities, office rental and utilities and professional services, of RMB130.6 million (US\$21.6 million), payments to employees and for employees' benefits of RMB110.8 million (US\$18.3 million) and payments of taxes and levies of RMB12.1 million (US\$2.0 million).

Our net cash provided by operating activities was RMB14.7 million in 2012, primarily attributable to cash inflows from sales of our travel products and services of RMB1,760.3 million and cash inflows from interest income and government subsidies of RMB7.9 million, partially offset by cash outflows due to payments to our travel suppliers of RMB1,576.3 million, payments to employees and for employees' benefits of RMB101.3 million, payments relating to other operating activities, which include payments for marketing and promotional activities, office rental and utilities and professional services, of RMB68.2 million and payments of taxes and levies of RMB7.7 million.

Our net cash provided by operating activities was RMB36.3 million in 2011, primarily attributable to cash inflows from sales of our travel products and services of RMB1,148.7 million and cash inflows from interest income and government subsidies of RMB3.6 million, partially offset by cash outflows due to payments to our travel suppliers of RMB955.3 million, payments relating to other operating activities, which include payments for marketing and promotional activities, office rental and utilities and professional services, of RMB86.0 million, payments to employees and for employees' benefits of RMB69.0 million and payments of taxes and levies of RMB5.7 million.

Investing Activities

Our net cash used in investing activities was RMB304.2 million (US\$50.3 million) in 2013, primarily attributable to the purchase of short-term investments of RMB451.8 million (US\$74.6 million) and the purchase of property and equipment and intangible assets of RMB4.8 million (US\$0.8 million), offset by the proceeds from the disposal of

short-term investments of RMB154.8 million (US\$25.6 million).

Our net cash used in investing activities was RMB46.8 million in 2012, attributable to the purchase of short-term investments of RMB224.0 million and the purchase of property and equipment and intangible assets of RMB21.4 million, partially offset by proceeds from disposal of short-term investments of RMB194.0 million.

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Our net cash used in investing activities was RMB20.7 million in 2011, primarily attributable to the purchase of property and equipment and intangible assets of RMB15.4 million.

Financing Activities

Our net cash provided by financing activities in 2013 was RMB306.4 million (US\$50.6 million), attributable to the net proceeds from issuance of Series D preferred shares.

Our net cash provided by financing activities in 2012 was nil.

Our net cash provided by financing activities in 2011 was RMB257.4 million, attributable to the net proceeds from issuance of Series C preferred shares of RMB290.3 million, offset by the repurchase of Series A preferred shares of RMB32.8 million.

Capital Expenditures

Cash outflow in connection with capital expenditures amounted to RMB15.4 million, RMB21.4 million and RMB4.8 million (US\$0.8 million) in 2011, 2012 and 2013, respectively. Our capital expenditures were primarily used to purchase equipment and intangible assets for our business. We currently do not have any commitment for capital expenditures or other cash requirements other than those in our ordinary course of business.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through our wholly owned subsidiaries and consolidated affiliated entities in China. As a result, our ability to pay dividends to our shareholders depends upon dividends paid by our PRC subsidiaries. If our PRC subsidiaries or any newly formed PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and our consolidated affiliated entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our subsidiaries and consolidated affiliated entities in China may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds at its discretion. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. As our PRC subsidiaries and consolidated affiliated entities have incurred losses, they have not started to contribute to the staff welfare and bonus funds. Our PRC subsidiaries have never paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

Contractual Obligations

We lease our facilities and offices under non-cancelable operating lease agreements. Certain of these arrangements contain free or escalating rent clauses. The lease for our headquarters in Nanjing runs through 2021.

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The following summarizes our contractual obligations related to continuing operations as of December 31, 2013:

	Total	Payments Due by					Thereafter
		December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	
Operating lease obligations	88,719	6,448	13,534	13,170	13,075	13,075	29,417

(in RMB thousands)

We did not have capital and other significant commitments, long-term obligations or guarantees as of December 31, 2013.

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Inflation

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2011, 2012 and 2013 were increases of 5.4%, 2.6% and 2.6%, respectively. Although we have not been materially affected by inflation, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

Quantitative and Qualitative Disclosures about Market Risk***Interest Rate Risk***

Our exposure to interest rate risk primarily relates to interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income and interest expenses may fluctuate due to changes in market interest rates.

Foreign Exchange Risk

We recognize all of our revenues and incur substantially all of our expenses in Renminbi, and substantially all of our sales and supply contracts are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risks is limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and Renminbi because the value of our business is effectively

denominated in Renminbi, while the ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and

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the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. As a consequence, Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the PRC government has again allowed Renminbi to appreciate slowly against the U.S. dollar. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

There remains significant international pressure on the PRC government to substantially liberalize its currency policy, which could result in further appreciation in the value of Renminbi against the U.S. dollar. To the extent that we need to convert U.S. dollars into Renminbi for capital expenditures and working capital and other business purposes, appreciation of Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amount available to us.

Internal Control over Financial Reporting

In connection with the audit of our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, we and our independent registered public accounting firm identified a material weakness as of December 31, 2012. As defined in standards established by the PCAOB, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified related to the lack of sufficient financial reporting and accounting personnel with appropriate knowledge of US GAAP and SEC reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control under the Sarbanes-Oxley Act for purposes of identifying and reporting any weakness in our internal control over financial reporting. We and they are required to do so only after we become a public company. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies may have been identified.

To remedy our identified material weakness, we have adopted several measures to improve our internal control over financial reporting, including hiring a chief finance officer in early 2013, a U.S. GAAP reporting manager in late 2013 and a U.S. GAAP reporting director in early 2014.

In addition, we plan to undertake other steps to strengthen our internal control over financial reporting, including (1) to hire more personnel with relevant experience and expertise to strengthen the financial reporting function and to set up a financial and system control framework, (2) to implement regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, (3) to develop a compliance process, including a comprehensive policy and procedure manual, to allow early detection, prevention and resolution of potential compliance issues, and (4) to set up an internal audit function as well as to engage an external consulting firm to assist us to assess Sarbanes-Oxley compliance readiness and improve overall internal controls. We plan to continue to implement measures to remediate our internal control deficiencies in order to meet the deadline imposed by Section 404 of the Sarbanes Oxley Act. We expect that we will incur significant costs in the implementation of such measures. However, the implementation of these measures may not fully address the

deficiencies in our internal control over financial reporting. See Risk factors Risks related to our business and industry If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations or prevent fraud or fail to meet our reporting obligations, and investor confidence and the market price of our ADSs may be materially and adversely affected.

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As a company with less than US\$1.0 billion (RMB6.1 billion) in revenues for our last fiscal year, we qualify as an emerging growth company pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to opt out of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Recent Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which requires us to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income on our consolidated statement of comprehensive income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. This update does not change the current requirements for reporting net income or other comprehensive income in our consolidated financial statements, but does require us to provide information about the amounts reclassified out of accumulated other comprehensive income by component. This standard is effective prospectively for reporting periods beginning after December 15, 2012. The adoption of this guidance did not have any impact on our consolidated balance sheets, statements of comprehensive loss or statements of cash flows.

In March 2013, the FASB issued ASU No. 2013-05, Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. This ASU requires the release of cumulative translation adjustments into net income when an entity ceases to have a controlling financial interest resulting in the complete or substantially complete liquidation of a subsidiary or group of assets within a foreign entity. The guidance will be effective prospectively for reporting periods beginning after December 15, 2013. We are currently evaluating the impact of adopting this guidance.

In July 2013, the FASB issued, ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This ASU clarifies that an unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The guidance will be effective prospectively for reporting periods beginning after December 15, 2013. We are currently assessing the potential impact on the adoption of this guidance on its consolidated financial statements.

Table of Contents**INDUSTRY OVERVIEW****Leisure Travel Industry in China**

Demand for vacation, recreation and other forms of leisure travel has risen rapidly in China, driven by higher levels of disposable income, favorable government policies and growing interests in leisure activities. According to Euromonitor, the number of leisure travel departures in China is estimated to have reached 1.9 billion in 2013, representing a CAGR of 13.0% from 2010. Despite the growth rate, annual leisure travel departures per capita in China is relatively low compared to developed countries. In 2013, the number of leisure travel departures per capita is estimated to be 1.4 in China, as compared to 2.7 in the United States and 2.8 in Germany, according to Euromonitor.

Leisure travel primarily refers to organized tours and self-guided tours. The size of the leisure travel industry in China, as measured by transaction value, is expected to grow at a CAGR of 13.3% from RMB394.0 billion (US\$65.1 billion) in 2013 to RMB573.0 billion (US\$94.7 billion) in 2016.

The chart below sets forth the size of the leisure travel industry in China.

(RMB in billions)

Source: iResearch

China's leisure travel industry is highly fragmented with multiple tiers of wholesale and retail distribution channels. According to the China National Tourism Administration, there were 24,944 travel agencies in China as of December 31, 2012. A majority of travel agencies operate at local or regional levels, while large-scale travel agencies with nationwide brand recognition often have their branches operate independently at local levels. Therefore, traditional leisure travel suppliers often face challenges to broaden customer reach beyond local levels and provide products and services that meet diverse consumer preferences and demands.

Online Leisure Travel Market in China***Overview***

The increasing trend of booking leisure travel online has led to significantly higher growth in the online leisure travel market compared to the overall leisure travel industry in China. China's online leisure travel market is expected to grow at a CAGR of 35.6% from 2013 to 2016, reaching RMB75.5 billion (US\$12.5 billion), according to iResearch. The penetration rate of China's online leisure travel market in the overall leisure travel industry in China remains low. The size of the online leisure travel market as a percentage of the overall leisure travel industry in China was only 7.7% in 2013 and is expected to reach 13.2% in 2016, according to iResearch.

Within the overall online travel market, the online leisure travel market is the fastest growing segment. According to iResearch, the online travel market covers online leisure travel bookings, hotel bookings, air ticket bookings and others. According to iResearch, hotel bookings and air ticket bookings are expected to grow at a

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CAGR of 21.0% and 20.9%, respectively, from 2013 to 2016; such growth rates are significantly lower than the expected CAGR of 35.6% of online leisure travel bookings during the same period.

The chart below sets forth the size of China's online leisure travel market and its penetration rate in the overall leisure travel industry.

(RMB in billions)

(%)

Source: iResearch

Both the organized tour and self-guided tour segments of the online leisure travel market are popular among Chinese leisure travelers for value and convenience. Organized tours, which offer comprehensive arrangements such as itineraries, transportations, accommodations, entertainments, meals and tour guide services at relatively low prices, are particularly popular for overseas travel due to cultural and language barriers encountered by Chinese tourists. Meanwhile, self-guided tours are gaining ground and registering fast growth driven by increasing demand for traveling in personal styles, particularly among frequent travelers. According to iResearch, transaction value of organized tours and self-guided tours booked online grew by 28.4% and 55.0% from 2012 to 2013, respectively.

Major growth drivers of online leisure travel market

Major growth drivers of the online leisure travel market in China include migration of leisure travel bookings from offline to online and rapid expansion in overseas travel.

Migration to online leisure travel bookings

The migration of leisure travel bookings from offline to online is driven by the following factors:

Inefficiencies in offline leisure travel bookings: Due to inefficiencies and fragmentations in the offline leisure travel market, travelers face a number of difficulties in making travel arrangements and bookings through offline channels. Online travel platforms effectively address the challenges faced by travelers by providing broader geographic coverage, more comprehensive product and service offerings, greater price transparency as well as improved convenience of researching travel products and destinations.

Internet and mobile Internet penetration: China has the largest Internet population in the world, which increased from 457.3 million users at the end of 2010 to 617.6 million users at the end of 2013, representing a CAGR of 10.5%, according to the China Internet Network Information Center, or the CNNIC. The mobile Internet population increased at an even higher rate from 302.7 million at the end of 2010 to 500.1 million at the end of 2013, representing a CAGR of 18.2%, according to the CNNIC.

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Surging online shopping trend: With the increasing adoption of online payment and proliferation of e-commerce companies in China, Chinese consumers have become more accustomed to purchasing online, including travel products purchases. According to the CNNIC, the number of Internet users who have shopped online increased from 160.5 million in 2010 to 301.9 million in 2013, representing a CAGR of 23.4%.

Overseas travel

Within the online leisure travel market, overseas travel has the highest growth rate. According to iResearch, online leisure travel bookings to overseas destinations is expected to grow from RMB11.6 billion (US\$1.9 billion) in 2013 to RMB30.5 billion (US\$5.0 billion) in 2016, representing a CAGR of 38.2%, as compared to the CAGR of 33.9% for those to domestic and local destinations over the same period.

Overseas travel is becoming increasingly popular for Chinese consumers due to rising disposable income, an expanding middle class, and relaxing visa requirements. According to the World Tourism Organization, Chinese travelers spent a total of RMB617.5 billion (US\$102.0 billion) in international tourism in 2012. In an effort to attract Chinese travelers, a number of countries have relaxed their visa requirements, expedited their visa application process and simplified entry formalities for Chinese nationals, contributing to the strong growth in overseas leisure travels from China. According to Euromonitor, the number of overseas leisure travel departures is expected to grow at a CAGR of 14.9% from 38.2 million in 2013 to 58.0 million in 2016. The robust demand for overseas travel is expected to remain as a principal growth driver for China's online leisure travel market.

Factors Affecting the Competitive Landscape of Online Leisure Travel

The online leisure travel market in China is competitive and a growing number of online travel companies have emerged to take advantage of the significant market opportunity. In planning and booking a vacation or getaway, leisure travelers expect an enjoyable and carefree booking experience. Therefore, factors affecting the competitive landscape of online leisure travel booking in China include customer services, product quality, availability and breadth of product offerings, competitive prices, brand recognition and an easy-to-use interface.

Customer services. There is a large number of factors that customers consider when making a travel purchase decision. These factors include travel destinations, types of tour, prices, tour durations, itineraries, accommodations and others. For overseas travel, customers additionally consider visa application requirements and application process in their decision-making. Tour advisors with product expertise and in-depth knowledge of travel destinations are critical to supplementing website information and effectively helping leisure travelers identify the most suitable products. In addition, leisure travelers may have questions or encounter unexpected issues which require timely assistance before and during their travels. Some travelers also prefer settling payments of large amounts and submitting their passports for visa applications in person. These demands set the stage for the emergence of leisure travel companies with an online platform and offline service coverage.

Product quality. Quality of travel products is important in ensuring a pleasant travel experience and hence customers satisfaction. While making their travel bookings, customers consider and evaluate the perceived qualities of different attributes of travel products, such as transportations, accommodations, entertainments, meals and tour guide services.

Availability and breadth of product offerings. Customers tend to use and stay with online travel companies that offer a comprehensive range of travel products and services. Large-scale travel companies are better positioned to meet customers' diverse preferences while also benefiting from economies of scale in negotiating favorable terms with their travel suppliers.

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Competitive prices. Price is an important criterion that customers consider in selecting travel products. Due to intense competition and increased price transparency, online leisure travel companies have to compete effectively on pricing, particularly for travel products with fewer components and easier to compare, with lower average selling prices or for popular destinations. However, large online travel companies, which benefit from economies of scale, have more flexibility in offering products at competitive prices.

Brand recognition. In addition to delivering comprehensive customer services, consistently offering quality travel products and services engenders customer loyalty, enhances the marketing effect of word-of-mouth referrals and increases brand recognition.

Ease of use. Internet is an important source of information for leisure travelers when conducting research on destinations and travel products. Websites and mobile applications that provide quality content via a user-friendly interface help online travel companies to retain existing customers and attract new customers.

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BUSINESS

Overview

We are a leading online leisure travel company in China. We offer a large selection of packaged tours, including organized tours and self-guided tours, as well as travel-related services for leisure travelers. We ranked first in China's online organized tours market as measured by transaction value in 2013, according to iResearch, a third-party research firm. We believe we are well positioned to benefit from the significant growth potential of China's online leisure travel market, which is expected to grow at CAGR of 35.6% from 2013 to 2016 as measured by transaction value, according to iResearch.

We started offering packaged tours online in 2007, and are among the earliest Chinese companies that focus on the online leisure travel market. As an early mover in China's online leisure travel market, we have sold over three million packaged tours since our inception. We offer packaged tours sourced from over 3,000 travel suppliers, covering over 70 countries as well as all popular tourist attractions in China. Our product portfolio consists of over 100,000 SKUs of organized tours, over 100,000 SKUs of self-guided tours, and tickets for over 1,000 domestic and overseas tourist attractions. Our core strength is in overseas leisure travel products and services, which contributed over 70% of our gross bookings in 2013.

We have established Tuniu as a trusted and widely recognized brand in leisure travel in China, powered by a compelling customer experience. Our online platform, which comprises our *tuniu.com* website and mobile platform, provides comprehensive product and travel information through user-friendly interfaces to enable leisure travelers to plan their travels and search for itineraries that best suit their needs. Our online platform contains travel guides featuring photos, information and recommendations for all destinations we cover, as well as user-generated content that serves as valuable references for other travelers. We have more than 900,000 customer reviews about our products and services and over 20,000 travel stories on our online platform.

To cultivate customer loyalty and ensure customer satisfaction, we complement our online platform with an extensive nationwide service network, including our centralized call center in Nanjing and 15 regional service centers across China. We have a team of over 400 well-trained tour advisors to closely assist customers throughout their booking process. We believe that our high-quality customer service has contributed to the continuous growth in our customer base. The total number of trips sold by us grew from approximately 850,000 in 2012 to approximately 1,280,000 in 2013.

Our recognized brand in leisure travel and growing customer base enable us to source a broad range of products from high-quality travel suppliers at competitive prices. We rigorously select our travel suppliers to ensure quality and reliability. We have developed our proprietary supply chain management system N-booking system to streamline our interactions with travel suppliers, allowing them to receive booking information real-time, more efficiently manage travel products and better understand customer preferences.

We have achieved significant growth in recent years. Our net revenues increased from RMB765.5 million in 2011 to RMB1,112.9 million in 2012 and further to RMB1,949.7 million (US\$322.1 million) in 2013, representing a CAGR of 59.6%, and from RMB369.3 million in the three months ended March 31, 2013 to RMB578.2 million in the three months ended March 31, 2014. We had a net loss of RMB91.9 million, RMB107.2 million and RMB79.6 million (US\$13.2 million) in 2011, 2012 and 2013, respectively. Our net loss was RMB62.7 million in the three months ended March 31, 2014, compared to net loss of RMB5.4 million in the three months ended March 31, 2013. We generally collect payments from our customers upon contract confirmation before we pay our travel suppliers, which allows us to generate positive cash flow from operations. Our net cash provided by operating activities was RMB36.3 million,

RMB14.7 million and RMB116.7 million (US\$19.3 million) in 2011, 2012 and 2013, respectively.

Our ability to achieve and maintain profitability depends on our ability to effectively reduce our costs and expenses as a percentage of our net revenues. Our cost of revenues as a percentage of our net revenues decreased from 96.9% in 2011 to 96.5% in 2012 and further to 93.8% in 2013. Cost to suppliers of our organized tours, which were attributed solely to revenues from organized tours, accounted for 92.1%, 93.8% and 92.4% of our

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revenues from organized tours in 2011, 2012 and 2013, respectively. Our operating expenses as a percentage of our net revenues decreased from 16.2% in 2011 to 13.7% in 2012 and further to 11.1% in 2013. Such decreases were primarily attributable to the improved operational efficiency and decrease of our average procurement costs for travel products. However, our past results of operations should not be taken as indicative of our future performance. We plan to increase our sales and marketing efforts, including advertising campaigns, to further increase our market share. Our sales and marketing expenses increased from RMB13.0 million in the three months ended March 31, 2013 to RMB73.5 million in the three months ended March 31, 2014. We also expect our share-based compensation to increase. As a result, we expect our operating expenses to increase in absolute amount. If we fail to effectively reduce our costs and expenses as a percentage of our net revenues, we may not be able to achieve and maintain profitability.

Our Competitive Strengths

We believe the following competitive strengths have contributed to our strong market position:

Leading Online Leisure Travel Company

We are a leading online leisure travel company in China. We reach and serve our customers through multiple online and offline channels. Our *tuniu.com* website and our mobile platform are complemented by our well-trained tour advisors and customer service representatives located at our centralized 24/7 call center and 15 regional service centers across China. According to iResearch, we ranked first in China's online organized tours market as measured by transaction value in 2013, with a market share of 17.6%.

China's leisure travel demand has risen rapidly, driven by the increasing disposable household income and the expanding middle class. Meanwhile, customers are shifting from the highly fragmented offline travel market to online travel companies that offer wider product selection, better value and greater convenience. In addition, consumers of packaged tours with high selling prices and overseas travel products typically require more guidance and advice in their travel planning. We believe our online transaction infrastructure and offline service network, combined with our leading position in the organized tours market, enable us to benefit from the significant growth potential of China's online leisure travel market.

Our strong market position allows us to source a broad range of products from a large number of travel suppliers at competitive prices, which enhances our ability to serve existing customers and attract new customers. Our growing customer base in turn attracts more travel suppliers, creating a virtuous cycle that strengthens our brand and market position.

Trusted Brand Powered by Compelling Customer Experience

We have established Tuniu as a trusted and widely recognized brand in leisure travel in China, powered by a compelling customer experience. According to iResearch, Tuniu was among the top three online leisure travel brands and ranked first in user satisfaction among leisure travel websites in China in 2013. Our online platform presents comprehensive product and travel information through user-friendly interfaces for leisure travelers to search and select products that best suit their needs. We provide in-house developed and user-generated travel guides featuring basic information, photos and sightseeing recommendations for all the destinations we cover. Customers can easily access travel stories and tips on our Travelogue forum for their desired destinations and travelers' reviews on our online platform. We have more than 900,000 customer reviews and over 20,000 travel stories. Our online Q&A feature enables users to raise inquiries and receive timely responses.

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To complement our online platform, we have a team of over 400 well-trained tour advisors who closely assist our customers throughout their booking process. Our tour advisors are equipped with product expertise to guide customers through the details of available packaged tours and provide insightful travel advice. We also operate a centralized toll-free call center with over 100 customer service representatives to provide timely support to customers before, during and after their travels. In addition, we have 15 regional service centers across

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China to answer inquiries, collect visa application materials and process payments for our customers. We proactively collect customer feedback after their travels to continuously improve the quality of our product and service offerings.

Comprehensive Product Offerings

We provide a broad selection of products on our online platform to meet the diverse travel needs and preferences of our customers. We offer packaged tours covering over 70 countries as well as all popular tourist attractions in China. Customers of our packaged tours can choose to depart from 64 domestic departing cities, which cover all major outbound and domestic air routes and airports in China. Our product portfolio consists of over 100,000 SKUs of organized tours, over 100,000 SKUs of self-guided tours, and tickets for over 1,000 domestic and overseas tourist attractions. Our core strength is in the overseas leisure travel products and services, which contributed over 70% of our gross bookings in 2013.

Our customers are presented with a wide array of packaged tours and services for their desired travel destinations based on a number of parameters, such as departing cities and dates, tour duration, number of travelers, price and itineraries. We conduct regular comparison of our packaged tours with competing products to enhance our product selection and value. For some of the popular overseas destinations among Chinese leisure travelers, such as Maldives, we have developed the most comprehensive product offerings. In 2013, customers who joined our packaged tours in Maldives accounted for 10.9% of total Chinese travelers visiting Maldives during the period. We currently also have over 7,000 SKUs of packaged tours covering 25 European countries.

In addition to the packaged tours available on our online platform, we provide customized travel solutions to group and corporate clients. With the professional assistance of our tour advisors, our customers can tailor travel programs and make reservations through us efficiently.

Extensive Supplier Network and Strong Supply Chain Management Expertise

We have established an extensive network of over 3,000 travel suppliers, including tour operators, travel service providers and wholesalers of travel products and services. We work closely with travel suppliers who have significant advantages in the destinations we cover to provide attractive product offerings. Our strong market position in online leisure travel, trusted brand and large customer base allow us to attract travel suppliers and provide them with robust business volume, which incentivizes repeat cooperation and creates a virtuous cycle that strengthens our market position.

We rigorously select travel suppliers to ensure quality and reliability. Our supplier quality engineer, or SQE, team is dedicated to identifying, preempting and mitigating potential supplier quality issues. We impose penalties on travel suppliers for failing to fulfill our service requirements. We perform frequent assessments of our travel suppliers based on customer feedback in order to improve the quality of our product sourcing.

We work closely with our travel suppliers on business planning, budget formulation and product development. We have developed our proprietary supply chain management system N-booking system to streamline our interactions with travel suppliers, allowing them to receive booking information real-time, more efficiently manage their travel products and better understand customer preferences.

Robust Technology Capabilities

We have developed a highly reliable and scalable technology infrastructure to support and enhance our product and service offerings. In addition, we have a technology team comprised of over 300 engineers dedicated to the research

and development of website operation, mobile platform, search engine, data analytics and supply chain management system.

Leisure travel products are non-standardized in nature. They are defined by a multitude of attributes and yield complex datasets that are technically difficult to analyze. Through our experience in the online leisure

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travel market, we have developed search technologies that allow us to retrieve, index, filter and rank complex product information. We are able to prioritize the search results and display information that suits our customers' requirements in a simple and intuitive interface. Our proprietary search engine supports natural language queries, searches by Chinese phonetics (Pinyin) and location-based services search. In addition, we have developed a query search algorithm based on user inputs to enhance our ability to dissect natural language queries.

Furthermore, our technologies enable us to effectively gather and analyze customer behavior and data for procurement, inventory management and marketing. We have developed our big data platform based on a distributed computing system. Such data analytics capabilities help us to gain a deeper understanding of existing and prospective customers and market trends, make customized recommendations to customers, and improve our applications and products accordingly.

Our Strategies

Our goal is to become Chinese consumers' destination for leisure travel products and services. We aim to further expand our online leisure travel market share by pursuing the following strategies:

Expand Our Product Selection and Offering

We intend to continuously extend the breadth and depth of our product portfolio. We plan to further broaden our product selection by expanding our coverage of departing cities and travel destinations, as well as offering more departure time selections. For instance, our focus is to increase the SKUs of organized tours and self-guided tours and we plan to increase the number of departing cities to further penetrate our existing markets. We also intend to further strengthen our leading position in the online overseas leisure travel market. We will continue to expand our portfolio of overseas travel products and services and offer competitive pricing for the overseas destinations we cover. We intend to use approximately US\$10 million (RMB61.5 million) from the net proceeds of this offering to expand our product selection and offerings.

Further Grow Our User Base and Increase Our User Engagement

We intend to continue to utilize various marketing channels, which comprise word-of-mouth referrals, online and offline marketing, cross-marketing and our customer reward program, to drive traffic to our online platform. In addition, we intend to enhance our brand awareness by engaging in additional brand promotion activities, including placing television commercials. We intend to use approximately US\$20 million (RMB123.0 million) from the net proceeds of this offering to expand our sales and marketing efforts.

We plan to develop more features and functionalities of our online platform to deliver a more convenient and personalized user experience. We plan to increase the number of tour advisors and to further enhance our customer service offerings to provide a differentiated customer experience.

We believe that the insightful travelers' reviews and stories will attract more visits to our online platform and enhance our customer loyalty. We plan to further grow our Travelogue forum into a robust community of active leisure travelers by providing more incentives for customers to share their traveling experience and expanding user generated content to include reviews and recommendations of more categories such as hotels and restaurants. We believe that such a robust community can help us increase customer retention rate and reduce acquisition costs in the future.

Strengthen Supply Chain Management

We will continue our rigorous process in qualifying additional travel suppliers. We intend to make our supplier and product selection process more transparent for us to source travel products at more competitive

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prices. We also plan to further take advantage of our search technology to gather user generated content to identify products that interest consumers most and help our travel suppliers improve the quality of their products. We intend to measure the effectiveness of this strategy by measuring the price competitiveness, customer satisfaction and the selection of our travel products. We intend to launch more features and functionality on our N-Booking system to further streamline our inventory management. In addition, we plan to continue to improve our recently launched online marketing services, such as priority listing, prominent placements for bidding and advertisement displays, for our travel suppliers in order to further monetize our user traffic.

Enhance Our Mobile Platform

We will continue to develop our mobile platform with a focus on enhancing our mobile user experience and engagement. During the period from January 1, 2014 to the date of this prospectus, the number of orders placed through our mobile platform accounted for over 25% of total orders placed through our online platform and average daily unique visitors on our mobile platform accounted for approximately 25% of the average daily unique visitors on our online platform. We will increase product offerings available on our mobile platform and offer more discounted travel products which are exclusive to users of our mobile platform. We plan to further expand the functionality of our mobile platform to include more location-based services and recommendations that facilitate travel planning for our customers as well as to provide more support to our customers during their travels. For instance, we intend to launch a series of new mobile applications focusing on destination guides sharing by the end of 2014. We intend to strengthen the social functions of our mobile platform by further encouraging travelers to create and upload content from mobile devices to share their traveling experience anytime and anywhere.

Continue to Invest in Technology and Product Development Capabilities

We plan to continue to focus our research and development efforts on optimizing our technology infrastructure for reliability and scalability to provide a superior user experience on our online platform and strengthening our supply chain management. For example, we plan to add data centers and content delivery network service providers in different cities. We also plan to hire additional research and product development personnel. We intend to further develop our search technology and machine learning technology for systematic categorization and labeling of our travel products to enable more accurate and relevant search results and price comparison. We also plan to further invest in data analytics technology for in-depth analysis of customer data to develop more targeted and personalized marketing solutions. We intend to measure the effectiveness of our investment in technology infrastructure by assessing its capability of supporting the growth of our user traffic and improving the customer experience of our online platform. We intend to use approximately US\$10 million (RMB61.5 million) from the net proceeds of this offering to strengthen our technology and product development capabilities.

Pursue Strategic Alliances and Acquisitions

We may pursue selected strategic alliance and acquisition opportunities that are complementary to our operations to expand our product selection and to enhance our consumer experience. We intend to pursue alliances and acquisitions with prudence and consider opportunities that can add long-term value to our shareholders.

Our Products and Services

We offer a wide array of packaged tours and other travel-related services to meet the diverse travel needs and preferences of leisure travelers in China. Our packaged tours consist of organized tours and self-guided tours. In 2013, our organized tours and self-guided tours accounted for approximately 61% and 37% of our total gross bookings, respectively. During the same period, our other travel-related services accounted for approximately 2% of our total

gross bookings. Our core strength is in the overseas leisure travel products and services, which contributed over 70% of our total gross bookings during the same period.

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Organized Tours

Our organized tours offer the benefits of pre-arranged itineraries, transportations, accommodations, entertainments, meals and tour guide services. By booking an organized tour with us, our customers can achieve cost savings compared to booking each component separately and enjoy a pleasant and hassle-free travel experience.

Our organized tours cover over 70 countries and regions worldwide, including nearly all of the popular tourist destinations among Chinese travelers, such as Thailand, Indonesia (Bali), Korea, Japan, Hong Kong, Europe, the United States and Saipan Islands, as well as all of the popular tourist attractions in China. Organized tours are particularly popular for overseas destinations with language or cultural barriers.

Our organized tour product portfolio also includes local tours, which mainly consist of weekend getaways and themed tours, such as water-village tours, historical-town tours, ski tours and hot spring tours, and mainly target customers who want to spend one to three days away from the departing cities. Typically, local tours have a lower average gross bookings per trip as compared to other types of organized tours.

In addition, to address the needs of group travelers which cannot be satisfied by off-the-shelf travel products, such as companies planning travel retreats and families planning group tours, we provide customized tours to cater to such specific travel needs. Customized tours accounted for approximately 9.0% of our total gross bookings in 2013. Our group travel tour advisors work closely with our travel suppliers and our customers to design travel products and itineraries that meet such customers' unique needs.

Self-guided Tours

Our self-guided tours consist of combinations of flights and hotel bookings and other optional add-ons, such as airport pick-ups. These products are offered at attractive prices compared to booking each travel product separately. Our self-guided tours target leisure travelers who prefer greater flexibility for their vacations and do not need tour guide services. Due to the breadth of our travel suppliers, we are able to provide a wide selection of self-guided tours, covering a large number of hotels and airlines, and have developed the most comprehensive product offerings for selected popular destinations. For example, we cover substantially all of the resort islands in Maldives, and customers of our packaged tours accounted for 10.9% of the Chinese arrivals in Maldives in 2013. We also offer cruise packages, featuring some of the largest cruise lines in the world, such as Royal Caribbean International, Costa Cruise, Star Cruises, MSC Cruises and Princess Cruises.

Other Travel-Related Services

Our other travel-related services comprise mainly sales of tourist attraction tickets and visa processing services. We earn a commission or service fee on these services. In addition, we provide advertising services to domestic and foreign tourism boards and bureaus on our online platform.

Our Online Platform and Offline Service Network

We reach and serve customers through multiple online and offline channels, including our *tuniu.com* website, mobile platform, centralized call center and 15 regional service centers.

Our online platform provides our customers with the tools and information to conveniently plan, book and purchase travel products and services. In addition, our online platform presents comprehensive product information and travel requirements through user-friendly interfaces for leisure travelers to easily search for,

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compare and place orders for product offerings that best suit their needs. We have over 400 well-trained tour advisors and over 100 customer service representatives who are located at our centralized call center supplement our online transaction infrastructure by providing our customers with professional advice and guidance throughout their travel planning and bookings process as well as timely support before and during their travels. The inclusion of a customer-focused, service network is particularly important to customers of our travel products with high selling prices as these customers usually demand more assistance and attention in their travel planning.

Our Website

Our website, *tuniu.com*, provides a one-stop travel platform for our customers from researching travel destinations to booking travel products. In addition to our product information such as tour duration, departure time and destination descriptions, our website features comprehensive travel advice ranging from basic information to professional and user recommendations and travelers' reviews for the destinations we cover. Users can post questions regarding specific products and receive timely responses online from our well-trained tour advisors or customer service representatives, which facilitates their travel planning, product selection, reservations and payments. The user-friendly interface enables users to quickly and easily evaluate and compare a wide array of travel products. Customers can also raise complaints about our travel products and services through the online-messaging function on our website.

We encourage our customers to share photos, stories and other travel-related information on our website. We have built a large and fast-growing collection of customer reviews and travel stories which we believe are attractive and useful to our current and prospective customers. There are more than 900,000 customer reviews and over 20,000 travel stories and destination guides on our website. The Travelogue forum on our website, which is organized based on destinations, provides our customers with an easy and intuitive way to access various topics of interest. Registered members can share their travel experiences and interact with other members by posting questions and receiving answers from fellow forum members. We have a comprehensive collection of descriptions and photos of different destinations. Our website also provides other useful travel-related information, such as weather forecast, exchange rate, train schedule and subway maps to further enhance user experience.

A transaction on our website generally involves the following steps:

Browse. A customer typically enters one of our over 60 city webpages by selecting his location or departing city. The customer can easily browse our product selection by travel destination. In order to allow customers to locate the products they are interested in, our website also arranges our travel product offerings into different categories, such as organized tours, self-guided tours, corporate tours, cruises, tickets for tourist attractions, self-drive tours and visa applications. The customer can also choose to browse through our best-sellers for each of local tours, domestic tours, overseas tours, self-guided tours and tickets for tourist attractions.

Search and Select. A customer conducts a search for a particular product on our website by defining desired parameters, such as destinations, departing cities, departure time, product types, tour duration, number of travelers, prices and itineraries. We provide the customer with information regarding each travel product in details together with photographs of the destinations and hotels as well as customer reviews and ratings. Our website displays various possible selections and provides additional information about the products. The customer can sort, refine or rank search results by further defining certain search parameters such as price range, customer ratings, popularity and keywords. Our online Q&A feature enables the customer to raise inquiries and receive timely responses to facilitate their research. In addition, the comparison tool on our website displays details of different travel products side-by-side, enabling the customer to evaluate different travel products easily.

Order Placement. After a customer has selected a particular option, our website will provide the customer with an opportunity to review details of the travel products and services being purchased and the terms and

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conditions of such purchase. The customer can also request assistance and professional advice from our tour advisors who will promptly follow up and interact with the customer online or by phone.

Contract Confirmation. At this stage, a customer is required to confirm that he agrees to the terms and conditions of his purchase. The customer can submit his confirmation online or sign the contract related to his purchase in one of our regional service centers or send us the signed contract. Contracts are entered between us and the customer directly.

Payment. After confirming the terms of a contract, a customer will be directed to the payment webpage. We offer our customers the flexibility to choose a number of payment options, which include bank transfers, credit cards, debit cards and online payment through third-party online payment platforms. In addition, the customer can pay at one of our regional service centers. The customer can also deduct the purchase price of our travel products by using our coupons and travel vouchers. Electronic confirmations are sent to the customer's e-mail addresses or mobile phones and the customer can use the itinerary management function on our website to check his booking details as well as amend or cancel his bookings.

Review. After completing their trips, a customer is provided with incentives such as coupons to return to our website to write reviews and travel stories and share his experience on our Travelogue forum. Such cycle increases transparency on our travel product quality and increases customer stickiness. We regard customer reviews and travel stories, which provide valuable information to potential customers, as important criteria in assessing the quality and performance of our travel suppliers and travel products.

We offer customized services via a sophisticated account management system accessible on our online platform. After logging on with a unique identification, a customer can track order status, manage itineraries and check membership points, coupons and travel vouchers.

Our Mobile Platform

Our Android- and Apple iOS-based mobile applications, such as *Tuniu Travel*, and the mobile version of our website, *m.tuniu.com*, allow customers to search for travel products and services and place orders. Our mobile platform also enables customers to track their order status and provides other location-based services to allow users to quickly locate a variety of scenic spots nearby.

Through *Tuniu Travel*, our customers can search for travel products and services and complete a booking within minutes. *Tuniu Travel* also serves as an important and integral part of customers' research on travel-related information. Customers often use our in-house developed and user-generated travel guides and other user generated content, such as customer reviews, travel stories, tips and recommendations, on our *Tuniu Travel* to plan their travels. In addition, we offer discounted travel products that are exclusive to users of *Tuniu Travel* for limited periods to enhance our mobile user engagement and increase monetization.

Our Customer Services

When selecting a travel company or platform, leisure travelers often look beyond factors such as prices and selection and focus on enjoyable experiences, in which our customer services play a crucial part. We believe that the quality customer services provided by our well-trained tour advisors and customer service representatives gravitate our customers towards our online platform.

Offline nationwide service network. Our call center is located in our headquarters in Nanjing. Over 100 customer service representatives in our call center provide 24-hour-a-day, seven-day-a-week customer services before, during

and after travels, from answering customers' initial inquiries on their travel-related needs to assisting them in making and amending their travel bookings. For inquiries on detailed product information and itinerary management, our customer service representatives allocate them according to destinations to our in-

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house tour advisors, who follow up with our customers within half an hour to address their concerns and needs. We have implemented comprehensive performance measures to monitor our calls to ensure our customers receive quality services. In October 2013, we obtained the Best Call Center Award in the CCM Awards 2013 jointly organized by CCMWorld Group and CC-CMM Organization. In addition, we have 15 regional service centers located in major cities in China, including Beijing, Shanghai, Nanjing, Hangzhou, Suzhou, Tianjin, Shenzhen, Chengdu, Wuhan, Chongqing, Ningbo, Xian, Wuxi, Shenyang and Guangzhou, to handle inquiries from customers as well as process visa applications and payments.

Tour Advisors. We have over 400 tour advisors who are well-trained through in-house training workshops as well as training sessions provided by our travel suppliers to closely assist our customers throughout their travel planning and booking process from pre-sale consultation to final order confirmation. Our tour advisors are equipped with product expertise to guide customers through the details of available packaged tours on our online platform and provide insightful advice on customers' desired travel destinations. Our tour advisors provide professional guidance on product selection, price, travel requirements and payment to ensure an efficient and informed shopping experience.

To create a better travel experience for our customers, we are committed to sharing part of their losses in certain unexpected events. For example, if our customers cannot travel due to death, pregnancy, serious injuries, hospitalization or rejection of visa applications after entering into contracts with us, we will provide them with travel vouchers equivalent to a portion of the amounts paid and are redeemable towards the purchase of our travel products at a later time.

Supply Chain Management

We have over 3,000 travel suppliers, which primarily include tour operators, travel services providers and wholesalers of travel products and services in China. We believe that our ability to enable our travel suppliers extend their reach to potentially millions of Internet users in China and fulfill their needs for inventory management attracts new quality travel suppliers and builds stronger ties with our existing travel suppliers. We have a product procurement team of over 300 staff dedicated to developing and enhancing our relationships with existing and prospective travel suppliers.

We source a broad range of products from travel suppliers who have significant advantages in the destinations we cover and offer the travel products at competitive prices, which enhances our ability to attract more customers to our online platform. Our growing customer base in turn attracts more travel suppliers, creating a virtuous cycle that strengthens our leading market position.

For example, Beijing Utour International Travel Service Co., Ltd., or Utour, a travel company listed on the Shenzhen Stock Exchange, became our travel supplier in 2009. Within one year of our cooperation, we became Utour's top five wholesale customer with purchases of over RMB10 million (US\$1.7 million) in 2010. We have been strengthening our cooperation with and sourcing an increasing number of travel products from Utour in recent years. Our purchases from Utour grew from approximately RMB25 million (US\$4.1 million) in 2011 to RMB45 million (US\$7.4 million) in 2012 and to RMB90 million (US\$14.9 million) in 2013, and became its largest wholesale customer in 2012 and 2013.

We generally enter into contracts with our travel suppliers based on our standard form. Our travel suppliers often pay us rebates based on our business volume. In addition, some of our travel suppliers require prepayments for reserving tour availabilities. Typically, we settle payment with our travel suppliers on a monthly basis, although our travel suppliers can also request for an early settlement on a discount basis. To date, substantially all of our travel suppliers have sought to pursue continuing cooperation opportunities with us.

We conduct a rigorous process in qualifying travel suppliers and in selecting their travel products and services. In qualifying a potential travel supplier, we focus on its reputation, product quality, track record, credibility and price competitiveness.

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In addition, our travel suppliers can participate in biddings for priority listing, prominent placements for bidding and advertising displays on our website for the travel products they supply.

Product Selection

We adopt an open-source procurement strategy to source quality travel products in the destinations we cover. Our product procurement team works closely with our travel suppliers to ensure that customers are provided with high-quality travel products. In addition, we conduct regular price comparison for our travel products to assess the competitiveness of our pricing.

Supply Management

We generally do not take inventory risks, other than during peak travel periods or for selected destinations and travel routes where we enter into certain contractual arrangements with our travel suppliers to reserve tours, and unsold travel products are generally refundable within an agreed time period. We host one major procurement event each year and present our major travel suppliers with our estimated volume demand. We also constantly communicate with our travel suppliers, mainly through our product procurement team and our proprietary N-Booking system, to keep them informed of any changes to the supply outlook so that they can respond to customer demand in a timely manner. This helps us and our travel suppliers make timely adjustments to procurement plans.

Supplier Quality Control

We have developed product and service provision protocols for travel suppliers to follow. Our SQE team also evaluates travel suppliers based on customer feedback and provides recommendations for travel suppliers to improve their service quality and the products they supply. We impose penalties on our travel suppliers or cease selling their travel products if the products fail to meet our quality standards or if we receive valid complaints from our customers. We also prepare regular assessment reports on our travel suppliers based on the popularity, quality and price competitiveness of their travel products. To monitor and further improve the quality of our travel suppliers and the products and services we offer, we proactively collect feedback from our customers after their travels.

N-Booking System

We have developed a proprietary N-Booking system that offers our travel suppliers the following features:

Product Management. Travel suppliers can submit details of their travel products via an easy-to-navigate online interface. After our review and approval, we will post the details provided by the travel suppliers and the prices determined by us on our online platform. In addition, our N-Booking system provides travel suppliers with an option to use descriptions and photos of destinations and tourist attractions in our database.

Just-In-Time Management. Our N-Booking system provides travel suppliers with an access to real-time inventory data and gives them a wide range of inventory management tools. Our N-Booking system also notifies travel suppliers on any changes in the inventory level of the travel products we source from them, which enables them to adjust their procurement and sales plans timely. As such, we are able to deliver real-time information on product availability and provide our customers with prompt booking and order confirmations.

Account Management. Our travel suppliers can review details of transaction history on our N-Booking system. They can also submit requests for early settlement of their account balance with us on a discount basis.

Data Analysis. Supported by our big data platform, travel suppliers can analyze and understand user behavior based on their browsing history. Travel suppliers can keep track of traffic brought to the travel products

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supplied by them on our online platform and are able to evaluate the competitiveness of different travel products. We believe the user information gathered from our online platform reflects the current leisure travel market trends in China and provides excellent market insights to our travel suppliers for their procurement planning and product design. By leveraging on our data mining and analytics capabilities, travel suppliers are able to develop a more in-depth understanding of the behaviors and preferences of customers, potentially unlocking significant values.

Technology

We have built our technology infrastructure with high levels of performance, reliability, scalability and security to ensure superior customer and supplier experience. We rely on internally developed proprietary technologies and licensed technologies to manage and improve our website, mobile platform and management systems. We have a team of over 300 engineers dedicated to the research and development of website operation, mobile platform, search engine, data analytics and supply chain management system.

We believe that an advanced technology platform is vital to our growth and success. In 2012, we obtained ISO 9001:2008 certification for our quality management system and ISO 27001:2005 certification for our information security management system in the design, development and maintenance of our online platform, indicating our compliance with internationally recognized standards for quality control.

Product Search

We strive to present relevant and useful search results in a timely fashion to ensure the accuracy, efficiency and synchronism of our search results. Despite the difficulties in analyzing leisure travel products data, we have developed search technologies that allow us to retrieve, index, filter and rank real-time product information. We are able to prioritize the search results and display information most suited to our customers' requirements in a simple and intuitive interface in real time. Our core search technologies include the following:

Real-time Indexing. Our search infrastructure enables changes of product data be indexed, processed and reflected in the search results on a real-time basis.

Smart Caching. We maintain a database with massive product information on packaged tours, hotels, flights and other travel-related services. We have designed an auto-prioritizing method to update the database by ranking popular products based on different criteria, such as popular cities, most-visited attractions, top-rated products and most-viewed products. Different refreshing frequencies are applied to different products.

Accuracy Checking. Our accuracy checking software complements our smart caching system and is implemented to display the latest product information such as prices and product descriptions. When a user clicks on the interested search result, an accuracy checker is triggered to retrieve the updated product information and present it to the user.

Fuzzy Query Processing. We maintain a dictionary for travel-related keywords in Chinese, where keywords are classified and linked to each other based on their meanings. We have also developed a query search algorithm based on user inputs to enhance our ability to dissect natural language queries. Such technologies help us better understand meanings of the queries and to produce most relevant and useful search results. We also provide additional search features such as query spelling correction, query suggestion and search by Chinese phonetics (Pinyin).

Big Data Analysis

We gather and analyze customer behavior and data for our procurement, inventory management and marketing. We also provide selected data to our travel suppliers, enabling them to optimize their product designs and marketing strategies.

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Big Data Platform. We have developed our big data platform based on a distributed computing system. Such data analytics capabilities help us to gain a deeper understanding of existing and prospective customers and market trends, make customized recommendations to customers and improve our applications and products accordingly.

Streaming Data Analysis. We have also built a streaming data processing pipeline based on our big data platform to view the browsing history of the users of our online platform and allowing our travel suppliers to review their performance data near real-time.

Web Content Mining. Our web content processing system links user generated content which includes customer reviews, travel stories and tips as well as destination guides such as locations, hotels and tourist attractions. This allows users of our online platform to obtain information of different destinations and travel products and services in a user-friendly manner.

N-Booking System

Our N-Booking system streamlines the interactions between us and our travel suppliers. Our N-Booking system also allows our travel suppliers to receive booking information real-time, more efficiently manage travel products and better understand customer preferences. See [Supply Chain Management](#) [N-Booking System](#).

CRM System

Through a customer relationship management system, or CRM system, we gather, analyze and make use of internally-generated customer behavior and transaction data based on customers' historical purchase and browsing records. We regularly use this information in budgeting and procurement planning as well as in planning our marketing initiatives and promotional campaigns.

Data Security

Our system servers are housed in Nanjing and Beijing, and have secure and dedicated communication links among them. All data are backed up on an hourly basis. Our system servers utilize digital certificates to help us conduct secure communications and transactions. The performance of our system servers is monitored and maintained by an internal team that operates 24 hours a day, seven days a week. Customer sensitive information, such as password and payment information, is stored with encryption, and our data servers are secured with firewalls.

Marketing and Brand Building

We believe that we have created a strong Tuniu brand that is commonly associated in China with high-quality packaged tours and superior customer experience. With our marketing slogan, *Go Tour, Go Tuniu*, we seek to become Chinese customers' destination for leisure travel products and services. Our website, tuniu.com, is one of the most popular online travel websites among leisure travelers in China, according to Alexa.com, a web information company.

We have entered into agreements with a number of search engines, pursuant to which we have purchased travel-related keywords or directory links that direct users to our website. In addition, we have a strong presence in online social media such as Tencent's WeChat and Sina's Weibo. We believe that our presence in online social media enables us to grow and maintain engagement with our targeted customers.

We also conduct offline advertising primarily via outdoor advertising. Our offline advertising plays an important role in building up the image of our brand and generates exposure to members of the public. Our other marketing programs

and initiatives include targeted campaigns and promotional and seasonal offers. In addition,

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some domestic and foreign tourism boards and bureaus have cooperated with us to participate in promotional events and marketing campaigns.

As part of our cross-marketing effort, we have agreements with financial institutes to recommend our products and services to their debit or credit card holders, and we allow these cardholders to settle their payments for travel products purchased from us using these cards with discounts. For instance, we cooperated with Bank of Jiangsu, China Construction Bank and China CITIC bank and launched co-branded credit cards, through which cardholders may book with us and are entitled to discounts, bonus points and certain other privileges.

Furthermore, our customer reward program allows our customers to accumulate membership points and coupons as they purchase travel products and services. Our membership points have a fixed validity term and, before expiry, customers may redeem these points for future purchases. Our customer reward program is designed to encourage repeat purchases. Currently, our membership has five levels. For customers who meet certain spending thresholds, we upgrade their membership status to the next level, entitling them to further discounts and more points for their spending. For customers who have achieved the top two levels of membership status, we provide them with designated customer service representatives to handle their travel needs.

Competition

We compete primarily with all other types of online travel companies. In addition, we compete with traditional travel service providers and tour operators. In our self-guided tour business, as we sell packaged tours which include flights and hotels, we also compete with airlines and hotels, which in recent years have made efforts to improve their direct sales. Large, established Internet search engines have also launched applications offering travel products in various destinations around the world. Factors affecting our competitiveness include, among other things, price, availability and breadth of choice of travel products and services, brand recognition, customer services, and ease of use, accessibility, security and reliability of our transaction and service infrastructure.

Some of our current and potential competitors may have greater financial, marketing and other resources than we do. In addition, certain of our competitors may be acquired by, receive investment from or enter into strategic relationships with larger, well-established and well-financed companies or investors. They may be able to devote greater resources to marketing and promotional campaigns and devote substantially more resources to website and system development than us. See **Risk Factors** **Risks Related to Our Business and Industry** We face intense competition and we cannot compete successfully against existing and new competitors.

Intellectual Property

Our success and ability to compete depend, in part, upon our ability to establish and adequately protect our intellectual property rights. In this regard, we rely primarily on a combination of copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such as confidentiality agreements with our employees and others. We have registered 20 computer software copyrights, one patent and four artwork copyrights in China, and are applying for four patents in China. In addition, we have registered 35 domain names that are material to our business, including *tuniu.com*, and 67 trademarks, including (the Chinese characters of Tuniu), and in China.

Table of Contents**Employees**

We had a total of 1,485, 938 and 1,415 employees as of December 31, 2011, 2012 and 2013, respectively. As of December 31, 2013, we had 1,333 employees in our headquarters in Nanjing and 82 employees in our regional service centers. The following table sets forth the numbers of our employees, categorized by function, as of December 31, 2013:

Function	Number of Employees
Management and administration	197
Tour advisor	441
Call center	84
Sales and marketing	56
Research and product development	555
Regional service centers	82
Total	1,415

We enter into standard employment agreements with all our employees. We also enter into confidentiality agreements with certain directors and executive officers that impose confidentiality obligations until the relevant information becomes public or are no longer considered confidential by us. In addition to salaries and benefits, we provide stock-based compensation and performance-based bonuses for our employees and commission-based compensation for our sales personnel.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, medical insurance, unemployment insurance, maternity insurance, job-related injury insurance and housing fund. We are required by PRC laws to make contributions to employee social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees.

Our success depends on our ability to attract, retain and motivate qualified personnel. We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes.

Facilities

Our principal executive offices, consisting of our administrative center, sales and marketing division, technical services department, and call center, are located on leased premises in Nanjing comprising approximately 26,535 square meters. In addition, our regional service centers are located on leased premises with an aggregate of approximately 2,701 square meters in 15 cities in China. We lease these premises under lease agreements from unrelated third parties, and we plan to renew these leases from time to time as needed. We believe that the facilities that we currently lease are adequate to meet our needs for the foreseeable future, and we believe that we will be able to obtain adequate facilities, principally through leasing of additional properties, to accommodate our future expansion plans.

Insurance

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased travel companies liability insurance covering expenses related to accidents caused by us. We have also maintained property insurance policies for our fixed assets covering losses due to fire, explosion, lightning, storm, landslide, subsidence and aircraft damage.

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Legal and Administrative Proceedings

We are currently not a party to, and are not aware of any threat of, any legal, arbitration or administrative proceedings that, in the opinion of our management, are likely to have a material and adverse effect on our business, financial condition or results of operations. From time to time, we have become, and may in the future become, a party to various legal or administrative proceedings or claims arising in the ordinary course of our business, involving contract disputes and other claims. Regardless of the outcome, legal or administrative proceedings or claims may have an adverse impact on us because of defense and settlement costs, diversion of management attention, and other factors.

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PRC REGULATION

This section sets forth a summary of the significant regulations or requirements that affect our business activities in China or our shareholders' rights to receive dividends and other distributions from us.

Regulations on Value-Added Telecommunication Services

The PRC government extensively regulates the telecommunications industry, including the Internet sector. The PRC State Council, the MIIT, the Ministry of Commerce, the State Administration for Industry and Commerce, or the SAIC, the State Administration of Press, Publication, Radio, Film and Television (formerly the General Administration of Press and Publication) and other relevant government authorities have promulgated an extensive regulatory scheme governing telecommunications, Internet-related services and e-commerce. However, since China's telecommunications industry and Internet-related industry are at an early stage of development, new laws and regulations may be adopted from time to time that will require us to obtain additional licenses and permits in addition to those that we currently have, and will require us to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future Chinese laws and regulations applicable to the telecommunications, Internet-related services and e-commerce. See **Risk Factors** **Risks Related to Doing Business in China** **Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.**

Licenses for Value-Added Telecommunication Services

The Telecommunications Regulations issued by the PRC State Council in September 2000 are the primary regulations governing telecommunication services. The Telecommunications Regulations set out the general framework for the provision of telecommunication services by PRC companies. Under the Telecommunications Regulations, it is a requirement that telecommunications service providers procure operating licenses prior to commencement of their operations. The Telecommunications Regulations draw a distinction between basic telecommunications services and value-added telecommunications services. Internet content provision services, or ICP services, is a subcategory of value-added telecommunications services.

Pursuant to the Administrative Measures for Telecommunications Business Operating Permit promulgated by the MIIT in March 2009, as amended in December 2011, there are two types of telecommunication operating license for operators in China, namely, licenses for basic telecommunications services and licenses for value-added telecommunications services. The operation scope of the license will specify the permitted activities of the enterprise to which it is granted. An approved telecommunication services operator must conduct its business in accordance with such specifications.

Pursuant to the Administrative Measures on Internet Information Services, promulgated by the PRC State Council in September 2000, commercial Internet information services operators must obtain an ICP license, from the relevant government authorities before engaging in any commercial Internet information services operations within the PRC. Nanjing Tuniu, our consolidated affiliated entity, obtained an ICP license issued by the Jiangsu Administration of Telecommunication which will expire in November 2017. Nanjing Tuniu increased its registered share capital in March 2014 and is in the process of updating its ICP license to reflect such increase. We expect Nanjing Tuniu to receive the updated ICP license in the near future.

The Internet Electronic Bulletin Service Administrative Measures promulgated by the MIIT in November 2000 require Internet information services operators to obtain specific approvals before providing BBS services, which include electronic bulletin boards, electronic forums, message boards and chat rooms. In July 2010, the requirement of

BBS approval was terminated by a decision issued by the PRC State Council. However, in practice, the relevant authorities still require obtaining such approval for the operation of BBS services. We have applied to the Jiangsu Administration of Telecommunication for, but not yet obtained, an approval for the operation of BBS services on our website, and we have not been informed by the relevant government authority on whether or when we will be granted such approval.

Table of Contents***Foreign Investment in Value-Added Telecommunications Services***

The Catalogue for the Guidance of Foreign Investment Industries, or the Catalogue, as promulgated and amended from time to time by the Ministry of Commerce and the National Development and Reform Commission, is the principal guide to foreign investors' investment activities in the PRC. The most updated version of the Catalogue, which was promulgated in 2011, divides the industries into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC laws and regulations. A wholly foreign-owned enterprise is generally permitted for encouraged industries, while for restricted industries, such as value-added telecommunications service industry, there are some limitations to the ownership and/or corporate structure of the foreign-invested companies that operate in such industries. Industries in the prohibited category are not open to foreign investors.

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the PRC State Council in December 2001 and amended in September 2008, the ultimate foreign equity ownership in a value-added telecommunications services provider may not exceed 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunication business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunication business overseas. Foreign investors that meet these requirements must obtain approvals from the MIIT and the Ministry of Commerce or their authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued telecommunications business operating licenses to only a limited number of foreign-invested companies, all of which are Sino-foreign joint ventures engaging in the value-added telecommunication business.

The MIIT Circular issued in July 2006 reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain a business operating license for Internet content provision to conduct any value-added telecommunications business in China. Pursuant to the MIIT Circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the domestic ICP license holder or its shareholders. The MIIT Circular further requires each ICP license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations.

In light of the aforesaid restrictions, we rely on Nanjing Tuniu, our consolidated affiliated entity, to hold and maintain the licenses necessary to provide online marketing services and other value-added telecommunications services in China. For a detailed discussion of our contractual arrangements, please refer to Corporate History and Structure. To comply with these PRC regulations, we operate our website and value-added telecommunications services through Nanjing Tuniu. Nanjing Tuniu holds an ICP license and owns all domain names used in our value-added telecommunications businesses. Nanjing Tuniu is also the owner of all registered trademarks used in our value-added telecommunications businesses and is the applicant of all registered trademark applications we are currently making.

Regulations on Information Security and Censorship

The PRC government regulates and restricts Internet content in China to protect state security and ensure the legality of the Internet content. The National People's Congress, China's national legislative body, enacted a Decision on the Safeguarding of Internet Security in December 2000, as subsequently amended in August 2009, among other things,

makes it unlawful to: (1) gain improper entry into a computer or system of strategic

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importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; or (5) infringe intellectual property rights. Pursuant to the Administrative Measures on Internet Information Services and other applicable laws, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content which violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Internet service providers are required to monitor their websites, including electronic bulletin boards. They may not post or disseminate any content that falls within these prohibited categories and must remove any such content from their websites. The PRC government may shut down the websites of ICP license holders that violate any of the above-mentioned content restrictions and revoke their ICP licenses. In addition, the MIIT has published regulations that subject ICP operators to potential liability for content displayed on their websites and the actions of users and others using their systems, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local Internet service provider to block any Internet website at its sole discretion. From time to time, the Ministry of Public Security has stopped the dissemination over the Internet of information which it believes to be socially destabilizing.

The Ministry of Public Security has promulgated the Administrative Measures for the Security Protection of International Connections to Computer Information Network in December 1997 that prohibit the use of the Internet in ways which, among other things, result in a leakage of State secrets or the distribution of socially destabilizing content. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. Under PRC law, state secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities.

In December 2005, the Ministry of Public Security promulgated Provisions on Technological Measures for Internet Security Protection. These measures and the Administrative Measures on Internet Information Services require all ICP operators to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of listings by users) for at least 60 days and submit the above information as required by laws and regulations. The ICP operators must regularly update information security and censorship systems for their websites with local public security authorities, and must also report any public dissemination of prohibited content. If an ICP operator violates these measures, the PRC government may revoke its ICP license and shut down its websites. Pursuant to the Decision on Strengthening Network Information Protection issued by the Standing Committee of the PRC National People's Congress in December 2012, ICP operators must request identity information from users when ICP operators provide information publication services to the users. If ICP operators come across prohibited information, they must immediately cease the transmission of such information, delete the information, keep relevant records, and report to relevant government authorities. In July 2013, the MIIT promulgated the Regulation on Protection of Personal Information of Telecommunications and Internet Users to provide for more detailed rules in this respect.

In addition, the State Secrecy Bureau has issued provisions authorizing the blocking access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets.

As Nanjing Tuniu is an ICP operator, it is subject to the laws and regulations relating to information security. To comply with these laws and regulations, it has completed the mandatory security filing procedures with the local public security authorities, regularly update their information security and content-filtering systems with newly issued content restrictions, and maintains records of users' information as required by the relevant laws and regulations. Nanjing Tuniu has also taken measures to delete or remove links to content that to its knowledge contains information violating PRC laws and regulations. Majority of the content posted on our online platform is first screened by our

filtering systems. Content containing prohibited words or images is then manually screened by employees who are dedicated to screening and monitoring content published on our

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platform and removing prohibited content. We believe that with these measures in place, no prohibited content under PRC information security laws and regulations should have been publicly disseminated through our online platform in the past. However, there is significant amount of content posted on our online platform by our users on a daily basis. If any prohibited content is publicly disseminated in the future and we become aware of it, we will report it to the relevant government authority. We believe these measures taken by us are generally in compliance with the relevant laws and regulations.

If, despite the precautions, we fail to identify and prevent illegal or inappropriate content from being displayed on or through our online platform, we may be subject to liability. In addition, these laws and regulations are subject to interpretation by the relevant authorities, and it may not be possible for us to determine in all cases the types of content that could result in liability. To the extent that PRC regulatory authorities find any content displayed on or through our online platform objectionable, they may require us to limit or eliminate the dissemination or availability of such content or impose penalties, including the revocation of our operating licenses or the suspension or shutdown of our online operations. In addition, the costs of compliance with these regulations may increase as the volume of content and the number of users on our online platform increases.

Regulations on Internet Privacy

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have promulgated laws and regulations on Internet use to protect personal information from any unauthorized disclosure. The Decision on Strengthening Network Information Protection and the Regulation on Protection of Personal Information of Telecommunication and Internet Users provide that information that identifies a citizen, the time or location for his use of telecommunication and Internet services, or involves privacy of any citizen such as his birth date, ID card number, and address is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. ICP operators are also prohibited from collection and use of personal information after a user has stopped using the services. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss as well as conducting a self-examination of their protection of personal information at least once a year. The Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. Pursuant to the Internet Electronic Bulletin Service Administrative Measures, ICP operators that provide electronic messaging services must keep users' personal information confidential and must not disclose the personal information to any third party without the users' consent or unless required by law. The relevant telecommunications authorities are further authorized to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of the relevant websites, administrative punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on Internet privacy. Such requirements are reiterated by the Regulation on Protection of Personal Information of Telecommunications and Internet Users. If an ICP operator appoints an agent to undertake any marketing and technical services that involve the collection or use of personal information, the ICP operator is required to supervise and manage the protection of such information. Any violation may subject the ICP operators to warnings, fines, disclosure to the public and, in the most severe cases, criminal liability. The PRC government, however, has the power and authority to order ICP operators to turn over personal information if an Internet user posts any prohibited content or engages in illegal activities on the Internet.

Regulations on Air-ticketing

Air-ticketing business is subject to the supervision of the China Aviation Transportation Association, or CATA, and its regional branches. Currently the principal regulation governing air-ticketing agencies in China is the

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Rules on Certification of Qualification for Civil Aviation Transport Sales Agencies, or the Air Ticketing Rules, issued by the CATA, which became effective on March 31, 2006. Under the Air Ticketing Rules and relevant foreign investment regulations, any company acting as an air-ticketing sale agency must obtain approval from the CATA, and a foreign investor currently cannot own 100% of an air-ticketing agency in China, except for qualified Hong Kong and Macau aviation marketing agencies. In addition, foreign-invested air-ticketing agencies are not permitted to sell passenger airline tickets for domestic flights in China, except for Hong Kong and Macau aviation marketing agencies. In addition, CATA issued the Supplementary Rules Regarding Sales via the Internet in 2008. These Supplementary Rules provide that, effective as of June 1, 2008, if an air-ticketing sales agency would like to engage in sales via the Internet, it must obtain an ICP license from the local counterpart of the MIIT and must complete a commercial website registration with the AIC. Although we request that our travel suppliers provide their licenses or permits to us before entering into agreements with them, we cannot ensure that all of our travel suppliers engaged in the air ticketing sales agency service obtained, and maintained, all necessary permits. See **Risk Factors Risks Related to Our Business and Industry** We may not be able to adequately control and ensure the quality of travel products and services sourced from our travel suppliers. If there is any deterioration in the quality of their performance, our customers may not continue using our online platform.

Regulations on Hotel Operation

In November 1987, the Ministry of Public Security issued the Measures for the Control of Security in the Hotel Industry, and in June 2004, the PRC State Council promulgated the Decision of the PRC State Council on Establishing Administrative License for the Administrative Examination and Approval Items Really Necessary To Be Retained. Under these two regulations, anyone who applies to operate a hotel is subject to examination and approval by the local public security authority and must obtain a special industry license. The Measures for the Control of Security in the Hotel Industry impose certain security control obligations on the operators. For example, the hotel must examine the identification card of any guest to whom accommodation is provided and make an accurate registration. The hotel must also report to the local public security authority if it discovers anyone violating the law or behaving suspiciously, or an offender wanted by the public security authority.

In April 1987, the PRC State Council promulgated the Public Area Hygiene Administration Regulation, which requires hotels to obtain a public area hygiene license before opening for business. In March 2011, the Ministry of Health promulgated the Implementation Rules of the Public Area Hygiene Administration Regulation, which require, starting from May 1, 2011, hotel operators to establish hygiene administration system and keep records of hygiene administration. In February 2009, the Standing Committee of the National People's Congress, or the SCNPC, enacted the PRC Law on Food Safety, which requires any hotel that provides food to obtain a food service license.

The Fire Prevention Law, as amended by the SCNPC in October 2008, and the Provisions on Supervision and Inspection on Fire Prevention and Control, promulgated by the Ministry of Public Security and effective as of May 1, 2009, require that public gathering places such as hotels submit a fire prevention design plan in order to apply for completion acceptance of fire prevention facilities for their construction projects and to pass a fire prevention safety inspection by the local public security fire department, which is a prerequisite for opening business.

In January 2006, the PRC State Council promulgated the Regulations for Administration of Entertainment Places. In March 2006, the Ministry of Culture issued the Circular on Carrying Out the Regulations for Administration of Entertainment Places. Under these regulations, hotels that provide entertainment facilities, such as discos or ballrooms, are required to obtain a license for entertainment business operations.

We cannot ensure that all of the hotels that we offer to our customers have obtained, and maintained, all necessary permits and licenses. See **Risk Factors Risks Related to Our Business and Industry** We may not be able to adequately

control and ensure the quality of travel products and services sourced from our travel suppliers. If there is any deterioration in the quality of their performance, our customers may not continue using our online platform.

Table of Contents**Regulations on Travel Companies**

The travel industry is subject to the supervision of the China National Tourism Administration, or CNTA, and local tourism administrations. The principal regulations governing travel companies in China include: (i) the Regulation on Travel Companies, or the Travel Company Regulations, issued by the PRC State Council in February 2009, which became effective as of May 1, 2009, and which replaced the Administration of Travel Companies Regulations (1996), (ii) the Implementation Rules for the Regulation on Travel Companies (the Travel Company Implementation Rules), promulgated by the CNTA in April 2009, which became effective as of May 3, 2009, and (iii) the Tourism Law issued by the Standing Committee of the National People's Congress on April 25, 2013, which became effective as of October 1, 2013. Under these regulations, a travel company must obtain a license from the CNTA to conduct cross-border travel business and a license from the provincial-level tourism administration to conduct domestic travel company business.

The Travel Company Regulations permit foreign investors to establish wholly foreign-owned travel companies, as well as joint ventures and cooperative travel companies. Foreign-owned travel companies are allowed to open branches nationwide, but are restricted from engaging in overseas travel business in China, unless otherwise determined by the PRC State Council, or provided under a bilateral free trade agreement between the country and China, or the closer economic partnership agreements between China, Hong Kong and Macau. The Travel Company Implementation Rules define certain terms used in the Travel Company Regulations, for example, the definition of domestic tourism business, inbound travel business and overseas travel business, and set out detailed application requirements to establish a travel company. The Travel Company Implementation Rules also clarify certain aspects of legal liability for travel companies as prescribed in the Travel Company Regulations.

Pursuant to the Tourism Law, travel companies are prohibited from arranging for compulsory shopping or other activities which charge additional fees on top of the contract prices that tourists have already paid, unless it is agreed upon by both parties through consultation or requested by the tourists and does not affect the itinerary of other tourists. Travel companies are required to pay quality deposits for compensation for damage to tourists' rights and advance payment of expenses for emergency assistance when the tourists' personal safety is in danger. Travel companies are required to engage tour guides, who are required to strictly follow the itineraries and are prohibited from altering arrangement without the consent of customers, suspending to provide services, requesting tips from tourists, and arranging for compulsory shopping or other activities which charge additional fees on top of the contract prices that tourists have already paid by way of induction, deception, coercion or in other illegal forms. The information that travel companies release to attract or organize tourists is required to be authentic and accurate, and no false publicity can be made to mislead tourists. In addition, travel companies conducting business via the Internet are required to present information of their travel company licenses on their websites, and ensure the truthfulness and accuracy of the travel-related information they release on their websites. Generally, travel companies soliciting tourists are required to take primary liabilities for any breach of travel contracts, including personal injury or property loss suffered by the tourists attributable to travel service providers and tour operators at destinations and their suppliers.

In 2010, CNTA released the Measures for Dealing with Tourism Complaints, which took effect as of July 1, 2010. Under these Measures, authorities which are responsible for dealing with tourist complaints are required to render a decision on the complaints within 60 days after the date of receipt thereof.

Although we take measures, such as requesting travel suppliers to provide their relevant permits and/or licenses, we cannot make sure that all of our travel suppliers maintained all necessary permits. See Risk Factors Risks Related to Our Business and Industry We may not be able to adequately control and ensure the quality of travel products and services sourced from our travel suppliers. If there is any deterioration in the quality of their performance, our

customers may not continue using our online platform.

In November 2010, CNTA and CIRC jointly promulgated the Measures for the Administration of the Liability Insurance of Travel Companies, or the Liability Insurance Measures, which became effective as of February 1, 2011. Travel companies are required to procure travel company liability insurance pursuant to the Liability Insurance Measures. The insurance companies are required to, subject to the liability limits provided

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under the insurance agreement, reimburse the travel companies for the compensations made by the travel companies for the personal injury or death and the loss of properties of tourists and the relevant tour guides or tour leaders. Pursuant to the Liability Insurance Measures, the liability limit for the personal injury or death of each person cannot be less than RMB200,000 (US\$33,038). Each of our relevant consolidated affiliated entities engaged in travel agent business has procured and is covered by valid travel company liability insurance.

Regulations on Group Buying

In March 2012, the SAIC issued the Opinions on Strengthening the Administration of Online Group Buying Operations, or the Group Buying Operation Opinions. The Group Buying Operation Opinions stipulate the qualification requirements for operators of group buying websites, and certain other obligations, such as an examination of the licenses and authorizations of the providers of the relevant products or services offered on the group buying website, the group buying website operator's contracts with such suppliers and customers, data protection for consumers, among others. Pursuant to the Group Buying Operation Opinions, operators of group buying websites must (i) establish a comprehensive after-sales service system, consumer dispute settlement system and professional customer service team, (ii) ensure that their complaint and customer support channels are smooth, (iii) provide customers with troubleshooting assistance and feedback in a timely manner, and (iv) observe the refund requirements of the Consumer Protection Law, which specifically prohibit group buying website operators from imposing no-refund restrictions or limiting refunds to website credit.

In addition, group buying website operators must also preserve all relevant data for a period of two years following their cessation of operations. In undertaking promotions, operators of group buying websites must obey the Anti-unfair Competition Law and the Certain Regulations on Prohibiting Unfair Competition in Prize-attached Sales. The Group Buying Operation Opinions are relatively new and there have been no relevant implementation rules or interpretations thus far. However, as required by Jiangsu Administration of Telecommunication, Nanjing Tuniu, our consolidated affiliated entity, obtained a license of online data processing and transaction in March 2014 in order to carry out group buying business. As Nanjing Tuniu increased its registered share capital in March 2014, it is in the process of updating such license to reflect such increase. Subject to any clarifications or interpretations that may be issued in future as to the Group Buying Operation Opinions, we might need to adjust our operational or contracting practices.

Regulations on Consumer Rights Protection

According to the PRC Consumer Rights and Interests Protection Law, effective as of January 1, 1994, the rights and interests of consumers that purchase or use commodities or that receive services for consumption purposes in daily life is required to be protected, which includes the right to personal safety and the safety of property, the right to be informed about goods and services offered for sale, the right to free choice when selecting goods or services and the right to enjoy fair dealings, respect for their personal dignity and ethnic customs, and compensation for damages suffered.

Correspondingly, a business operator providing a commodity or service to a consumer is subject to a number of requirements, which includes to ensure that commodities and services meet with certain safety requirements, to disclose serious defects of a commodity or a service and to adopt preventive measures against damage occurring, to provide consumers with accurate information and to refrain from conducting false advertising, and not to set unreasonable or unfair terms for consumers or alleviate or release itself from civil liability for harming the lawful rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or other means. A business operator may be subject to civil liabilities for failing to fulfill the obligations discussed above. These liabilities include restoring the consumer's reputation, eliminating the adverse effects suffered by the consumer,

offering an apology and compensating for any losses incurred. The following penalties may also be imposed upon business operators for any infraction: issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operation, revocation of its business license or imposition of criminal liabilities under circumstances that are specified in laws and statutory regulations.

In December 2003, the Supreme People's Court in China enacted the Interpretation of Some Issues Concerning the Application of Law for the Trial of Cases on Compensation for Personal Injury, which further

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increases the liabilities of business operators engaged in the operation of hotels, restaurants, or entertainment facilities and subjects such operators to compensatory liabilities for failing to fulfill their statutory obligations to a reasonable extent or to guarantee the personal safety of others.

In October 2010, the Supreme People's Court of China issued the Provisions on Issues Concerning the Application of Law for the Trial of Cases on Tourism-related Disputes, which establish liabilities for tour operators and tourism support service providers in the event of contract disputes, personal injury and property damage involving tourists.

Although we take certain measures to monitor the qualities of the travel products and services provided by our travel suppliers and handle customer complaints, we cannot ensure that these measures are sufficient to protect consumer rights, or customer dispute can be handled and resolved in a timely fashion. See Risk Factors Risks Related to Our Business and Industry We may not be able to adequately control and ensure the quality of travel products and services sourced from our travel suppliers. If there is any deterioration in the quality of their performance, our customers may not continue using our online platform.

Regulations on Advertising Business

The SAIC is the primary governmental authority regulating advertising activities, including online advertising, in China. Regulations that apply to advertising business primarily include:

Advertisement Law of the People's Republic of China, promulgated by the Standing Committee of the National People's Congress on October 27, 1994 and effective since February 1, 1995;

Administrative Regulations for Advertising, promulgated by the PRC State Council on October 26, 1987 and effective since December 1, 1987; and

Implementation Rules for the Administrative Regulations for Advertising, promulgated by the PRC State Council on January 9, 1988 and amended on December 3, 1998, December 1, 2000 and November 30, 2004, respectively.

According to the above regulations, companies that engage in advertising activities must each obtain, from the SAIC or its local branches, a business license which specifically includes operating an advertising business in its business scope. An enterprise engaging in advertising business within the specifications in its business scope does not need to apply for an advertising operation license, provided that such enterprise is not a radio station, television station, newspaper or magazine publisher or any other entity otherwise specified in the relevant laws or administrative regulations. Enterprises conducting advertising activities without such a license may be subject to penalties, including fines, confiscation of advertising income and orders to cease advertising operations. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of any relevant laws or regulations.

Under the Rules for Administration of Foreign Invested Advertising Enterprises, which were jointly promulgated by the SAIC and the Ministry of Commerce on March 2, 2004 and amended on August 22, 2008, certain foreign investors are permitted to hold direct equity interests in PRC advertising companies. A foreign investor in a Chinese advertising company is required to have prior direct advertising operations as its main business outside China for two years if the Chinese advertising company is a joint venture, or three years if the Chinese advertising company is a

wholly foreign-owned enterprise. Since we have not been involved in the advertising industry outside of China for the required number of years, we are not permitted to hold direct equity interests in PRC companies engaging in the advertising business. Therefore, we conduct our advertising business through Nanjing Tuniu, which holds a business license that covers advertising in its business scope.

PRC advertising laws and regulations set certain content requirements for advertisements in China, including, among other things, prohibitions on false or misleading content, superlative wording, socially

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destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisers, advertising agencies, and advertising distributors are required to ensure that the content of the advertisements they prepare or distribute is true and in full compliance with applicable laws. In providing advertising services, advertising operators and advertising distributors must review the supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, advertising distributors are obligated to verify that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. Where serious violations occur, the SAIC or its local branches may revoke such offenders licenses or permits for their advertising business operations.

Regulations on Intellectual Property Rights

The PRC has adopted legislation governing intellectual property rights, including trademarks, domain names and copyrights.

Trademark

The PRC Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Office of the SAIC is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a first-to-file principle with respect to trademark registration. We have 67 registered trademarks in different applicable trademark categories and are in the process of applying to register six trademarks in China.

In addition, pursuant to the PRC Trademark Law, counterfeit or unauthorized production of the label of another person's registered trademark, or sale of any label that is counterfeited or produced without authorization will be deemed as an infringement to the exclusive right to use a registered trademark. The infringing party will be ordered to stop the infringement immediately, a fine may be imposed and the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to the gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement. If the gains or losses are difficult to determine, the court may render a judgment awarding damages of up to RMB500,000 (US\$82,594).

Domain Name

Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the MIIT in November 2004. The MIIT is the major regulatory body responsible for the administration of the PRC Internet domain names, under supervision of which the China Internet Network Information Center, or CNNIC, is responsible for the daily administration of .cn domain names and Chinese domain names. In September 2002, the CNNIC issued the Implementation Rules for Domain Name Registration setting forth rules for registration of domain names, as amended in June 2009 and May 2012. CNNIC adopts the first to file principle with respect to the registration of domain names. We have registered 35 domain names, including *www.tuniu.com*.

Copyright

Works are protected under the PRC Copyright Law adopted by the National People's Congress in 1990, as amended in 2001 and 2010, as well as its implementation rules adopted by the State Council in 1991, as amended in 2002 and 2011. Whether such protected works are published or not, copyrights duly obtained and enjoyed by the author or other

copyright owner remain unaffected. Copyright owners, however, could register such protected works on a voluntary basis with National Copyright Administration or its local counterparts. We have registered four artwork copyrights in China.

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Pursuant to the PRC Copyright Law and its implementation rules, creators of protected works enjoy personal and property rights, including, among others, the right of disseminating the works through information network. Pursuant to the relevant PRC regulations, rules and interpretations, Internet service providers will be jointly liable with the infringer if they (i) participate in, assist in or abet infringing activities committed by any other person through the Internet, (ii) are or should be aware of the infringing activities committed by their website users through the Internet, or (iii) fail to remove infringing content or take other action to eliminate infringing consequences after receiving a warning with evidence of such infringing activities from the copyright holder. In addition, where an ICP service operator is clearly aware of the infringement of certain content against another's copyright through the Internet, or fails to take measures to remove relevant contents upon receipt of the copyright owner's notice, and as a result, it damages the public interest, the ICP service operator could be ordered to stop the tortious act and be subject to other administrative penalties such as confiscation of illegal income and fines. To comply with these laws and regulations, we have implemented internal procedures to monitor and review the content we have licensed from content providers before they are released on our website and remove any infringing content promptly after we receive notice of infringement from the legitimate rights holder.

Software Copyrights

The Administrative Measures on Software Products, issued by the MIIT in October 2000 and subsequently amended in March 2009, provides a registration and filing system with respect to software products made in or imported into China. These software products may be registered with the relevant local authorities in charge of software industry administration. Registered software products may enjoy preferential treatment status granted by relevant software industry regulations. Software products can be registered for five years, and the registration is renewable upon expiration.

In order to further implement the Computer Software Protection Regulations promulgated by the PRC State Council in December 2001, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures in February 2002, which apply to software copyright registration, license contract registration and transfer contract registration. We have registered 20 computer software copyrights in China.

Patents

Patents are protected under the PRC Patent Law adopted by the National People's Congress in 1984, as amended in 1992, 2000 and 2008, as well as its implementation rules adopted by the State Council in 1985, as amended in 1992, 2001, 2002 and 2010. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent application. A patent is valid for a term of 20 years in the case of an invention and a term of ten years in the case of utility models and designs. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights. We have one registered patents, and are in the process of applying to register four patents in China.

Tort Liability Law

In accordance with the Tort Liability Law promulgated by the Standing Committee of the National People's Congress in December 2009, which became effective as of July 1, 2010, Internet users and Internet service providers bear tortious liabilities in the event they infringe other persons' rights and interests through the Internet. Where an Internet user conducts tortious acts through Internet services, the infringed person has the right to request the Internet service provider to take necessary actions such as deleting contents, screening and delinking. The Internet service provider, failing to take necessary actions after being informed, will be subject to joint and several liabilities with the Internet user with regard to the additional damages incurred. If an Internet service provider knows an Internet user is infringing

other persons' rights and interests through its Internet service but fails to take necessary action, it shall be jointly and severally liable with the Internet user. We have internal policy designed to reduce the likelihood that user content may be used without proper licenses or third-party consents. When we are approached and requested to remove content uploaded by users on the grounds of infringement, we investigate the claims and remove any uploads that appear to infringe the rights of a third party.

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after our reasonable investigation and determination. However, such policy may not be effective in preventing the unauthorized listing of copyrighted materials or materials infringing other rights of third parties. See **Risk Factors** **Risks Related to Our Business and Industry** **Claims by third parties that we infringe on their intellectual property rights could lead to government administrative actions and result in significant costs and have a material adverse effect on our business, financial condition and results of operations.**

Regulations on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations, as amended in August 2008, if documents certifying the purpose of the conversion of RMB into foreign currency are submitted to the relevant foreign exchange conversion bank, the RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless SAFE's prior approval is obtained and prior registration with SAFE is made. In May 2013, SAFE promulgated SAFE Circular 21 which provides for and simplifies the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including foreign exchange registration, account opening and use, receipt and payment of funds, and settlement and sales of foreign exchange. We generally follow the regulations and apply to obtain the approval of SAFE and other relevant PRC government authorities. However, we may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to our PRC subsidiaries and our consolidated affiliated entities may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

In August 2008, SAFE promulgated a SAFE Circular 142 regulating the conversion, by a foreign-invested enterprise, of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The SAFE Circular 142 requires that the registered capital of a foreign-invested enterprise settled in Renminbi converted from foreign currencies may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the registered capital of a foreign-invested enterprise settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without SAFE's approval, and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of the SAFE Circular 142 will result in penalties, such as fines. Furthermore, SAFE promulgated in November 2010, a SAFE Circular 59, which tightens the regulation over settlement of net proceeds from overseas offerings like this offering and requires that the settlement of net proceeds must be consistent with the description in the prospectus for the offering. SAFE also promulgated a SAFE Circular 45 in November 2011, which, among other things, restricts a foreign-invested enterprise from using RMB converted from its registered capital to provide entrusted loans or repay loans between non-financial enterprises. These circulars may significantly limit our ability to use Renminbi converted from net proceeds of this offering to fund establishment of new PRC subsidiaries, to invest in or acquire any other PRC companies, or establish new consolidated affiliated entities in the PRC.

Regulations on Dividend Distribution

The principal regulations governing distribution of dividends of wholly foreign-owned enterprises include the PRC Company Law, as amended in December 2013, the Wholly Foreign-Owned Enterprise Law, as amended in October 2000, and the Implementation Rules of the Wholly Foreign-Owned Enterprise Law, as amended in April 2001. Pursuant to these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits

each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. In addition, these companies may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

Table of Contents**Regulations on Offshore Financing**

Pursuant to a SAFE Circular 75 issued by SAFE in October 2005, prior registration with the local SAFE branch is required for PRC residents to establish or control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. The PRC residents are also required to amend the registration or filing with the local SAFE branch for the injection of equity interests or assets of an onshore enterprise in the offshore company or overseas funds raised by such offshore company, or any other material change involving a change in the capital of the offshore company.

Failure to comply with the registration procedures set forth in the SAFE Circular 75 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entities, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control our company from time to time are required to register with SAFE in connection with their investments in us. We have requested PRC residents holding direct or indirect interest in our company to our knowledge to make the necessary applications, filings and amendments as required under the SAFE Circular 75 and other related rules. All of our directors, officers and affiliates and, to our knowledge, other persons who are PRC citizens and hold interest in us have registered with the local SAFE branch as required under the SAFE Circular 75. See Risk Factors Risks Related to Doing Business in China PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, limit our ability to inject capital into our PRC subsidiaries, or otherwise expose us to liability and penalties under PRC laws.

Regulations on Employee Stock Option Plans

In February 2012, SAFE promulgated the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company, which includes employee stock ownership plans, stock option plans and other incentive plans permitted by relevant laws and regulations, are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan in an overseas publicly listed company who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents.

We adopted the 2008 Plan, pursuant to which we may issue options or restricted shares to our qualified employees and consultants on a regular basis. After this offering, we plan to advise the grantees participating in the employee stock option plan to handle foreign exchange matters in accordance with the Stock Option Rules. However, we cannot assure you that the share options holders can successfully register with SAFE in full compliance with the Stock Option Rules. The failure of the share options holders to complete their registration pursuant to the Stock Option

Rules and other foreign exchange requirements may subject these PRC individuals to fines and legal sanctions, and may also limit our ability to contribute additional capital to our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us or otherwise materially adversely

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affect our business. See **Risk Factors** **Risks Related to Doing Business in China** Failure to comply with PRC regulations regarding the registration requirements for share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In addition, the State Administration for Taxation has issued circulars concerning employee share options, under which our employees working in the PRC who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or if we fail to withhold their income taxes as required by relevant laws and regulations, we may face sanctions imposed by the PRC tax authorities or other PRC government authorities.

Regulations on Overseas Listing

Six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006. The M&A Rules, among other things, require offshore SPVs formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

While the application of this new regulation remains unclear, we believe, based on the advice of our PRC counsel, Jun He Law Offices, that CSRC approval is not required in the context of this offering because (1) CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation and (2) we established our PRC subsidiaries by means of direct investment other than by merger or acquisition of PRC domestic companies and no explicit provision in the M&A Rules classifies the contractual arrangements between Beijing Tuniu, our PRC subsidiary, Nanjing Tuniu, our consolidated affiliated entity, and its shareholders as a type of acquisition transaction falling under the M&A Rules. See **Risk Factors** **Risks Related to Doing Business in China** The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.

Regulations on Employment

The PRC Labor Law, the PRC Labor Contract Law and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer would be deemed to have entered into a labor contract without a fixed term with such employee. In addition, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the

plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located.

Table of Contents**MANAGEMENT****Directors and Executive Officers**

The following table sets forth information regarding our executive officers and directors as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Dunde Yu	33	Co-founder, chairman and chief executive officer
Haifeng Yan	32	Co-founder, director and chief operating officer
Thomas Gai Tei Tsao	44	Director
Frank Lin	49	Director
Steve Yue Ji	41	Director
Eugene Chehchun Huang	35	Director
Onward Choi	43	Independent director
Jack Xu	46	Independent director
Conor Chia-hung Yang	51	Chief financial officer
Zhengrong Tang	44	Chief technology officer
Enjie Wu	42	Vice president of human resources center
Li Li	41	General manager of organized tour department

Mr. Dunde Yu is our co-founder and has served as chairman of our board of directors and chief executive officer since our inception. Prior to founding our company, Mr. Yu was the chief technology officer of *ci123.com* in 2006, where he helped *ci123.com* become a leading Chinese childcare website. From 2004 to 2006, Mr. Yu served as the technical director of *Bokee.com*. Mr. Yu received a bachelor's degree in mathematics from Southeast University in China in 2003.

Mr. Haifeng Yan is our co-founder and has served as our director since our inception. Prior to founding our company, Mr. Yan was one of the founding members and the chief operating officer of *ci123.com*, from 2005 to 2006, where he was responsible for daily operations and helped *ci123.com* become a leading Chinese childcare website. Mr. Yan served as an analyst of iTech Holdings Limited in 2004.

Mr. Thomas Gai Tei Tsao has served as our director since October 2008. Mr. Tsao is a co-founder of Gobi Ventures, Inc. He has over two decades of experience in venture capital, fund management, and investment banking in China and the United States. Mr. Tsao is a co-founder of Beijing Technology Development Fund. Prior to founding Beijing Technology Development Fund, Mr. Tsao was a director of investment banking at Dresdner Kleinwort Benson (China), covering the technology, media and telecommunications sector, in 1998. From 1996 to 1997, Mr. Tsao worked for Seapower Financial Services Group. From 1992 to 1996, Mr. Tsao was an investment banker at Merrill Lynch in New York and Hong Kong. Mr. Tsao received a bachelor's degree in economics from Harvard University in 1992.

Mr. Frank Lin has served as our director since December 2009. Mr. Lin is a general partner of DCM, a technology venture capital firm. Prior to joining DCM in 2006, Mr. Lin was chief operating officer of SINA Corporation, a Nasdaq-listed company. Mr. Lin co-founded *sina.com*'s precursor company, SinaNet, in 1995 and later guided the company through its listing on Nasdaq. Prior to founding SinaNet, Mr. Lin was a consultant at Ernst & Young Management Consulting Group. Mr. Lin had also held various marketing, engineering and managerial positions at Octel Communication Inc. and NYNEX. Mr. Lin currently serves on the board of directors of numerous companies

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invested by DCM, including Vipshop Holdings Limited, a NYSE-listed company, and 58.com Inc., a NYSE-listed company. Mr. Lin received a bachelor's degree in engineering from Dartmouth College and a master's degree in business administration from Stanford University.

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Mr. Steve Yue Ji has served as our director since March 2011. Mr. Ji is a partner of Sequoia Capital China. Prior to joining Sequoia Capital in 2005, Mr. Ji worked at Walden International, Vertex Management and CIV Venture Capital, where he contributed to investments in numerous wireless, Internet and semiconductor companies in China. Prior to that, Mr. Ji worked for Seagate Technology China, a Nasdaq-listed company, among the first group of its employees in 1995. Mr. Ji has been a director of Noah Holdings Limited, a NYSE-listed company, since 2007 and an independent director of Country Style Cooking Restaurant Chain Co., Ltd., a NYSE-listed company, since 2010. Mr. Ji received a master's degree in business administration from China Europe International Business School in 1999 and a bachelor's degree in engineering from Nanjing University of Aeronautics and Astronautics in Nanjing, China in 1995.

Mr. Eugene Chehchun Huang has served as our director since September 2013. Mr. Huang is a director of Temasek International Pte. Ltd. where he is responsible for investments in the technology, media and telecommunications industries. Prior to joining Temasek International Pte. Ltd. in 2012, Mr. Huang was an investment banker with the Hong Kong office of Bank of America Merrill Lynch from 2006 to 2012. Mr. Huang joined Merrill Lynch & Co. in New York in 2001. He received a bachelor's degree of science (*summa cum laude*) from Leonard Stern School of Business at New York University.

Mr. Onward Choi has served as our independent director since May 8, 2014. Mr. Choi has been the acting chief financial officer of NetEase Inc., or NetEase, a Nasdaq-listed company, since July 2007. He previously served as NetEase's financial controller from January 2005 to June 2007 and as its corporate finance director from November 2003 to December 2004. Prior to joining NetEase, Mr. Choi worked in the Beijing office of Ernst & Young, the Hong Kong Trade Development Council and the Hong Kong office of KPMG for over ten years. Mr. Choi currently serves as the chairman of the audit committee and an independent non-executive director of Beijing Jingkelong Company Limited and China ITS (Holdings) Co., Ltd., both of which are listed on the Hong Kong Stock Exchange. Mr. Choi is a member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants and a registered practicing certified public accountant in Hong Kong. Mr. Choi received a bachelor's degree in accountancy with honors from the Hong Kong Polytechnic University.

Mr. Jack Xu has served as our independent director since May 8, 2014. Mr. Xu has served as the co-president and chief technology officer of SINA Corporation, or SINA, a Nasdaq-listed company, since February 2013. Prior to joining SINA, Mr. Xu worked at Cisco as the corporate vice president of the communications and collaboration business unit. Previously, Mr. Xu served as vice president of engineering and research at eBay from October 2002 to April 2008 and chief technology officer at NetEase from May 2000 to July 2002. He led Excite's search engine development in 1996, while pursuing a Ph.D. at the University of California in Berkeley. Mr. Xu received a bachelor's degree and a master's degree in information management from Sun Yat-Sen University in China.

Mr. Conor Chia-hung Yang has served as our chief financial officer since January 2013. Prior to joining us, Mr. Yang was the chief financial officer of E-Commerce China Dangdang Inc., a NYSE-listed company, from March 2010 to July 2012 and the chief financial officer of AirMedia Group Inc., a Nasdaq-listed company, from March 2007 to March 2010. Mr. Yang was the chief executive officer of Rock Mobile Corporation from 2004 to February 2007. From 1999 to 2004, Mr. Yang served as the chief financial officer of the Asia Pacific region for CellStar Asia Corporation. Mr. Yang was an executive director of Goldman Sachs (Asia) L.L.C. from 1997 to 1999. Prior to that, Mr. Yang was a vice president of Lehman Brothers Asia Limited from 1994 to 1996 and an associate at Morgan Stanley Asia Limited from 1992 to 1994. Mr. Yang currently serves as an independent director and the chairman of the audit committee of IFM Investments Limited, a NYSE-listed company and an independent director and chairman of the audit committee of AirMedia Group Inc. Mr. Yang received a master's degree of business administration from University of California, Los Angeles in 1992.

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Mr. Zhengrong Tang has served as our chief technology officer since August 2013. Prior to joining us, Mr. Tang was the chief technology officer of China Gtel from 2012 to 2013, where he was responsible for the products, operations and technology of *guahao.com*. From 2004 to 2012, Mr. Tang served as a senior director of Alibaba Group's *alibaba.com*, *taobao.com* and *alipay.com* and the chief technology officer of Alibaba Japan, where he was responsible for the architecture migration of *taobao.com*, the establishment of *alipay.com*, and the development of Alibaba's international website. Between 2003 to 2004, Mr. Tang was the chief research architect of CTB/McGraw-Hill. From 1995 to 2003, Mr. Tang served as an architect at Neoforma, senior engineer at Comergent Technologies and technology manager at Perot Systems. Mr. Tang received a master's degree in computer science from University of Pittsburgh in 1995, a bachelor's degree in computer science from State University of New York at Albany in 1993.

Mr. Enjie Wu has served as our vice president of human resources center since January 2010. Prior to joining us, Mr. Wu was the human resources general manager of Hisap Corporation from 2005 to 2010. From 2003 to 2005, Mr. Wu was the general manager of Jianghai Group. From 2001 to 2002, Mr. Wu served as the director of human resources of Beijing Yenova Decoration Co., Ltd. From 1993 to 2001, he was the human resource officer of Zindart Manufacturing Limited. Mr. Wu received a bachelor's degree in economics and management from Sun Yat-Sen University in China in 1993.

Ms. Li Li joined our company in May 2008, and has served as our general manager of organized tour department since 2012. Prior to joining us, Ms. Li was a partner and deputy general manager of Nanjing Fenghua Travel Agency from 1998 to 2005. From 1995 to 1998, Ms. Li served as a deputy general manager of the Nanjing Branch of Shanghai Spring Tour Travel Agency. Ms. Li received a master's degree in business administration from University of the Sunshine Coast in 2008.

Employment Agreements and Indemnification Agreements

We have entered into an employment agreement with each of our executive officers. We may terminate an executive officer's employment for cause at any time without remuneration for certain acts of the officer, such as being subject to criminal penalty, serious dereliction of duty, corruption to our detriment, or a serious violation of our labor discipline, rules or regulations. We may also terminate an executive officer's employment by giving thirty days' notice under certain circumstances, such as serious sickness that results in the inability to perform ordinary tasks or incompetence of the executive officer. An executive officer may terminate his or her employment at any time by giving thirty days' notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment, any of our confidential information or trade secrets, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. In addition, each executive officer agrees to disclose to us all inventions, copyrights, computer software, trade secrets and other forms of intellectual properties created by them within the scope of his or her employment with us pursuant to job assignments, and not to use, transfer or permit others to use such intellectual properties.

Each executive officer has also agreed to be bound by non-competition restrictions during the term of his or her employment. Specifically, each executive officer has agreed not to (i) directly or indirectly, work for a competitor of us or (ii) establish his or her own business which competes with our business.

We have also entered into indemnification agreements with certain directors. Under these agreements, we agree to indemnify our directors against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director of our company.

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Board of Directors

Our board of directors currently consists of eight directors. A director is not required to hold any shares in our company. A director may vote with respect to any contract, proposed contract, or arrangement in which he or she is materially interested. A director may exercise all the powers of the company to borrow money, mortgage its business, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Committees of the Board of Directors

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under the board of directors. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Mr. Onward Choi, Mr. Jack Xu and Mr. Dunde Yu and is chaired by Mr. Choi. Each of Mr. Choi and Mr. Xu satisfies the independence requirements of Rule 5605(a)(2) of the NASDAQ Stock Market Rule and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Our board of directors has determined that each of Mr. Choi and Mr. Xu qualifies as an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;

reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;

reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;

discussing the annual audited financial statements with management and the independent registered public accounting firm;

reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;

reviewing and reassessing annually the adequacy of our audit committee charter;

meeting separately and periodically with management and the independent registered public accounting firm; and

monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Mr. Haifeng Yan, Mr. Onward Choi and Mr. Eugene Chehchun Huang, and is chaired by Mr. Yan. Each of Mr. Choi and Mr. Huang satisfies the independence requirements of Rule 5605(a)(2) of the NASDAQ Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;

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reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and

selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Dunde Yu, Mr. Jack Xu and Mr. Onward Choi, and is chaired by Mr. Yu. Each of Mr. Xu and Mr. Choi satisfies the independence requirements of Rule 5605(a)(2) of the NASDAQ Stock Market Rules. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;

reviewing annually with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;

selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;

developing and reviewing the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices; and

evaluating the performance and effectiveness of the board as a whole.

Duties of Directors

Under Cayman Islands law, our directors have a duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. You should refer to [Description of Share Capital Differences in Corporate Law](#) for additional information on our standard of corporate governance under Cayman Islands law.

Terms of Directors and Officers

Pursuant to our fifth amended and restated memorandum and articles of association, which is currently effective, our officers will be elected by and serve at the discretion of the board and the shareholders voting by ordinary resolution. Our directors are not subject to a term of office and hold office until such time as they resign or are removed from office by ordinary resolution of our shareholders. A director will be removed from office automatically if, among other things, the director (1) becomes bankrupt or makes any arrangement or composition with his creditors; or (2) dies or is found by our company to be of unsound mind.

Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2013, we paid an aggregate of approximately RMB4.3 million (US\$0.7 million) in cash to our executive officers, and we did not pay any cash compensation to our non-executive directors. For share incentive grants to our directors and executive officers and the vesting conditions of such share incentive grants, see 2008 Plan.

Table of Contents**Share Incentive Plans*****2008 Incentive Compensation Plan***

We adopted an incentive compensation plan, or the 2008 Plan, in 2008. The purposes of the 2008 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants, and to promote the success of our business by offering these individuals an opportunity to acquire a proprietary interest in our company. In 2012, we increased the maximum aggregate number of shares which may be issued under the 2008 Plan from 11,500,000 to 18,375,140. As of the date of this prospectus, options to purchase 18,149,593 ordinary shares are issued and outstanding, and there are 225,547 ordinary shares available for future issuance upon the exercise of future grants under the 2008 Plan.

The following paragraphs summarize the terms of the 2008 Plan.

Types of Awards. The 2008 Plan permits the awards of options and restricted shares.

Plan Administration. Our board of directors or a committee appointed by our board will administer the 2008 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant, among other things. Our board of directors may authorize one or more officers of us to grant awards under the 2008 Plan, subject to parameters specified by the board of directors.

Award Agreement. Awards granted under the 2008 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award, among other things. Pursuant to the form award agreement under the 2008 Plan, 1/4 of the ordinary shares underlying the option shall vest on the first anniversary of the date of grant, and 1/48 of the remaining ordinary shares underlying the option shall vest on a monthly basis in the following three years. However, the option may be exercised, to the extent vested, only (a) after this offering, (b) in connection with or after certain triggering events if the option is assumed by a company whose shares are listed on a securities exchange, or (c) unless otherwise allowed by the plan administrator in its sole discretion, if the option holder obtains all the necessary governmental approvals and consents required for the issuance of such shares.

Eligibility. We may grant awards to our employees and consultants of our company. However, we may grant options that are intended to qualify as incentive options only to our employees.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of a grant.

Transfer Restrictions. Options may not be transferred in any manner by the recipient other than by will or by the laws of descent or distribution, except as otherwise provided by the plan administrator.

Termination of the 2008 Plan. Unless terminated earlier, the 2008 Plan will terminate automatically in 2018. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval if required by applicable law.

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2014 Share Incentive Plan

We adopted the 2014 Share Incentive Plan, or the 2014 Plan, in 2014. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2014 Plan is initially 5,500,000 ordinary shares as of the date of its approval. The number of shares reserved for future issuances under the 2014 Plan will be increased automatically if and whenever the ordinary shares reserved under the 2014 Plan account for less than 1% of the total then-issued and outstanding ordinary shares on an as-converted basis. The ordinary shares reserved under the 2014 Plan immediately after each such increase shall equal 5% of the then-issued and outstanding ordinary shares on an as-converted basis. As of the date of this prospectus, no awards have been granted under the 2014 Plan.

The following paragraphs summarize the terms of the 2014 Plan.

Types of Awards. The 2014 Plan permits the awards of options, restricted shares and restricted share units.

Plan Administration. Our board of directors or a committee designated by our board administers the 2014 Plan. The committee or the full board of directors, as applicable, determines the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2014 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our employees, directors and consultants of our company. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our parent companies and subsidiaries.

Acceleration of Awards upon Change in Control. If a change in control of our company occurs, the plan administrator may, in its sole discretion, provide for (i) all awards outstanding to terminate at a specific time in the future and give each participant the right to exercise the vested portion of such awards during a specific period of time, or (ii) the purchase of any award for an amount of cash equal to the amount that could have been attained upon the exercise of such award, or (iii) the replacement of such award with other rights or property selected by the plan administrator in its sole discretion, or (iv) payment of award in cash based on the value of ordinary shares on the date of the change-in-control transaction plus reasonable interest.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination of the 2014 Plan. Unless terminated earlier, the 2014 Plan will terminate automatically in 2024. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval or home country

practice.

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The following table summarizes, as of the date of this prospectus, the outstanding options granted to our directors and executive officers under the 2008 Plan. As of the date of this prospectus, no awards have been granted under the 2014 Plan.

Name	Ordinary Shares	Exercise Price		Date of Grant	Vesting Schedule	Date of Expiration
	Underlying Options Awarded	(US\$/ Share)	(RMB/ Share) ⁽²⁾			
Dunde Yu	700,000	0.100	0.61	November 5, 2009	4 years	