

Edgar Filing: OLD NATIONAL BANCORP /IN/ - Form 425

OLD NATIONAL BANCORP /IN/
Form 425
July 28, 2014

Filed by Old National Bancorp

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Founders Financial Corporation.

Commission File No.: 001-15817

The following presentation slides were reviewed by the executive officers of Old National Bancorp (Old National) in connection with Old National s conference call on July 28, 2014 announcing the financial results for the quarter ended June 30, 2014 and the pending acquisition of Founders Financial Corporation.

* * *

Old National Bancorp
Second-Quarter 2014 Earnings
and Intent to Acquire Founders
Financial Corporation
July 28, 2014

Lynell Walton
Investor Relations

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Additional Information for Shareholders of Founders Financial Corporation

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger, Old National Bancorp (Old National) will file with the Securities and Exchange Commission (SEC) a Registration Statement on Form S-4 that will include a Proxy Statement of Founders Financial Corporation (Founders) and a Prospectus of Old National, as well as other relevant documents concerning the proposed transaction. Shareholders are

urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the Proxy Statement/Prospectus, as well as other filings containing information about Old National, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from Old National at www.oldnational.com under the tab Investor Relations and then under the heading

Financial Information.

Old National and Founders and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Founders in connection with the proposed merger. Information about the directors and executive officers of Old National is set forth in the proxy statement for Old National's 2014 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 14, 2014. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

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Additional Information for Shareholders of LSB Financial Corp.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger, Old National Bancorp (Old National) has filed with the Securities and Exchange Commission (SEC) a Registration Statement on Form S-4 (Registration Statement No. 333-197258) that includes a preliminary Proxy Statement of LSB Financial Corp. (LSB) and a preliminary Prospectus of Old National, as well as other relevant documents concerning

the proposed transaction. The SEC declared the Form S-4 Registration Statement effective on July 23, 2014. A definitive Proxy Statement/Prospectus will be mailed to shareholders of LSB. Shareholders are urged to read the Registration Statement and the definitive Proxy Statement/Prospectus regarding the merger and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the definitive Proxy Statement/Prospectus (when available), as well as other filings containing information about Old National and LSB, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents (when available), free of charge, from Old National at www.oldnational.com under the tab

Investor Relations

and then under the heading Financial Information

or from LSB by accessing LSB's

website at www.lsbank.com under the tab About

and then under the heading Investor Relations.

Old National and LSB and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of LSB in connection with the proposed merger.

Information about the directors and executive officers of Old National is set forth in the proxy statement for Old National's 2014 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 14, 2014. Information about the directors and executive officers of

LSB is set forth in the proxy statement for

LSB's 2014 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 14, 2014.

Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the definitive Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

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Forward-Looking Statement

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about the expected timing, completion, financial benefits and other effects of Old National's proposed mergers with United Bancorp, Inc. (United), LSB Financial Corp. (LSB) and Founders Financial Corp. Forward-looking statements can be identified by the use of the words anticipate, believe,

expect,
intend,
could
and should,
and other

words of similar meaning. These forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to risks and uncertainties and there are a number of factors that could cause actual results to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to: expected cost savings, synergies and other financial benefits from the proposed mergers might not be realized within the expected timeframes and costs or difficulties relating to integration matters might be greater than expected; the requisite shareholder and regulatory approvals for the proposed mergers with LSB and Founders might not be obtained; market, economic, operational, liquidity, credit and interest rate risks associated with Old National's businesses; competition; government legislation and policies (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related regulations); ability of Old National to execute its business plans (including its pending acquisitions of United, LSB and Founders); changes in the economy which could materially impact credit quality trends and the ability to generate loans and gather deposits; failure or circumvention of our internal controls; failure or disruption of our information systems; significant changes in accounting, tax or regulatory practices or requirements; new legal obligations or liabilities or unfavorable resolutions of litigations; other matters discussed in this presentation and other factors identified in our Annual Report on Form 10-K and other periodic filings with the SEC. These forward-looking statements are made only as of the date of this presentation, and Old National does not undertake an obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this presentation.

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Non-GAAP Financial Measures

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most

directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, Old National Bancorp has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

7
Executing the Plan
2Q14 Highlights

Continued
execution
of
our

M&A
strategy
of
adding
higher-growth
markets
Continue to
Grow Core
Revenue

Organic
loan
growth
of
\$139.6
million
,
or
11.4%
annualized,
over
1Q14
and
growth
of
\$214.0
million
,
or
4.0%,
from
2Q14

Total
revenue
growth
of
4.1%
from
2Q13

Organic growth in Banking, Wealth Management and Insurance
Reduce
Operating
Expenses
Transform
the
Franchise
Into Higher-
Growth

Markets

Operational expenses declined \$.5 million from 2Q13

Tower
cost
savings
of
35%+
on
track
as
announced

50%
to
be
realized
in
2
nd
half of 2014

Expected United Bancorp, Inc. cost savings of 32% forecasted on track as
announced

25%
to
be
realized
in
2014

1
Excluding change in FDIC covered loans, loans acquired in acquisitions and loans sold

2
Excluding changes in securities gains, accretion income and amortization of the indemnification asset

3
Refer to slide 13 for definition of operational expenses

Ann Arbor, MI

Anticipate closing United Bancorp, Inc. acquisition

July 31,

2014

Fort Wayne, IN

Tower acquisition closed and fully converted

Lafayette, IN

Announced pending acquisition of LSB Financial Corp.

Grand Rapids, MI

Announced pending acquisition of Founders Financial Corp.

1

1

2
3

8

2Q14 Financials

Net income of \$18.8 million or \$.18 per share

Included in 2Q14 are the following items

\$6.3 million in pre-tax merger and integration charges

\$10.5 million unfavorable pre-tax change in indemnification asset

\$.8 million pre-tax in other expense items

\$1.0 million unfavorable income tax adjustment

Chris Wolking
Chief Financial Officer

10
Adjusted Income

Strong Growth
\$ in millions

1
\$89.9
\$100.4

\$117.0

\$61.5

2011

2012

2013

YTD June 30, 2014

Adjusted income represents income before taxes less accretion income, change in indemnification assets, merger/integration expenses and costs associated with branch divestitures

CAGR of 14.1%

from 2011 to

2013

CAGR of 13.4%

from 2011 to

1H2014

1

Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company see A

11
Total Revenue
Increasing Core Revenues
\$ in millions
Growth of \$4.5
million, or 4.1%,
2Q13 to 2Q14 in
core revenue

\$123.6

\$123.5

\$122.4

2Q13

1Q14

2Q14

Accretion Income

Revenue Less Securities Gains, Accretion Income and Amortization

Amortization of Indemnification Asset

of Indemnification Asset

12
Net Interest Margin
1
2Q13
1Q14
2Q14
Total NIM
3.97%

4.22%

4.07%

Tower Accretion

N/A

N/A

0.06%

IN Community Accretion

0.29%

0.33%

0.15%

Integra Accretion

0.32%

0.48%

0.56%

Monroe Accretion

0.07%

0.05%

0.04%

ONB Core²

3.29%

3.36%

3.26%

3.97%

4.22%

4.07%

Fully taxable equivalent basis, non-GAAP financial measure which Management believes is useful in evaluating the financial performance of the Company on a

Appendix for Non-GAAP reconciliation

ONB Core includes contractual interest income of Monroe, Integra and IN Community loans

N/A Not applicable

1

2

13

\$ in millions

Noninterest Expense

Well Controlled

*Other Expenses include:

In 2Q13, \$1.3 million impairment on property held for sale, \$.6 million for the BSA/AML project, a \$.5 million litigation settlement, \$.3 million for ATM/branch optimization, \$.3 million for debt extinguishment charges, a \$2.1 million reversal of provision for unfunded commitments and a \$1.3 million refund of FDIC assessment.

In 1Q14, \$2.3 million real estate tax refund and \$.4 million in professional fees related to the real estate tax refund

In 2Q14, \$.4 million in accelerated retirement expenses and \$.4 million in state tax receivable write-off

2Q14 operational

expenses include

\$.8 million in annual

merit increases

Anticipated

acquisition costs in

3Q14 of \$3 million to

\$5 million

(\$1.9)

(\$0.4)

\$85.2

\$83.6

\$84.7

\$0.8

\$0.9

\$2.5

\$6.3

\$1.2

\$0.8

\$0.9

\$2.2

\$3.3

\$3.2

\$86.9

\$88.3

\$98.1

2Q13

1Q14

2Q14

14
Change
in
Net
Interest
Income
1
Interest Rate Sensitivity

1

Comparisons from flat rates, which assume stable rates and a stable balance sheet. These scenarios do not take into account changes in rates and could result in changes to mix and/or volumes in the balance sheet.

0.46%

-

-3.36%

-5.18%

-2.55%

-3.34%

3.41%

1.54%

1.13%

1.45%

1.26%

1.67%

1.68%

2.19%

2.24%

2.36%

3Q12

1Q13

2Q13

3Q13

4Q13

1Q14

2Q14

NII 200 Up

NII Forward

0.08%

15
Tangible Common Book Value
1
Acquisition
Of Integra
Bank From
FDIC
7-29-11

Acquired IN
Community
Bancorp 9-15-12
Acquired Bank of
America
Branches 7-12-13
Acquired Tower
Financial
Corporation
4-25-14
Originally
estimated
TBV at Tower
close of \$7.68
2Q11
2Q12
2Q13
2Q14
\$7.79
\$8.35
\$8.23
\$7.85
\$8.08
\$7.92
1

Non-GAAP financial measure management believes is useful in evaluating the financial results of the Company see Appendix

Jim Sandgren
Chief Banking Officer

17
Loan Growth
Excluding Covered Loans
\$4,912.8
\$5,379.1
\$360.8
\$214.0
\$108.5

2Q13

Loan Sales

Loans Obtained

Through

Acquisitions

Organic Growth

2Q14

End of period balances -

\$ in millions

18
36.5%
34.0%
36.6%
39.9%
2Q13
1Q14
2Q14

Commercial Line Utilization

\$254

\$335

\$349

\$160

\$131

\$83

\$93

\$58

\$98

\$507

\$524

\$530

2Q13

1Q14

2Q14

Commercial Loan Pipeline

Discussed

Proposed

Accepted

Commercial Loans

\$ in millions

2007-2008 Average

19
\$0.6
\$6.4
\$7.5
2Q13
2Q14
Wealth Management
Fee-Based Business Revenue

\$ in millions

\$4.1

\$4.1

2Q13

2Q14

Investments

\$9.3

\$9.8

2Q13

2Q14

Insurance

Daryl Moore
Chief Credit Officer

21
Net Charge-Offs / Provision
\$ in millions
1
Excludes FDIC-covered loans
0.01%
-0.02%
0.01%

0.51%
-0.39%
1.94%
2Q13
1Q14
2Q14
Non-Covered
Covered
2Q13
1Q14
2Q14
Consolidated NCOs
0.04%
(0.03%)
0.07%
Provision for Loan
Losses
1
(\$3.3)
(\$0.4)
\$1.1
Consolidated Provision
for Loan Losses
(\$3.7)
\$0.0
(\$0.4)

22

\$ in millions

1

Loans less those acquired through the Tower Financial transaction

Credit Quality

Excluding Covered Loans

ONB

Risk Grade

Grade

Name

0

Investment Grade

1

Minimal Risk

2

Modest Risk

3

Average Risk

4

Monitor

5

Weak Monitor

6

Watch

7

Criticized (Special Mention)

8

Classified (Substandard Accruing)

9

Nonaccruing + Doubtful

\$152.8

\$112.3

\$112.9

\$98.8

2Q13

1Q14

2Q14

Special Mention Loans

\$68.9

\$85.7

\$107.2

\$99.5

1

2Q13

1Q14

2Q14

Substandard Accruing Loans

\$129.5

\$84.8

\$96.7

\$75.9

1

2Q13

1Q14

2Q14

Substandard Nonaccruing + Doubtful

Loans

1

Bob Jones
Chief Executive Officer

24
Update on Acquisitions
Michigan / Northern Indiana Branches
Tower Financial Corporation

Fort Wayne, IN
United Bancorp, Inc.

Ann Arbor, MI
LSB Financial Corp.

Lafayette, IN

25
ONB to Acquire Founders Bank & Trust
ONB
UBMI
1
LSBI
1
FB&T

Founders Bank & Trust offers 4 branches,
\$466 million in total assets and \$378
million in deposits

2

in Grand Rapids,
giving ONB a strong opportunity to enter
this vibrant market

Includes \$353 million in assets under
management

Expansion in Grand Rapids is a key part
of ONB's strategy

Consistent with ONB's goal of
transforming the franchise into higher
growth markets

Significantly enhances ONB's
presence in the second largest MI
market

1

Pending branches from United Bancorp, Inc. and LSB Financial Corp. transaction

2

As of June 30, 2014, per Company documents

354,530

163,845

80,847

424,258

1,017,542

332,269

209,563

Ann Arbor

Bloomington

Columbus

Fort Wayne

Grand

Rapids

Kalamazoo

Lafayette

Promising Markets

Using U.S. census data, SNL Financial June 30, 2013 FDIC market share data

Grand Rapids, Michigan

Large employers in Grand Rapids area

2014 Population

Total

Deposit

Rank

Institution Name

Total

Active

Branches

Total

Deposits

(\$000)

Total Deposit

Market

Share (%)

1

Fifth Third Bancorp

42

2,949,671

23.19

2

Wells Fargo & Co.

1

2,103,751
16.54
3
JPMorgan Chase & Co.
29
1,573,960
12.38
4
Huntington Bancshares Inc.
26
1,260,726
9.91
5
Mercantile Bank Corp.
6
918,269
7.22
6
Chemical Financial Corp.
11
507,546
3.99
7
Macatawa Bank Corp.
12
480,586
3.78
8
Comerica Inc.
9
399,327
3.14
9
Founders Financial Corp.
4
386,458
3.04
10
PNC Financial Services Group Inc.
14
314,577
2.47
Market Total
203
12,718,619
100.00
Kent county market share
26
Second highest population in Michigan
May, 2014 unemployment rate of 5.4%, compared to the

national rate of 6.3%
Ranked 24th in Forbes
2013 Best cities to find jobs

Loan credit mark estimated at \$11.1 million, or 3.0% of total gross loans

Loan interest rate market estimated at \$11.4, or 3.1% of total gross loans

Projected capital ratios exceed well-capitalized
guidelines

Transaction with established and complementary customer base and business mix

Retention of key management members

Positive relationship with Founders management and board

Transaction Rationale

Compelling

Strategic

Rationale

Meaningful extension to Grand Rapids that strengthens ONB's overall Michigan footprint by reinforcing its high-quality markets

Adds 4 full-service branches with \$378 million in deposits and \$355 million in loans

Further distances ONB from the \$10B Durbin threshold with over \$12.1B in pro forma assets

Well-defined, achievable operating efficiencies that drive enhanced operating leverage and profitability

Financially

Attractive

Allows Old National to prudently and accretively deploy excess capital, based upon conservative assumptions

Approximately \$1.7 million, \$.02 per share, accretive to 2015 earnings

Approximately \$9.5 million to \$12.5 million, or \$.05 to \$.07 per share, thereafter

Tangible book value dilution of approximately 4.2% at closing

Tangible

book

value

earn

back

period

of

approximately

5.25

years

(inclusive

of

\$7.8

million

in

acquisition

costs)

Expected to create goodwill and intangibles of approximately \$58.4 million

Expected cost savings of 30% -
anticipate 67% realized in 2015 and 100% realized in 2016

Low Risk

Opportunity

Consideration

of

3.25

common

shares

of

ONB

+

\$38.00

per

share

in

cash

(fixed)

for

each

common

share

of

Founders

assuming ONB price of \$13.87 (closing price as of July 25, 2014)

Approximately

54%

stock

/

46%

cash

Assumes

3.4

million

shares

of

ONB

common

stock

issued

210% price / tangible book value (6/30/14) and 15.0x P/2013 earnings

1

The exchange ratio is subject to adjustment under certain circumstances as provided in the merger agreement.

2

Defined as the number of years for pro forma TBV per share to exceed stand-alone projected TBV per share, inclusive of acquisition charges

27

Financial data as of June 30, 2014, per SNL Financial and Company documents assumes merger and acquisition charges to

Implied
transaction
value
of
approximately
\$83.08
per
Founders
share
and
\$88.2
million
in
the
aggregate,
1
2

Old National Bancorp
Thank You
Q&A

Old National Bancorp
Appendix

30
Returned to
community
bank model
2004
2005
Sold non-
strategic

market
Clarksville, TN

5 branches
2006
Sold non-
strategic market

O Fallon, IL

1 branch

2007

2008

2009

2010

2011

2012

2013

Acquired St.

Joseph Capital

Entry into

Northern IN

market

February, 2007

Acquired 65

Charter One

branches

throughout

Indiana

March, 2009

Acquired Monroe

Bancorp

Enhanced

Bloomington, IN

presence

January, 2011

Acquired IN

Community

Entry into

Columbus, IN

September, 2012

FDIC-assisted

acquisition of

Integra Bank

July, 2011

Sold non-

strategic

market

Chicago-area -

4 branches

Consolidation of
21 branches
Acquired 24
MI / IN branches
July, 2013
Consolidation
of 2 branches
Consolidation
of 8 branches
Consolidation
of 1 branch
Consolidation
of 10 branches
Consolidation
of 12 branches
Consolidation
of 44 branches
Consolidation
of 5 branches
Sold 12
branches
Consolidation
of 22 branches
Acquired 182 + 27 pending
Sold 22
Consolidated 128
Acquired Tower
Financial
Enhancing Ft.
Wayne, IN
presence April,
2014
Transforming Old National's Landscape
Pending
acquisition of
United
Bancorp, Inc.
Entry into
Ann Arbor, MI
2014
Consolidation
of 3 branches
Pending
acquisition of
LSB Financial
Corp.
Enhancing
Lafayette, IN
presence
Pending

acquisition of
Founders
Financial
Corporation
Entry into Grand
Rapids , MI

31

Balance Sheet Mix as of March 31, 2014

1

Excludes purchase accounting adjustments

Per SNL Financial/company documents as of March 31, 2014, including Tower and pending United Bancorp, Inc. and LSB Fin

Yield on Loans: 5.16%

Total Loans: \$6,407,379

Yield on Loans: 4.58%

Total Loans: \$346,482

Yield on Loans: 5.13%

Total Loans: \$6,753,861

Cost of Deposits: 0.23%

Total Deposits: \$8,962,261

Cost of Deposits: 0.59%

Total Deposits: \$378,559

Cost of Deposits: 0.24%

Total Deposits: \$9,340,820

Pro Forma

1

Founders Bank & Trust

Old National Bancorp

1

Pro Forma

1

Old National Bancorp

1

Founders Bank & Trust

32

Covering Durbin

Anticipated 2015 earnings per share accretion from recent acquisitions

1

:

Tower Financial Corp. \$.08 to \$.10

United Bancorp \$.06

LSB Financial Corp. \$.03

Founders Financial Corp. \$.02

Durbin amendment expected to impact earnings \$.04 to \$.07 per share after-tax on an annualized basis

Actual 2015 Durbin impact expected to impact earnings \$.02 to \$.04 per share after-tax (due to July 1

st

, 2015 effective date)

\$.19 to \$.21 cumulative accretion

Our recent acquisitions are expected to cover our anticipated Durbin impact

1

Anticipated earnings accretion at each respective deal's announcement date

Interest Rate Curves

0%
1%
2%
3%
4%
5%
6%

1M
2M
3M
4M
5M
6M
9M
1Y
1.5Y
2Y
2.5Y
3Y
4Y
5Y
7.5Y
10Y
15Y
20Y
30Y
Up 200 vs. Base
Base
Up 200
0%
1%
1%
2%
2%
3%
3%
4%
4%
1M
2M
3M
4M
5M
6M
9M
1Y
1.5Y
2Y
2.5Y
3Y
4Y
5Y
7.5Y
10Y
15Y
20Y
30Y

Forward Curves

6/30/2014

6/30/2015

6/30/2016

33

Investment Portfolio

1

Includes market value for both available for sale and held to maturity securities

34

\$ in millions

Federal National Mortgage Association

\$417.1

\$423.7
 Federal Home Loan Mortgage Corporation
 161.4
 213.1
 Federal Farm Credit Bank
 75.8
 76.7
 Federal Farmer Mac
 13.8
 87.3
 Subtotal U.S. Government Agencies-Senior
 Debentures
 \$674.7
 \$804.1
 \$668.1
 \$800.8
 \$132.7
 U.S. Treasury
 \$15.6
 \$11.0
 \$15.7
 \$11.2
 (\$4.5)
 Issued or guaranteed by FNMA, FHLMC, GNMA
 1,269.3
 1,238.0
 1,263.2
 1,234.6
 Nonagency guaranteed
 16.1
 15.4
 16.6
 15.9
 Subtotal Mortgage Backed Securities
 \$1,285.4
 \$1,253.4
 \$1,279.8
 \$1,250.5
 (\$29.3)
 Trust Preferred
 31.6
 31.6
 19.4
 19.5
 Other Corporate
 290.3
 293.6
 291.4
 296.2
 Subtotal Corporate Securities

\$321.9
 \$325.2
 \$310.8
 \$315.7
 \$4.9
 Municipal Securities
 Taxable
 \$231.6
 \$218.3
 \$257.0
 \$255.6
 (\$1.4)
 Municipal Securities
 Tax Exempt
 \$587.4
 \$733.6
 \$596.4
 \$745.1
 \$148.7
 Other Securities
 \$94.8
 \$98.9
 \$94.8
 \$98.9
 \$4.1
 Totals
 \$3,211.4
 \$3,444.5
 \$3,222.6
 \$3,477.8
 \$255.2
 Book
 Value
 Mar. 31,
 2014
 Book
 Value
 June 30,
 2014
 Market
 Value
 1
 Mar. 31,
 2014
 Market
 Value
 1
 June 30,
 2014
 Market

Value \$
Change

35

Investment Portfolio

1

Money market investments includes balances in the Federal Reserve Bank Account

\$ in thousands

Effective

Duration

Mar. 31,

2014
Effective
Duration
June 30,
2014
Book
Value
Mar. 31,
2014
Book
Value
June 30,
2014
Money Market Investments
1
0.01
0.01
\$12,827
\$15,958
Treasuries
1.84
2.37
15,560
11,025
Agencies
4.03
3.55
674,709
804,063
Pools
2.47
2.28
523,766
485,074
CMOs
3.68
3.43
776,396
768,368
Municipals
7.75
7.34
819,022
951,847
Corporates
2.46
3.11
137,032
135,886
ABS

1.06
1.29
169,979
189,307
Totals
4.40
4.25
\$3,129,291
\$3,361,528

36

Average Total Loan Trends

\$ in millions

1

Includes both covered and non-covered loans

1

\$4,839

\$4,826

\$4,904

\$345

\$244

\$222

\$254

\$5,184

\$5,070

\$5,380

2Q13

1Q14

2Q14

Core ONB

Integra Bank

Tower Financial Corp.

37

Loan Portfolio at June 30, 2014

\$ in
millions

period-end
balances

\$21.6 Comml, \$51.0 CRE, \$73.5 Consumer, \$25.0 Resi Mortg

Commercial

\$1,498.8

Commercial Real Estate

1,354.7

Consumer

808.5

Residential Mortgage

1,425.2

HELOC

280.5

Covered Loans (Integra)

171.1

Total Loans

\$5,538.8

Commercial

27%

Commercial

Real Estate

24%

Consumer

15%

Residential

Mortgage

26%

HELOC

5%

Covered Loans

(Integra)

3%

38
Covered Assets / Risk Grades
On
this
portfolio
of
covered
loans*,

the
 FDIC
 will
 reimburse
 Old
 National
 for
 80%
 of
 the
 losses
 up
 to
 \$275.0
 million, 0% of losses from \$275.0 million up to \$467.2 million and 80% of losses in excess of \$467.2 million.
 2Q13
 1Q14
 1Q14
 Loans 90+ Days & Over
 \$-
 \$-
 \$0.1
 Grades 1 through 6 - Pass
 \$89.1
 \$56.7
 \$46.1
 Special Mention
 14.0
 7.5
 6.5
 Substandard Accruing
 6.6
 2.7
 3.0
 Nonaccruing + Doubtful
 60.3
 24.6
 19.0
 Retail Loans
 118.6
 102.7
 98.5
 Total Covered Loans
 \$288.6
 \$194.2
 \$171.1
 Other Real Estate Owned
 \$23.1
 \$12.9
 \$11.2

ONB

Risk Grade

Grade

Name

0

Investment Grade

1

Minimal Risk

2

Modest Risk

3

Average Risk

4

Monitor

5

Weak Monitor

6

Watch

7

Criticized (Special
Mention)

8

Classified (Substandard
Accruing)

9

Nonaccruing + Doubtful

\$ in millions period-end balances

*Covered loans shown net of \$70.5 million discount

39

Credit Quality

Excluding Covered Loans

See Appendix for definition of Peer Group

1

As a % of end of period total loans

Peer Group data per SNL Financial

1.07%

0.85%

2Q13

1Q14

2Q14

30+

Day

Delinquent

Loans

1

ONB

Peer Group Average

0.44%

0.30%

2Q13

1Q14

2Q14

90+

Day

Delinquent

Loans

1

ONB

Peer Group Average

40

Credit Quality

ALLL and Mark Summary

\$ in millions

1

Non-GAAP financial measure which Management believes useful to demonstrate that the remaining discount considers credit
of total coverage N/A = not applicable

At June 30, 2014

ONB
 Legacy
 Monroe
 Integra
 IN
 Community
 Tower
 Total
 Allowance for Loan Losses (ALLL)
 \$40.4
 \$1.5
 \$3.9
 \$0.1
 \$0.2
 \$46.2
 Loan Mark
 N/A
 \$8.9
 \$70.5
 \$28.9
 \$26.0
 \$134.3
 Total ALLL/Mark
 \$40.4
 \$10.4
 \$74.3
 \$29.0
 \$26.2
 \$180.4
 Pre-Mark Loan Balance
 \$4,688.0
 \$140.6
 \$251.7
 \$214.1
 \$378.7
 \$5,673.1
 ALLL/Pre-Mark Loan Balance
 0.86%
 1.10%
 1.54%
 0.06%
 0.05%
 0.81%
 Mark/Pre-Mark Loan Balance
 N/A
 6.31%
 27.99%
 13.51%
 6.87%
 2.37%

Loan Balance

1

0.86%

7.41%

29.53%

13.56%

6.92%

3.18%

Allowance For Loan and Lease Loss/Loan Mark Summary

41
CD Maturity Schedule
Represents CD maturities at June 30, 2014
Bucket

Amount
(\$ in 000 s)
Rate
0-30 days
87,962
0.55%
31-60 days
70,228
0.66%
61-90 days
66,387
0.48%
91-120 days
51,787
0.47%
121-150 days
47,046
0.43%
151-180 days
51,746
0.47%
181-210 days
33,767
0.82%
211-240 days
28,877
0.89%
241-270 days
39,501
0.69%
271-300 days
36,968
1.08%
301-330 days
25,155
0.49%
331-365 days
24,460
0.44%
1-2 years
178,380
1.47%
2-3 years
142,225
3.07%
3-4 years
33,266
1.13%
4-5 years
36,269

0.94%
Over 5 years
30,905
1.90%

42

Capital Ratios

See Appendix for definition of Peer Group

Peer Group data per SNL Financial

\$ in millions

1

See Appendix for Non-GAAP reconciliation

Tangible Common Equity 3/31/2014

\$808.4
2Q Earnings
18.8
2Q Dividend
(11.6)
Issuance of Shares from Acquisition
78.7
Changes in OCI - Securities
6.3
Increase in Goodwill & Intangibles
(62.5)
Tangible Common Equity 6/30/2014
\$838.1
14.4%
14.8%
14.0%
13.1%
13.1%
2Q13
1Q14
2Q14
ONB
Peer Group Average
8.7%
8.8%
8.4%
8.1%
8.4%
2Q13
1Q14
2Q14
Tangible Common Equity to Tangible
Assets
ONB
Peer Group Average
1
Tier 1 Risk-Based Capital Ratio

43
Noninterest Income
\$ in millions
\$(1.5)
\$(7.3)
\$(10.5)
\$11.8
\$11.1

\$11.8

\$6.7

\$8.1

\$7.4

\$21.4

\$22.3

\$22.7

\$5.9

\$5.7

\$6.5

\$44.3

\$39.9

\$37.9

2Q13

1Q14

2Q14

Debit Card and ATM Fees

Fee-based business: Wealth Management, Insurance, Mortgage
and Investments

Other Income

Service Charges on Deposits

Amortization of Indemnification Asset

44
Non-GAAP Reconciliations
\$ in millions
2011
2012
2013
YTD June 30,
2014

Total Revenues
 \$455.8
 \$498.6
 \$502.2
 \$248.1
 Less: Provision for Loan Losses
 (\$7.5)
 (\$5.0)
 \$2.3
 \$0.4
 Less: Noninterest Expense
 (\$348.5)
 (\$365.8)
 (\$362.0)
 (\$186.4)
 Taxable Equivalent Adjustment
 \$11.8
 \$13.2
 \$16.9
 \$8.2
 Pre-tax Income (FTE)
 \$111.6
 \$141.0
 \$159.4
 \$70.4
 Less: Total Accretion
 \$36.9
 \$57.5
 \$59.0
 \$35.5
 Change in IA
 (\$0.4)
 \$3.4
 \$9.3
 \$17.8
 Mergers/Integration Expenses
 \$16.9
 \$7.9
 \$5.9
 \$8.9
 Branch Divestitures
 (\$1.2)
 \$5.7
 \$1.4
 \$0.0
 Adjusted Income
 \$89.9
 \$100.4
 \$117.0
 \$61.5

2Q13	
1Q14	
2Q14	
Total Revenues	
\$125.4	
\$124.0	
\$124.1	
Less: Provision for Loan Losses	
\$3.7	
\$0.0	
\$0.4	
Less: Noninterest Expense	
(\$86.9)	
(\$88.3)	
(\$98.1)	
Pre-tax Income	
\$42.2	
\$35.7	
\$26.4	
Add: Provision for Loan Losses	
(\$3.7)	
\$0.0	
(\$0.4)	
Pre-Tax, Pre-Provision Income	
\$38.5	
\$35.7	
\$26.0	
Less: Securities Gains/Losses	
(\$1.8)	
(\$0.5)	
(\$1.7)	
Add: Merger and Integration Expenses	
\$0.9	
\$2.4	
\$6.3	
Pre-Tax, Pre-Provision Income, Net of Securities Gains and Merger and Integration Expenses	
\$37.6	
\$37.6	
\$30.6	

45
Non-GAAP Reconciliations
\$ in millions
end of period balances
2Q13
1Q14
2Q14
Total Shareholders

Equity
 \$1,167.0
 \$1,185.2
 \$1,277.3
 Deduct: Goodwill and Intangible
 Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Common Shareholders
 Equity
 \$802.6
 \$808.4
 \$838.1
 Total Assets
 \$9,641.1
 \$9,544.8
 \$10,387.9
 Add: Trust Overdrafts
 0.1
 0.0
 0.0
 Deduct: Goodwill and Intangible
 Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Assets
 \$9,276.7
 \$9,168.0
 \$9,948.7
 Tangible Equity to Tangible Assets
 8.65%
 8.82%
 8.42%
 Tangible Common Equity to Tangible
 Assets
 8.65%
 8.82%
 8.42%
 Net Income
 \$28.5
 \$26.5
 \$18.8
 After-Tax Intangible Amortization
 1.5
 1.5
 1.7
 Tangible Net Income
 \$30.0

\$28.0

\$20.4

ROTCE

14.95%

13.84%

9.76%

46
Non-GAAP Reconciliations
\$ in millions
end of period balances
2Q13
1Q14
2Q14
Total Shareholders

Equity
 \$1,167.0
 \$1,185.2
 \$1,277.3
 Deduct: Goodwill and
 Intangible Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Common
 Shareholders
 Equity
 \$802.6
 \$808.4
 \$838.1
 Risk Weighted Assets
 \$5,640.7
 \$5,729.5
 \$6,339.2
 Tangible Common
 Equity to Risk Weighted
 Assets
 14.23%
 14.11%
 13.22%
 end of period balances
 2Q13
 1Q14
 2Q14
 Total Shareholders
 Equity
 \$1,167.0
 \$1,185.2
 \$1,277.3
 Deduct: Goodwill and
 Intangible Assets
 (364.4)
 (376.8)
 (439.3)
 Tangible Common
 Shareholders
 Equity
 \$802.6
 \$808.4
 \$838.1
 Common Shares Issued
 and Outstanding at
 Period End
 100,881
 100,084

105,851

Tangible Common Book

Value

\$7.96

\$8.08

\$7.92

47
Non-GAAP Reconciliations
\$ in thousands
2Q13
1Q14
2Q14
Net Interest Income
\$79,191

\$83,478

\$84,482

Taxable Equivalent Adjustment

4,243

3,931

4,256

Net Interest Income Taxable Equivalent

\$83,434

\$87,409

\$88,738

Average Earning Assets

\$8,406,635

\$8,276,267

\$8,730,063

Net Interest Margin

3.77%

4.03%

3.87%

Net Interest Margin Fully Taxable

Equivalent

3.97%

4.22%

4.07%

48
Non-GAAP Reconciliations
\$ in thousands
Efficiency Ratio - As Reported
2Q13
1Q14
2Q14
Net Interest Income (FTE)

	\$83.4
	\$87.4
	\$88.7
Noninterest Income Less Security Gains	
	44.4
	40.1
	38.0
Revenue Less Security Gains	
	127.8
	127.5
	126.7
Noninterest Expense	
	86.9
	88.3
	98.1
Intangible Amortization	
	1.8
	1.8
	2.0
Noninterest Expense Less Intangible Amortization	
	85.1
	86.4
	96.1
Efficiency Ratio	
	66.52%
	67.77%
	75.85%
Impact of Current Year Partnerships	
2Q13	
1Q14	
2Q14	
Net Interest Income (FTE)	
	\$0.0
	\$0.0
	\$4.5
Noninterest Income Less Security Gains	
	0.0
	0.0
	1.2
Revenue Less Security Gains	
	0.0
	0.0
	5.7
Noninterest Expense	
	0.9
	2.5
	8.5
Intangible Amortization	
	0.0
	0.0

0.3
Noninterest Expense Less Intangible Amortization
0.9
2.5
8.2
Efficiency Ratio Excluding Impact of Current Year Partnerships
2Q13
1Q14
2Q14
Net Interest Income (FTE)
\$83.4
\$87.4
\$84.3
Noninterest Income Less Security Gains
44.4
40.1
36.8
Revenue Less Security Gains
127.8
127.5
121.1
Noninterest Expense
86.0
85.8
89.6
Intangible Amortization
1.8
1.8
1.7
Noninterest Expense Less Intangible Amortization
84.2
83.9
87.9
Efficiency Ratio
65.88%
65.81%
72.58%

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We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities

In the past, shareholders of a public company often brought securities class action suits against the company following periods

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This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of

You can identify these forward-looking statements by words or phrases such as may, will, expect, anticipate, aim

You should read thoroughly this prospectus and the documents that we refer to in this prospectus with the understanding that o

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or

This prospectus also contains statistical data and estimates that we obtained from industry publications and reports generated b

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We estimate that we will receive net proceeds from this offering of approximately US\$65.0 million (RMB393.4 million), or ap

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

The amounts and timing of any expenditures will vary depending on the amount of cash generated by our operations, and the r

In utilizing the proceeds from this offering, we are permitted under PRC laws and regulations to provide funding to our existin

Pending any use of the net proceeds as described above, we intend to hold our net proceeds in short-term, interest-bearing, fina

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We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our operations.

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. Even if our board of directors were to declare dividends, we cannot guarantee that we will have sufficient funds to pay such dividends.

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

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this

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Mezzanine Equity

Series A preferred shares (US\$0.0001 (RMB0.0006) par value; 13,506,748 shares issued and outstanding on an actual basis; nil outstanding on a pro forma or pro forma as adjusted basis)

Series B preferred shares (US\$0.0001 (RMB0.0006) par value; 21,564,115 shares issued and outstanding on an actual basis; nil outstanding on a pro forma or pro forma as adjusted basis)

Series C preferred shares (US\$0.0001 (RMB0.0006) par value; 25,782,056 shares issued and outstanding on an actual basis; nil outstanding on a pro forma or pro forma as adjusted basis)

Series D preferred shares (US\$0.0001 (RMB0.0006) par value; 21,771,472 shares issued and outstanding on an actual basis; nil outstanding on a pro forma or pro forma as adjusted basis)

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)

Class A ordinary shares (US\$0.0001 (RMB 0.0006) par value; nil issued and outstanding on a pro forma basis; 34,500,000 shares issued and outstanding on a pro forma as adjusted basis)

Class B ordinary shares (US\$0.0001 (RMB 0.0006) par value; 108,624,391 issued and outstanding on a pro forma basis; 106,700,000 issued and outstanding on a pro forma as adjusted basis)

Accumulated paid-in capital

Accumulated other comprehensive loss

Accumulated deficit

Total shareholders deficit⁽²⁾

Total capitalization

- (1) The pro forma and pro forma as adjusted basis
- (2) Assuming the number of shares issued and outstanding on a pro forma as adjusted basis
- (3) The pro forma and pro forma as adjusted basis

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Our net tangible book value as of December 31, 2013 was approximately US\$0.44 (RMB2.64) per ordinary share and US\$1.31 (RMB8.54) per ADS.

Without taking into account any other changes in such net tangible book value after December 31, 2013, other than to give effect to the automatic conversion of all of our outstanding preferred shares, this offering and the Concurrent Private Placement.

The following table illustrates the dilution on a per ordinary share basis assuming that the initial public offering price per ordinary share is US\$10.00 (RMB60.54) per ADS.

Assumed initial public offering price per Class A ordinary share

Net tangible book value per ordinary share as of December 31, 2013, on a as-converted basis

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

Amount of dilution in net tangible book value per ordinary share to new investors in the offering

Amount of dilution in net tangible book value per ADS to new investors in the offering

A US\$1.00 (RMB6.05) increase in the assumed public offering price of US\$10.00 (RMB60.54) per ADS would increase our pro forma net tangible book value per ordinary share to US\$1.31 (RMB8.54) and per ADS to US\$13.10 (RMB85.44).

A US\$1.00 (RMB6.05) decrease in the assumed public offering price of US\$10.00 (RMB60.54) per ADS would decrease our pro forma net tangible book value per ordinary share to US\$0.31 (RMB2.00) and per ADS to US\$3.10 (RMB20.00).

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(RMB41.6 million). On April 28, 2014, we agreed with holders of our Series D preferred shares to issue additional shares to su

The pro forma information discussed above is illustrative only. Our net tangible book value following completion of this offeri

The following table summarizes, on a pro forma basis as of December 31, 2013, the differences between the shareholders as of

Existing shareholders

New Shareholders

A US\$1.00 (RMB6.05) increase in the assumed initial public offering price of US\$10.00 (RMB60.54) per ADS would increas

A US\$1.00 (RMB6.05) decrease in the assumed initial public offering price of US\$10.00 (RMB60.54) per ADS would decreas

The discussion and tables above also assume no exercise of any outstanding share options outstanding as of the date of this pro

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2008 Plan and 2014 Plan. On April 28, 2014, we agreed with holders of our Series D preferred shares that in the event the final

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Our reporting currency is Renminbi because our business operations are based in China and all of our revenues are denominated in Renminbi.

The following table sets forth information concerning exchange rates between Renminbi and the U.S. dollar for the periods indicated.

Source: Federal Reserve Statistical Release

(1)

Annual averages were calculated.

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

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

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, be resolved in the United States.

All of our operations are conducted outside the United States, and all of our assets are located outside the United States. All of our directors and officers are non-resident aliens.

We have appointed Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4th Floor, New York, New York, as our agent for service of process in 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 that the Cayman Islands courts may not enforce judgments of the United States courts against our assets.

Travers Thorp Alberga has informed us that it is uncertain whether the courts of the Cayman Islands will allow shareholders of the company to bring derivative actions against our directors and officers.

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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 obt

Jun He Law Offices has further advised us that the recognition and enforcement of foreign judgments are subject to complianc

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We began our operation in China through Nanjing Tuniu, a PRC company formed in December 2006. Nanjing Tuniu acquired
In June 2008, we incorporated Tuniu Corporation under the laws of the Cayman Islands as our offshore holding company in or
Tuniu Corporation established a wholly owned PRC subsidiary, Beijing Tuniu, in September 2008. Tuniu (HK) Limited establ
These contractual arrangements allow us to:

As a result of these contractual arrangements, we are the primary beneficiary of Nanjing Tuniu, and we treat it and its subsidia

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The following diagram illustrates our corporate structure, including our principal subsidiaries and consolidated affiliated entities.

(1) Messrs. Dunde Yu, Haifeng
The following is a summary of the currently effective contractual arrangements by and among our wholly owned subsidiary, B

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

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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

Equity Interest Pledge Agreement. Pursuant to the equity interest pledge agreement entered into on September 17, 2008 and s

Shareholders Voting Rights Agreement. Pursuant to the shareholders voting rights agreement entered into on September 17,

Irrevocable Powers of Attorney. Pursuant to the powers of attorney dated January 24, 2014, the shareholders of Nanjing Tuniu

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 J

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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

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

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regula

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The following selected consolidated statements of comprehensive loss data (other than ADS data) and selected consolidated statements of income are presented below:

Selected Consolidated Statements of Comprehensive Loss Data:**Revenues:**

Organized tours

Self-guided tours

Others

Total revenues

Less: Business and related taxes

Net revenues

Cost of revenues

Gross profit

Operating expenses:

Research and product development

Sales and marketing

General and administrative

Other operating income

Loss from operations

Other income/(expenses):

Interest income

Foreign exchange related gains/(losses), net

Other loss, net

Loss before provision for income taxes

Provision for income taxes

Net loss

Deemed dividends to preferred shareholders

Net loss attributable to ordinary shareholders

Net loss per ordinary share attributable to ordinary shareholders

Basic

Diluted

Weighted average number of ordinary shares used in computing basic and diluted earnings per share

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

Selected Consolidated Balance Sheet Data:

Cash and cash equivalents

Restricted cash

Short-term investments

Prepayments and other current assets

Total assets

Accounts payable

Advances from customers

Total liabilities

Total mezzanine equity

Total shareholders' deficit

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

Selected Consolidated Statements of Cash Flow Data:

Net cash provided by operating activities

Net cash used in investing activities

Net cash provided by financing activities

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

Gross bookings (in thousands)

Organized tours (excluding local tours)

Local tours

Self-guided tours

Number of trips (in thousands)

Organized tours (excluding local tours)

Local tours

Self-guided tours

Average gross bookings per trip

Organized tours (excluding local tours)

Local tours

Self-guided tours

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The following table sets forth certain unaudited consolidated statements of comprehensive loss data for the three months ended

Revenues:

Organized tours
Self-guided tours
Others

Total revenues

Less: Business and related taxes

Net revenues

Cost of revenues

Gross profit

Operating expenses:

Research and product development
Sales and marketing
General and administrative
Other operating income

Total operating expenses

Loss from Operations

Other income/(expenses):

Interest income
Foreign exchange related gains / (losses), net
Other income/(loss), net

Loss before provision for income taxes

Provision for income taxes

Net loss

Revenues. Total revenues increased by 56.4% from RMB372.2 million in the three months ended March 31, 2013 to RMB582

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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

Cost of Revenues. Cost of revenues increased by 56.3% from RMB342.9 million in the three months ended March 31, 2013 to

Operating Expenses. Operating expenses increased by 219.1% from RMB34.1 million in the three months ended March 31, 2013 to

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

In the event that the public offering price per ADS in this offering as set forth on the final prospectus cover is below US\$10.00

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

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You should read the following discussion and analysis of our financial condition and results of operations in conjunction with

Overview

We are a leading online leisure travel company in China. We offer a large selection of packaged tours, including organized tours.

We started offering packaged tours online in 2007, and are among the earliest Chinese companies that focus on the online leisure travel market.

We have achieved significant growth in recent years. Our net revenues increased from RMB765.5 million in 2011 to RMB1,111.5 million in 2012.

Our ability to achieve and maintain profitability depends on our ability to effectively reduce our costs and expenses as a percentage of revenues.

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. Revenue

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

Revenues:

Organized tours

Self-guided tours

Others

Total revenues

Less: Business and related taxes

Net revenues

As revenues generated from organized tours are recognized on gross basis while revenues generated from self-guided tours are

The following table sets forth the gross bookings, number of trips and average gross bookings per trip of our organized tours a

Organized tours. As we recognize revenues from organized tours on gross basis, revenues from organized tours are equivalent

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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 ex

Self-guided tours. Revenues from self-guided tours represent the difference between amounts received from our customers and

Revenues from self-guided tours generally reflected the increase of the gross bookings for self-guided tours, which primarily r

Others. Other revenues accounted for 0.3%, 1.2% and 1.1% of our net revenues in 2011, 2012 and 2013, respectively. Our oth

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 subs

Cost to suppliers of our organized tours represents amounts paid to our travel suppliers for the sale of the relevant organized to

Our cost of revenues also includes salaries, commissions, employee welfare expenses, bonuses and contributions to mandatory

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components cannot be reasonably allocated among different travel products and services. The following table sets forth the cor

Cost of revenues:

Costs to suppliers for organized tours

Costs common to all revenue categories

Cost of revenues

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

Operating expenses:

Research and product development

Sales and marketing

General and administrative

Other operating income

Total operating expenses

Research and product development expenses. Research and product development expenses primarily comprise salaries and oth

Sales and marketing expenses. Sales and marketing expenses primarily comprise marketing and promotional expenses, salaries

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General and administrative expenses. General and administrative expenses primarily comprise salaries and other compensation

Other operating income. Other operating income relates primarily to government subsidies that we receive from provincial and

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

Revenue Recognition

We generate revenues primarily from selling packaged tours and travel-related services. Our main product and service offering

Revenues are recognized in accordance with ASC 605, Revenue Recognition, when the following criteria are met: persuasive e

Organized tours

Revenues from organized tours are recognized on gross basis, which represent amounts charged to and received from customer

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Revenues from organized tours are recognized when customers return from the trips as delivery is only considered completed u

Self-guided tours

Revenues from self-guided tours are recognized on net basis, representing the difference between the amount the customer pay

Other revenues

For other travel-related services such as sales of tourist attraction tickets and visa processing services, we generally earn a com

Customer incentives

We have a customer loyalty program that offers customers coupons, travel vouchers, membership points or cash rewards. We a

For membership points earned by customers which provides travel awards upon point redemption, we use the incremental cost

Research and Product Development

Research and product development expenses include salaries and other compensation-related expenses for our research and pro

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planning and implementation phases of development, and costs that are associated with repair or maintenance of the existing w

Income Taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expenses

The guidance prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position

In order to assess uncertain tax positions, we apply a more likely than not threshold and a two-step approach for the tax position

Share-Based Compensation

We account for share options granted to employees in accordance with ASC 718, Stock Compensation. The 2008 Plan allows t

Under the 2008 plan, options granted to employees vest upon satisfaction of a service condition, which is generally satisfied ov

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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 a

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

December 16, 2012
 January 7, 2013
 March 23, 2013
 April 18, 2013
 June 3, 2013
 June 28, 2013
 July 1, 2013
 August 1, 2013
 August 15, 2013
 October 30, 2013⁽¹⁾
 October 30, 2013⁽¹⁾
 November 30, 2013⁽¹⁾
 November 30, 2013⁽¹⁾

(1) Options granted to officers and directors

(2) The translations from U.S. dollars to RMB

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)

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

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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:

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 e

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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.

In determining the grant date fair value of our ordinary shares for purposes of recording share-based compensation in connection with the grant of restricted stock units, we used the Black-Scholes option pricing model.

We, with the assistance of an independent valuation firm, evaluated the use of three generally accepted valuation approaches: the income approach, the market approach, and the cost of equity approach.

The income approach involves applying discounted cash flow analysis based on our projected cash flow using management's assumptions.

The option-pricing method was used to allocate equity value of our company to preferred and ordinary shares, taking into account the relative risk of each class of shares.

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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:

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.

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\$1.50 (RMB 8.70) per share as of December 31, 2013.

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The determined fair value of our ordinary shares increased from US\$1.98 (RMB11.99) per share as of November 30, 2013 to U

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 cap

Hong Kong

Tuniu (HK) Limited is incorporated in Hong Kong. Companies registered in Hong Kong are subject to Hong Kong Profits Tax

PRC

Our PRC subsidiaries and consolidated affiliated entities are subject to PRC enterprise income tax, or EIT, on the taxable incom

Under the EIT Law, an enterprise established outside the PRC with a de facto management body within the PRC is consider

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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 th

Nanjing Tuniu obtained its HNTE certificate in 2010 with a valid period of three years and successfully renewed such certifica

Under the EIT Law and its Implementation Rules, subject to any applicable tax treaty or similar arrangement between the PRC

As we had losses from operation in 2011, 2012 and 2013, we have not incurred any PRC income taxes for those periods, with t

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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

Pursuant to the applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally

In November 2011, the Ministry of Finance released Circular Caishui [2011] No. 111 mandating Shanghai to be the first city to

Results of Operations

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

Revenues:

Organized tours

Self-guided tours

Others

Total revenues

Less: Business and related taxes

Net revenues

Cost of revenues

Gross profit

Operating expenses:

Research and product development

Sales and marketing

General and administrative

Other operating income

Loss from operations

Other income/(expenses):

Interest income

Foreign exchange related (losses)/gains, net

Other loss, net

Loss before provision for income taxes

Provision for income taxes

Net loss

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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.

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.

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.

Operating Expenses. Operating expenses increased by 42.3% from RMB152.6 million in 2012 to RMB217.1 million (US\$35.1 million) in 2013.

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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 an increase in interest income.

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 the increase in revenues and a decrease in provision for income taxes.

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 an increase in interest expense.

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Operating Expenses. Operating expenses increased by 22.9% from RMB124.2 million in 2011 to RMB152.6 million in 2012,

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

Revenues:

Organized tours
Self-guided tours
Others

Total revenues

Less: Business and related taxes

Net revenues

Cost of revenues

Gross profit

Operating expenses:

Research and product development
Sales and marketing
General and administrative
Other operating income

Total operating expenses

Loss from Operations

Other income/(expenses):

Interest income
Foreign exchange related gains/(losses), net
Other loss/(income), net

Loss before provision for income taxes

Provision for income taxes

Net loss

Basic and diluted net loss per share attributable to the Company's ordinary shareholders

Weighted average number of ordinary shares outstanding - basic and diluted

The growth of our quarterly net revenues was primarily driven by the increases in organized tours over the eight quarters in the

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the Tourism Law and the political unrest in Thailand. See PRC Regulation Regulations on Travel Companies. The growth
Seasonal fluctuations have affected, and are likely to continue to affect, our business. We generally generate more revenues from

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash generated from our operating activities and private issuances
In connection with the increase in the sales of our travel products and services, advances from customer increased from RMB1
Our principal uses of cash for the years ended December 31, 2011, 2012 and 2013 were for operating activities, primarily market
We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash need

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

Net cash provided by operating activities
Net cash used in investing activities
Net cash provided by financing activities
Effect of exchange rate changes on cash and cash equivalents
Net increase/(decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of the period
Cash and cash equivalents at the end of the period

Operating Activities

Our net cash provided by operating activities was RMB116.7 million (US\$19.3 million) in 2013, primarily attributable to cash

Our net cash provided by operating activities was RMB14.7 million in 2012, primarily attributable to cash inflows from sales of

Our net cash provided by operating activities was RMB36.3 million in 2011, primarily attributable to cash inflows from sales of

Investing Activities

Our net cash used in investing activities was RMB304.2 million (US\$50.3 million) in 2013, primarily attributable to the purchase

Our net cash used in investing activities was RMB46.8 million in 2012, attributable to the purchase of short- term investments

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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 e

Financing Activities

Our net cash provided by financing activities in 2013 was RMB306.4 million (US\$50.6 million), attributable to the net proceed

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

Capital Expenditures

Cash outflow in connection with capital expenditures amounted to RMB15.4 million, RMB21.4 million and RMB4.8 million (

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through our wholly o

Contractual Obligations

We lease our facilities and offices under non-cancelable operating lease agreements. Certain of these arrangements contain free

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

Operating lease obligations

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 party.

Inflation

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, inflation in China has not materially impacted our results of operations.

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 assets.

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 expenses are denominated in Renminbi.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China.

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the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. As a consequence, Renminbi fluctuat

There remains significant international pressure on the PRC government to substantially liberalize its currency policy, which c

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 an

The material weakness identified related to the lack of sufficient financial reporting and accounting personnel with appropriate

To remedy our identified material weakness, we have adopted several measures to improve our internal control over financial r

In addition, we plan to undertake other steps to strengthen our internal control over financial reporting, including (1) to hire mo

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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

Recent Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-02, Reporting of Amounts Reclassified

In March 2013, the FASB issued ASU No. 2013-05, Parent s Accounting for the Cumulative Translation Adjustment upon De

In July 2013, the FASB issued, ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss C

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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.

Leisure travel primarily refers to organized tours and self-guided tours. The size of the leisure travel industry in China, as measured by total revenue, is shown in the chart below.

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 iResearch, the industry is expected to continue to grow rapidly over the next several years.

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 market.

Within the overall online travel market, the online leisure travel market is the fastest growing segment. According to iResearch, the online leisure travel market is expected to continue to grow rapidly over the next several years.

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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

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

(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

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

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

Internet and mobile Internet penetration: China has the largest Internet population in the world, which increased from 457.3 million

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Surging online shopping trend: With the increasing adoption of online payment and proliferation of e-commerce companies in

Overseas travel

Within the online leisure travel market, overseas travel has the highest growth rate. According to iResearch, online leisure travel

Overseas travel is becoming increasingly popular for Chinese consumers due to rising disposable income, an expanding middle

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

Customer services. There is a large number of factors that customers consider when making a travel purchase decision. These factors

Product quality. Quality of travel products is important in ensuring a pleasant travel experience and hence customers' satisfaction

Availability and breadth of product offerings. Customers tend to use and stay with online travel companies that offer a comprehensive

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Competitive prices. Price is an important criterion that customers consider in selecting travel products. Due to intense competition,

Brand recognition. In addition to delivering comprehensive customer services, consistently offering quality travel products and

Ease of use. Internet is an important source of information for leisure travelers when conducting research on destinations and travel

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Overview

We are a leading online leisure travel company in China. We offer a large selection of packaged tours, including organized tours.

We started offering packaged tours online in 2007, and are among the earliest Chinese companies that focus on the online leisure travel market.

We have established Tuniu as a trusted and widely recognized brand in leisure travel in China, powered by a compelling customer experience.

To cultivate customer loyalty and ensure customer satisfaction, we complement our online platform with an extensive nationwide network of service centers.

Our recognized brand in leisure travel and growing customer base enable us to source a broad range of products from high-quality suppliers.

We have achieved significant growth in recent years. Our net revenues increased from RMB765.5 million in 2011 to RMB1,111.5 million in 2012.

Our ability to achieve and maintain profitability depends on our ability to effectively reduce our costs and expenses as a percentage of revenue.

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revenues from organized tours in 2011, 2012 and 2013, respectively. Our operating expenses as a percentage of our net revenue

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

China's leisure travel demand has risen rapidly, driven by the increasing disposable household income and the expanding mid

Our strong market position allows us to source a broad range of products from a large number of travel suppliers at competitive

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

To complement our online platform, we have a team of over 400 well-trained tour advisors who closely assist our customers through

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China to answer inquiries, collect visa application materials and process payments for our customers. We proactively collect customer

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.

Our customers are presented with a wide array of packaged tours and services for their desired travel destinations based on a number of factors.

In addition to the packaged tours available on our online platform, we provide customized travel solutions to group and corporate customers.

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 other travel-related entities.

We rigorously select travel suppliers to ensure quality and reliability. Our supplier quality engineer, or SQE, team is dedicated to ensuring that our suppliers meet our high standards.

We work closely with our travel suppliers on business planning, budget formulation and product development. We have developed strong relationships with our suppliers to ensure that we can meet our customers' needs.

Robust Technology Capabilities

We have developed a highly reliable and scalable technology infrastructure to support and enhance our product and service offerings.

Leisure travel products are non-standardized in nature. They are defined by a multitude of attributes and yield complex datasets that require sophisticated technology to manage.

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travel market, we have developed search technologies that allow us to retrieve, index, filter and rank complex product information.

Furthermore, our technologies enable us to effectively gather and analyze customer behavior and data for procurement, inventory and other business processes.

Our Strategies

Our goal is to become Chinese consumers' destination for leisure travel products and services. We aim to further expand our customer base and increase our user engagement.

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 and offering to meet the needs of our customers.

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, and other promotional activities.

We plan to develop more features and functionalities of our online platform to deliver a more convenient and personalized user experience.

We believe that the insightful travelers' reviews and stories will attract more visits to our online platform and enhance our customer engagement.

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 efficient and effective.

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prices. We also plan to further take advantage of our search technology to gather user generated content to identify products th

Enhance Our Mobile Platform

We will continue to develop our mobile platform with a focus on enhancing our mobile user experience and engagement. Duri

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 a

Pursue Strategic Alliances and Acquisitions

We may pursue selected strategic alliance and acquisition opportunities that are complementary to our operations to expand ou

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 le

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Organized Tours

Our organized tours offer the benefits of pre-arranged itineraries, transportations, accommodations, entertainments, meals and

Our organized tours cover over 70 countries and regions worldwide, including nearly all of the popular tourist destinations and

Our organized tour product portfolio also includes local tours, which mainly consist of weekend getaways and themed tours, such as

In addition, to address the needs of group travelers which cannot be satisfied by off-the-shelf travel products, such as companies

Self-guided Tours

Our self-guided tours consist of combinations of flights and hotel bookings and other optional add-ons, such as airport pick-up

Other Travel-Related Services

Our other travel-related services comprise mainly sales of tourist attraction tickets and visa processing services. We earn a commission

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, and

Our online platform provides our customers with the tools and information to conveniently plan, book and purchase travel products

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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

Our Website

Our website, *tuniu.com*, provides a one-stop travel platform for our customers from researching travel destinations to booking

We encourage our customers to share photos, stories and other travel-related information on our website. We have built a large

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

Search and Select. A customer conducts a search for a particular product on our website by defining desired parameters, such as

Order Placement. After a customer has selected a particular option, our website will provide the customer with an opportunity

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conditions of such purchase. The customer can also request assistance and professional advice from our tour advisors who will

Contract Confirmation. At this stage, a customer is required to confirm that he agrees to the terms and conditions of his purchase.

Payment. After confirming the terms of a contract, a customer will be directed to the payment webpage. We offer our customers

Review. After completing their trips, a customer is provided with incentives such as coupons to return to our website to write reviews.

We offer customized services via a sophisticated account management system accessible on our online platform. After logging in,

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*,

Through *Tuniu Travel*, our customers can search for travel products and services and complete a booking within minutes. *Tuniu*

Our Customer Services

When selecting a travel company or platform, leisure travelers often look beyond factors such as prices and selection and focus on

Offline nationwide service network. Our call center is located in our headquarters in Nanjing. Over 100 customer service representatives

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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 imple

Tour Advisors. We have over 400 tour advisors who are well-trained through in-house training workshops as well as training s

To create a better travel experience for our customers, we are committed to sharing part of their losses in certain unexpected ev

Supply Chain Management

We have over 3,000 travel suppliers, which primarily include tour operators, travel services providers and wholesalers of trave

We source a broad range of products from travel suppliers who have significant advantages in the destinations we cover and of

For example, Beijing Utour International Travel Service Co., Ltd., or Utour, a travel company listed on the Shenzhen Stock Ex

We generally enter into contracts with our travel suppliers based on our standard form. Our travel suppliers often pay us rebat

We conduct a rigorous process in qualifying travel suppliers and in selecting their travel products and services. In qualifying a

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In addition, our travel suppliers can participate in biddings for priority listing, prominent placements for bidding and advertising.

Product Selection

We adopt an open-source procurement strategy to source quality travel products in the destinations we cover. Our product procurement process is as follows:

Supply Management

We generally do not take inventory risks, other than during peak travel periods or for selected destinations and travel routes where we have a high volume of bookings.

Supplier Quality Control

We have developed product and service provision protocols for travel suppliers to follow. Our SQE team also evaluates travel suppliers on a regular basis.

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 submission, our system automatically generates a product listing for our travel suppliers.

Just-In-Time Management. Our N-Booking system provides travel suppliers with an access to real-time inventory data and gives them the ability to manage their inventory levels.

Account Management. Our travel suppliers can review details of transaction history on our N-Booking system. They can also manage their account information.

Data Analysis. Supported by our big data platform, travel suppliers can analyze and understand user behavior based on their booking patterns.

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supplied by them on our online platform and are able to evaluate the competitiveness of different travel products. We believe th

Technology

We have built our technology infrastructure with high levels of performance, reliability, scalability and security to ensure super

We believe that an advanced technology platform is vital to our growth and success. In 2012, we obtained ISO 9001:2008 certi

Product Search

We strive to present relevant and useful search results in a timely fashion to ensure the accuracy, efficiency and synchronism o

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

Smart Caching. We maintain a database with massive product information on packaged tours, hotels, flights and other travel-re

Accuracy Checking. Our accuracy checking software complements our smart caching system and is implemented to display the

Fuzzy Query Processing. We maintain a dictionary for travel-related keywords in Chinese, where keywords are classified and l

Big Data Analysis

We gather and analyze customer behavior and data for our procurement, inventory management and marketing. We also provi

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Big Data Platform. We have developed our big data platform based on a distributed computing system. Such data analytics cap

Streaming Data Analysis. We have also built a streaming data processing pipeline based on our big data platform to view the b

Web Content Mining. Our web content processing system links user generated content which includes customer reviews, travel

N-Booking System

Our N-Booking system streamlines the interactions between us and our travel suppliers. Our N-Booking system also allows ou

CRM System

Through a customer relationship management system, or CRM system, we gather, analyze and make use of internally-generate

Data Security

Our system servers are housed in Nanjing and Beijing, and have secure and dedicated communication links among them. All d

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 a

We have entered into agreements with a number of search engines, pursuant to which we have purchased travel-related keywo

We also conduct offline advertising primarily via outdoor advertising. Our offline advertising plays an important role in buildi

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some domestic and foreign tourism boards and bureaus have cooperated with us to participate in promotional events and marketing. As part of our cross-marketing effort, we have agreements with financial institutes to recommend our products and services to their customers. Furthermore, our customer reward program allows our customers to accumulate membership points and coupons as they purchase.

Competition

We compete primarily with all other types of online travel companies. In addition, we compete with traditional travel service providers. Some of our current and potential competitors may have greater financial, marketing and other resources than we do. In addition,

Intellectual Property

Our success and ability to compete depend, in part, upon our ability to establish and adequately protect our intellectual property.

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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,

We enter into standard employment agreements with all our employees. We also enter into confidentiality agreements with cer

As required by regulations in China, we participate in various employee social security plans that are organized by municipal a

Our success depends on our ability to attract, retain and motivate qualified personnel. We believe that we maintain a good wor

Facilities

Our principal executive offices, consisting of our administrative center, sales and marketing division, technical services depart

Insurance

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased travel companies

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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 t

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This section sets forth a summary of the significant regulations or requirements that affect our business activities in China or o

Regulations on Value-Added Telecommunication Services

The PRC government extensively regulates the telecommunications industry, including the Internet sector. The PRC State Cou

Licenses for Value-Added Telecommunication Services

The Telecommunications Regulations issued by the PRC State Council in September 2000 are the primary regulations governi

Pursuant to the Administrative Measures for Telecommunications Business Operating Permit promulgated by the MIIT in Mar

Pursuant to the Administrative Measures on Internet Information Services, promulgated by the PRC State Council in Septembe

The Internet Electronic Bulletin Service Administrative Measures promulgated by the MIIT in November 2000 require Interne

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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.

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the PRC State Administration of Foreign Exchange.

The MIIT Circular issued in July 2006 reiterated the regulations on foreign investment in telecommunications businesses, which restrict foreign investment in telecommunications services.

In light of the aforesaid restrictions, we rely on Nanjing Tuniu, our consolidated affiliated entity, to hold and maintain the licenses for telecommunications services.

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.

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importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; (5) disseminate information that is false, defamatory, obscene, or otherwise illegal, harmful, or in violation of applicable laws or regulations.

The Ministry of Public Security has promulgated the Administrative Measures for the Security Protection of International Computer Information Systems.

In December 2005, the Ministry of Public Security promulgated Provisions on Technological Measures for Internet Security Protection.

In addition, the State Secrecy Bureau has issued provisions authorizing the blocking access to any website it deems to be leaking state secrets.

As Nanjing Tuniu is an ICP operator, it is subject to the laws and regulations relating to information security. To comply with applicable laws and regulations, we have implemented the following measures:

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platform and removing prohibited content. We believe that with these measures in place, no prohibited content under PRC info

If, despite the precautions, we fail to identify and prevent illegal or inappropriate content from being displayed on or through o

Regulations on Internet Privacy

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infrin

Regulations on Air-ticketing

Air-ticketing business is subject to the supervision of the China Aviation Transportation Association, or CATA, and its regiona

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Rules on Certification of Qualification for Civil Aviation Transport Sales Agencies, or the Air Ticketing Rules, issued by the C

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 i

In April 1987, the PRC State Council promulgated the Public Area Hygiene Administration Regulation, which requires hotels

The Fire Prevention Law, as amended by the SCNPC in October 2008, and the Provisions on Supervision and Inspection on Fi

In January 2006, the PRC State Council promulgated the Regulations for Administration of Entertainment Places. In March 20

We cannot ensure that all of the hotels that we offer to our customers have obtained, and maintained, all necessary permits and

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Regulations on Travel Companies

The travel industry is subject to the supervision of the China National Tourism Administration, or CNTA, and local tourism ad

The Travel Company Regulations permit foreign investors to establish wholly foreign-owned travel companies, as well as join

Pursuant to the Tourism Law, travel companies are prohibited from arranging for compulsory shopping or other activities whic

In 2010, CNTA released the Measures for Dealing with Tourism Complaints, which took effect as of July 1, 2010. Under these

Although we take measures, such as requesting travel suppliers to provide their relevant permits and/or licenses, we cannot ma

In November 2010, CNTA and CIRC jointly promulgated the Measures for the Administration of the Liability Insurance of Tr

Table of Contents

under the insurance agreement, reimburse the travel companies for the compensations made by the travel companies for the pe

Regulations on Group Buying

In March 2012, the SAIC issued the Opinions on Strengthening the Administration of Online Group Buying Operations, or the

In addition, group buying website operators must also preserve all relevant data for a period of two years following their cessat

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 c

Correspondingly, a business operator providing a commodity or service to a consumer is subject to a number of requirements,

In December 2003, the Supreme People's Court in China enacted the Interpretation of Some Issues Concerning the Applicatio

Table of Contents

increases the liabilities of business operators engaged in the operation of hotels, restaurants, or entertainment facilities and subje

In October 2010, the Supreme People's Court of China issued the Provisions on Issues Concerning the Application of Law for

Although we take certain measures to monitor the qualities of the travel products and services provided by our travel suppliers

Regulations on Advertising Business

The SAIC is the primary governmental authority regulating advertising activities, including online advertising, in China. Regu

According to the above regulations, companies that engage in advertising activities must each obtain, from the SAIC or its loca

Under the Rules for Administration of Foreign Invested Advertising Enterprises, which were jointly promulgated by the SAIC

PRC advertising laws and regulations set certain content requirements for advertisements in China, including, among other thi

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destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest.

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

In addition, pursuant to the PRC Trademark Law, counterfeit or unauthorized production of the label of another person's registered

Domain Name

Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the MIIT in November 2002.

Copyright

Works are protected under the PRC Copyright Law adopted by the National People's Congress in 1990, as amended in 2001 and 2010.

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Pursuant to the PRC Copyright Law and its implementation rules, creators of protected works enjoy personal and property rights.

Software Copyrights

The Administrative Measures on Software Products, issued by the MIIT in October 2000 and subsequently amended in March 2002.

In order to further implement the Computer Software Protection Regulations promulgated by the PRC State Council in December 1991.

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.

Tort Liability Law

In accordance with the Tort Liability Law promulgated by the Standing Committee of the National People's Congress in December 2009.

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after our reasonable investigation and determination. However, such policy may not be effective in preventing the unauthorized

Regulations on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations, as amended in August 2008, if documents certifying the purposes

In August 2008, SAFE promulgated a SAFE Circular 142 regulating the conversion, by a foreign-invested enterprise, of foreign

Regulations on Dividend Distribution

The principal regulations governing distribution of dividends of wholly foreign-owned enterprises include the PRC Company Law

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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
Failure to comply with the registration procedures set forth in the SAFE Circular 75 may result in restrictions being imposed on

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
We adopted the 2008 Plan, pursuant to which we may issue options or restricted shares to our qualified employees and consultants

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affect our business. See Risk Factors Risks Related to Doing Business in China Failure to comply with PRC regulations reg

In addition, the State Administration for Taxation has issued circulars concerning employee share options, under which our em

Regulations on Overseas Listing

Six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers and Acquisitions of Domestic E

While the application of this new regulation remains unclear, we believe, based on the advice of our PRC counsel, Jun He Law

Regulations on Employment

The PRC Labor Law, the PRC Labor Contract Law and its implementation rules provide requirements concerning employmen

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including socia

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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

Dunde Yu
Haifeng Yan
Thomas Gai Tei Tsao
Frank Lin
Steve Yue Ji
Eugene Chehchun Huang
Onward Choi
Jack Xu
Conor Chia-hung Yang
Zhengrong Tang
Enjie Wu
Li Li

* Mr. Onward Choi and Mr. J
Mr. Dunde Yu is our co-founder and has served as chairman of our board of directors and chief executive officer since our ince
Mr. Haifeng Yan is our co-founder and has served as our director since our inception. Prior to founding our company, Mr. Yan
Mr. Thomas Gai Tei Tsao has served as our director since October 2008. Mr. Tsao is a co-founder of Gobi Ventures, Inc. He h
Mr. Frank Lin has served as our director since December 2009. Mr. Lin is a general partner of DCM, a technology venture cap

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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 Seq

Mr. Eugene Chehchun Huang has served as our director since September 2013. Mr. Huang is a director of Temasek Internation

Mr. Onward Choi will serve as our independent director immediately upon the effectiveness of our registration statement on F

Mr. Jack Xu will serve as our independent director immediately upon the effectiveness of our registration statement on Form F

Mr. Conor Chia-hung Yang has served as our chief financial officer since January 2013. Prior to joining us, Mr. Yang was the

Table of Contents

Mr. Zhengrong Tang has served as our chief technology officer since August 2013. Prior to joining us, Mr. Tang was the chief

Mr. Enjie Wu has served as our vice president of human resources center since January 2010. Prior to joining us, Mr. Wu was t

Ms. Li Li joined our company in May 2008, and has served as our general manager of organized tour department since 2012. P

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

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement,

Each executive officer has also agreed to be bound by non-competition restrictions during the term of his or her employment. S

We have also entered into indemnification agreements with certain directors. Under these agreements, we agree to indemnify c

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Board of Directors

Our board of directors currently consists of six directors. Additional independent directors will join the board upon the effective

Under the shareholders agreement and our memorandum and articles of association currently in effect, the holders of a majority

Committees of the Board of Directors

Prior to completion of this offering, we intend to establish an audit committee, a compensation committee and a nominating and

Audit Committee. Our audit committee will consist of Mr. Onward Choi, Mr. Jack Xu and Mr. Dunde Yu and will be chaired by

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Compensation Committee. Our compensation committee will consist of Mr. Haifeng Yan, Mr. Onward Choi and Mr. Eugene C.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of Mr.

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. C

Terms of Directors and Officers

Pursuant to the amended and restated memorandum and articles of association, which will become effective and replace the cu

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completion of this offering, our officers will be elected by and serve at the discretion of the board and the shareholders voting

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

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 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 commi

Award Agreement. Awards granted under the 2008 Plan are evidenced by an award agreement that sets forth terms, conditions

Eligibility. We may grant awards to our employees and consultants of our company. However, we may grant options that are in

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreem

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administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of grant.

Transfer Restrictions. Options may not be transferred in any manner by the recipient other than by will or by the laws of descent and distribution.

Termination of the 2008 Plan. Unless terminated earlier, the 2008 Plan will terminate automatically in 2018. Our board of directors may terminate the 2008 Plan at any time.

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 awarded under the 2014 Plan is 1,000,000 shares.

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 may delegate its authority to one or more persons.

Award Agreement. Awards granted under the 2014 Plan are evidenced by an award agreement that sets forth terms, conditions and restrictions.

Eligibility. We may grant awards to our employees, directors and consultants of our company. However, we may grant options to non-employees.

Acceleration of Awards upon Change in Control. If a change in control of our company occurs, the plan administrator may, in its discretion, accelerate the vesting of awards.

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.

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Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent

Termination of the 2014 Plan. Unless terminated earlier, the 2014 Plan will terminate automatically in 2024. Our board of directors

The following table summarizes, as of the date of this prospectus, the outstanding options granted to our directors and executive officers

Name

Dunde Yu

Haifeng Yan

Conor Chia-hung Yang

Zhengrong Tang

Enjie Wu

Li Li

Directors and officers as a group

*

(1)

(2)

Shares underlying vested options

Pursuant to the relevant award agreements

The prices in Renminbi were

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The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this pro

We will adopt a dual class ordinary share structure immediately prior to the completion of this offering. The calculations in the

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Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares

Directors and Executive Officers:*

Dunde Yu

Haifeng Yan

Thomas Gai Tei Tsao

Frank Lin

Steve Yue Ji

Eugene Chehchun Huang

Onward Choi

Jack Xu

Conor Chia-hung Yang

Zhengrong Tang

Enjie Wu

Li Li

All directors and executive officers as a group

Principal and Selling Shareholders:

DCM V, L.P. and Affiliates

Esta Investments Pte Ltd.

Gobi Fund II, L.P.

Sequoia Capital 2010 CV Holdco, Ltd.

Dragon Rabbit Capital

Limited

Verne Capital Limited

RS Empowerment, Inc.

Wang Bros Venture Capital Ltd.

PGM Capital Inc.

Time Tide Investment Limited

Atomic Power Capital Ltd.

*

**

(1)

(2)

(3)

Except for Messrs. Thomas

Shares underlying vested op

For each person and group i

For each person and group i

For each person and group i

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(4)	For each person and group i
(5)	For each person or group in
(6)	Represents (i) 1,593,750 ord
(7)	Represents (i) 1,593,750 ord
(8)	Represents 13,506,748 ordin
(9)	Represents (i) 2,315,424 ord
(10)	Represents 14,323,364 ordin
(11)	Represents 18,142,893 ordin
(12)	Represents (i) 2,315,424 ord
(13)	Represents 18,142,893 ordin
(14)	Represents 13,506,748 ordin
(15)	Represents 14,323,364 ordin

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(16)	incorporated in the Cayman
(17)	Represents 10,423,503 ordin
(18)	Represents 6,949,997 ordin
(19)	Represents 5,729,346 ordin
(20)	Represents 3,019,518 ordin
(21)	Represents 2,084,859 ordin
(22)	Represents 575,100 ordinary
(23)	Represents 575,100 ordinary
	Represents 4,500,000 Class
As of the date of this prospectus, 2,371,923 of our outstanding ordinary shares and 20,870,353 of our outstanding preferred sha	

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Contractual Arrangements

PRC law currently limits direct foreign equity ownership of business entities providing value-added telecommunications and tr

Private Placements, Repurchase and Redesignation

See Description of Share Capital History of Securities Issuances.

Investors Rights Agreement

See Description of Share Capital Investors Rights Agreement.

Employment Agreements

See Management Employment Agreements and Indemnification Agreements.

Share Incentive Plans

See Management Share Incentive Plans.

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We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association and the Companies Act (2008) of the Cayman Islands.

As of the date hereof, our authorized share capital consists of 126,999,531 ordinary shares with a par value of US\$0.0001 (RMB0.0007).

We plan to adopt an amended and restated memorandum and articles of association, which will become effective and replace the current memorandum and articles of association.

Ordinary Shares

General. Upon completion of this offering, our authorized share capital is US\$100,000 (RMB605,370) divided into 1,000,000 ordinary shares.

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

Voting Rights. In respect of all matters subject to a shareholders' vote, each Class A ordinary share is entitled to one vote, and

A quorum required for a meeting of shareholders consists of at least two shareholders who hold at least one third in nominal value

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder. Class A ordinary

Transfer of Ordinary Shares. Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was

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The registration of transfers may, after compliance with any notice required of the NASDAQ Global Market, be suspended and

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares)

Calls on Ordinary Shares and Forfeiture of Ordinary Shares. Our board of directors may from time to time make calls upon

Redemption of Ordinary Shares. The Companies Law and our post-offering amended and restated articles of association permit

Variations of Rights of Shares. All or any of the special rights attached to any class of shares may, subject to the provisions of

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or

Issuance of Additional Shares. Our post-offering amended and restated memorandum of association authorizes our board of directors

Our post-offering amended and restated memorandum of association also authorizes our board of directors to establish from time

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance

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Anti-Takeover Provisions. Some provisions of our post-offering amended and restated memorandum and articles of association

Exempted Company. We are an exempted company with limited liability under the Companies Law. The Companies Law dist

Limited liability means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the share

History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

Ordinary Shares

We did not issue any ordinary shares in the past three years.

Preferred Shares

On August 28, 2013, we noted that we needed to complete certain legal administrative procedures related to canceling the Seri

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shares, therefore, is in substance a mechanism to issue 2,864,673 Series D preferred shares to Esta Investments Pte Ltd., and w
On August 28, 2013, we redesignated 3,628,579 Series A preferred shares held by Gobi Fund II, L.P. into Series D preferred s

Option Grants

We have granted options to purchase our ordinary shares to certain of our employees.

As of the date of this prospectus, options to purchase 18,149,593 ordinary shares are issued and outstanding, and there are 225,

Investors Rights Agreement

In connection with our issuance of Series D preferred shares, we and all our shareholders entered into an amended and restated

Registration Rights

Pursuant to our investors rights agreement, we have granted certain registration rights to our shareholders. Set forth below is

Demand Registration Rights. After the earlier of (i) March 21, 2015, and (ii) six months after the effectiveness of the registrat

However, we are not obligated to proceed with a demand registration if we have, within the 90-day period preceding the date o

Form F-3 Registration Rights. When we are eligible for registration on Form F-3, upon a written request from the holders of a

We are not obligated to effect a Form F-3 registration, among other things, if we already effected a registration under the Secur

Table of Contents

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our ordinary shares on a form

Expenses of Registration. We will pay all expenses relating to any demand, Form F-3, or piggyback registration, with certain

Termination of Obligations. We shall have no obligation to effect any demand, Form F-3, or piggyback registration on the ear

Differences in Corporate Law

The Companies Law is modeled after that of English law but does not follow many recent English law statutory enactments. In

Mergers and Similar Arrangements. A merger of two or more constituent companies under Cayman Islands law requires a pla

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a res

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requiremen

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair val

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the a

Table of Contents

When a takeover offer is made and accepted by holders of 90.0% of the shares within four months, the offeror may, within a tw

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal

Shareholders Suits. In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the exten

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons c

Directors Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the c

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generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right to

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the

Cayman Islands law does not provide shareholders any right to put proposals before a meeting or requisition a general meeting

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be

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Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute and the Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of s

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation s governing documents

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our post-offering amended and restated

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American Depositary Receipts

JPMorgan Chase Bank, N.A., as depositary will issue the ADSs which you will be entitled to receive in this offering. Each AD

The depositary's office is located at 1 Chase Manhattan Plaza, Floor 58, New York, NY, 10005-1401.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, l

As an ADR holder, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Cayman Island

The following is a summary of the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it m

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. Cash distributions will be made in U.S. dollars. The

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branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the follo

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR ho

Table of Contents

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents

The depositary is not responsible if it decides that it is unlawful or not reasonably practicable to make a distribution available

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any pro

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian a

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit

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How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation

The depositary may only restrict the withdrawal of deposited securities in connection with:

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

Record Dates

The depositary may, after consultation with us if practicable, fix record dates for the determination of the registered ADR holder

all subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary ho

Table of Contents

Holders are strongly encouraged to forward their voting instructions to the depositary as soon as possible. Voting instructions v

We have advised the depositary that under the Cayman Islands law and our constituent documents, each as in effect as of the d

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposi

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies there

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of

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The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by a

JPMorgan Chase Bank, N.A. and/or its agent may act as principal for such conversion of foreign currency. We will pay all other

The depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the

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shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees

The fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will

Payment of Taxes

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR,

By holding an ADR or an interest therein, you will be agreeing to indemnify us, the depositary, its custodian and any of our or

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, can

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If the depositary chooses to do none of the above, any of the cash, securities or other property it receives will constitute part of

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR h

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of suc

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Limitations on Obligations and Liability to ADR Holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of an

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents, prov

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Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding

The depositary has no obligation to inform ADR holders or other holders of an interest in any ADSs about the requirements of

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any registered holder of ADRs or ben

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposite

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liability arises the depositary performed its obligations without negligence while it acted as depositary. Neither the depositary nor

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder

The depositary and its agents may own and deal in any class of our securities and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADSs.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Pre-release of ADSs

In its capacity as depositary, the depositary shall not lend shares or ADSs; provided, however, that the depositary may (i) issue

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deems appropriate. The depositary will normally limit the number of ADSs and shares involved in such pre-release at any one

Appointment

In the deposit agreement, each registered holder of ADRs and each person holding an interest in ADSs, upon acceptance of any

Governing Law

The deposit agreement and the ADRs shall be governed by and construed in accordance with the laws of the State of New York

By holding an ADS or an interest therein, registered holders of ADRs and owners of ADSs each irrevocably agree that any leg

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Upon completion of this offering, we will have 8,000,000 ADSs outstanding, representing 24,000,000 Class A ordinary shares.

Lock-Up Agreements

We and all directors and officers, all our existing shareholders, Ctrip, Qihoo 360 and certain option holders have agreed, subject to the following terms and conditions:

Rule 144

All of our ordinary shares outstanding prior to this offering are restricted shares as that term is defined in Rule 144 under the Securities Act of 1933.

Our affiliates may sell within any three-month period a number of restricted shares that does not exceed the greater of the following:

Affiliates who sell restricted securities under Rule 144 may not solicit orders or arrange for the solicitation of orders, and they may not use any general solicitation or general advertising.

Persons who are not our affiliates are only subject to one of these additional restrictions, the requirement of the availability of a market for the securities.

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Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who pur

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we r

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The following discussion of material Cayman Islands, PRC and United States federal income tax consequences of an investment

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation

People's Republic of China Taxation

Under the EIT Law, an enterprise established outside the PRC with a de facto management body within the PRC is considered

It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the

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Income Tax Law, we may be classified as a PRC resident enterprise for PRC enterprise income tax purposes. Such classification

The SAT issued SAT Circular 59 together with the Ministry of Finance in April 2009 and SAT Circular 698 in December 2009

United States Federal Income Tax Considerations

The following is a discussion of United States federal income tax considerations relating to the acquisition, ownership, and disposition

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is, for United States

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in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is derived from the United States or any state thereof or the District of Columbia.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of ADSs, the partnership (or other entity) will be treated as the beneficial owner of the ADSs.

For United States federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the ADSs.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, if it is a corporation that is not a United States corporation and has a ratio of passive income to total assets that exceeds a certain threshold.

Although the law in this regard is unclear, we treat Nanjing Tuniu, our consolidated affiliated entities, as being owned by us for purposes of the PFIC rules.

While we do not expect to become a PFIC in the current or future taxable years, the determination of whether we will be or become a PFIC will depend on our future financial performance.

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anticipated market capitalization following the close of this offering. Among other matters, if market capitalization is less than

The determination of whether we will be or become a PFIC may also depend, in part, on how, and how quickly, we use our liq

The discussion below under *Dividends* and *Sale or Other Disposition of ADSs or Ordinary Shares* is written on the basis

Dividends

Subject to the PFIC rules described below, any cash distributions (including the amount of any PRC tax withheld) paid on our

A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend

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with respect to dividends paid on our ordinary shares or ADSs. U.S. Holders are urged to consult their tax advisors regarding the

For United States foreign tax credit purposes, dividends paid on our ADSs or ordinary shares will be treated as income from foreign

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, a U.S. Holder will generally recognize capital gain or loss, if any, upon the sale or other

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, unless the U.S. Holder

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If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our non-United States subsidiaries are PFICs, we will be a PFIC for that year.

As an alternative to the foregoing rules, a U.S. Holder of marketable stock in a PFIC may make a mark-to-market election with respect to the stock.

If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be a PFIC, the election will terminate.

Because a mark-to-market election cannot be made for any lower-tier PFICs that a PFIC may own, a U.S. Holder who makes a mark-to-market election will not be able to make a mark-to-market election for any lower-tier PFICs.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would allow a U.S. Holder to avoid PFIC classification.

As discussed above under "Dividends", dividends that we pay on our ADSs or ordinary shares will not be eligible for the reduced rate of tax on dividends if the dividends are not qualified dividends.

Information Reporting and Backup Withholding

Pursuant to the Hiring Incentives to Restore Employment Act enacted on March 18, 2010, in tax years beginning after the date of enactment, we will be required to report to the IRS the amount of dividends paid to U.S. Holders.

In addition, U.S. Holders may be subject to information reporting to the IRS with respect to dividends on and proceeds from the sale of our ADSs or ordinary shares.

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apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's tax liability.

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Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the un

The underwriters and the representative are collectively referred to as the underwriters and the representative, respectively.

Sequoia Capital 2010 CV Holdco, Ltd., our existing shareholder, has indicated to us its interest in purchasing, by itself or thro

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price listed on the cover

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 1,200

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The following table shows the per ADS and total public offering price, underwriting discounts and commissions, and proceeds

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately U

Some of the underwriters are expected to make offers and sales both inside and outside the United States through their respective

We have applied for to have our ADSs listed on the NASDAQ Global Market under the symbol TOUR.

We and all directors and officers, all of our existing shareholders, all investors in our Concurrent Private Placement and certain

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs or such other securities, in c

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The restrictions described in the preceding paragraph are subject to certain exceptions.

The representatives of the underwriters, in their sole discretion, may release the ordinary shares, ADSs and other securities sub

In addition, through a letter agreement, we will instruct JPMorgan Chase Bank, N.A., as depositary, not to accept any deposit o

In order to facilitate this offering of ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise af

We, the selling shareholders and the underwriters have agreed to indemnify each other against certain liabilities, including liab

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may in

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make

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Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares or ADSs. The initial public offering price is deter

Directed Share Program

At our request, the underwriters have reserved up to 560,000 ADSs to be offered by this prospectus for sale, at the initial publi

Concurrent Private Placement

Concurrently with, and subject to, the completion of this offering, each of DCM Hybrid RMB Fund, L.P., our existing shareho

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or th

Cayman Islands. This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Pros

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of any ADSs may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented

For the purposes of this provision, the expression an offer to the public in relation to any of the ADSs in any Relevant Member State

United Kingdom. Each underwriter has represented and agreed that:

United Arab Emirates and Dubai International Financial Centre. This offering of the ADSs has not been approved or licensed by the

The ADSs may not be offered to the public in the UAE and/or any of the free zones. The ADSs may be offered and this prospectus may be

Japan. The underwriters will not offer or sell any of the ADSs directly or indirectly in Japan or to, or for the benefit of any Japanese

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Hong Kong. The underwriters and each of their affiliates have not (i) offered or sold, and will not offer or sell, in Hong Kong,

Singapore. This prospectus or any other offering material relating to the ADSs has not been registered as a prospectus with the

People s Republic of China. This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered

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Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we and the sell

These expenses will be borne by us. Underwriting discounts and commissions will be borne by us and the selling shareholders

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The validity of the ADSs and certain other legal matters with respect to U.S. federal and New York State law in connection with

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The consolidated financial statements as of December 31, 2011, 2012 and 2013 and for each of the three years in the period en

The office of PricewaterhouseCoopers Zhong Tian LLP is located at 11/F, PricewaterhouseCoopers Center, 2 Corporate Avenu

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We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with res

The agreements included as exhibits to the registration statement on Form F-1 contain representations and warranties by each o

Immediately upon the effectiveness of the registration statement on Form F-1 to which this prospectus is a part, we will become

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Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2011, 2012 and 2013

Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2011, 2012 and 2013

Consolidated Statements of Changes in Shareholders' Deficit for the Years Ended December 31, 2011, 2012 and 2013

Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2012 and 2013

Notes to the Consolidated Financial Statements

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To the Board of Directors and Shareholders of Tuniu Corporation:

In our opinion, the accompanying consolidated balance sheets and related consolidated statements of comprehensive loss, chan

/s/ PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China

March 6, 2014, except for note 15(b), which is as of April 28, 2014

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ASSETS

Current assets:

Cash and cash equivalents

Restricted cash

Short-term investments

Accounts receivable, net

Prepayments and other current assets

Total current assets

Non-current assets:

Property and equipment, net

Other non-current assets

Total non-current assets

Total assets

LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS DEFICIT

Current liabilities (including current liabilities of the Affiliated Entities without recourse to the Company amounting to RMB 243,993,015, RMB 416,162,164 and RMB 753,432,666 (US\$124,458,208), as of December 31, 2011, 2012 and 2013, respectively)

Accounts payable

Salary and welfare payable

Taxes payable

Advances from customers

Accrued expenses and other current liabilities

Total current liabilities

Non-current liabilities:

Total liabilities

Commitments and contingencies (Notes 13)

Mezzanine equity:

Series A Convertible Preferred Shares (US\$0.0001 par value; 20,000,000 shares authorized, 17,135,327 shares issued and outstanding as of December 31, 2011 and 2012; 13,506,748 shares issued and outstanding as of December 31, 2013, and nil outstanding on a pro forma basis as of December 31, 2013)

Series B Convertible Preferred Shares (US\$0.0001 par value; 21,564,115 shares authorized, issued and outstanding as of December 31, 2011, 2012 and 2013, and nil outstanding on a pro forma basis as of December 31, 2013)

Series C Convertible Preferred Shares (US\$0.0001 par value; 25,782,056 shares authorized, issued and outstanding as of December 31, 2011, 2012 and 2013, and nil outstanding on a pro forma basis as of December 31, 2013)

Series D Convertible Preferred Shares (US\$0.0001 par value; nil as of December 31, 2011 and 2012; 21,771,472 shares authorized, issued and outstanding as of December 31, 2013, and nil outstanding on a pro forma basis as of December 31, 2013)

Total mezzanine equity

Shareholders deficit:

Ordinary shares (US\$0.0001 par value; 80,435,885 shares as of December 31, 2011 and 2012, 126,999,531 shares as of December 31, 2013 authorized, 26,000,000 shares issued and outstanding as of December 31, 2011, 2012 and 2013; nil Class A ordinary shares; 108,624,391 Class B ordinary shares issued and outstanding on a pro forma basis as of December 31, 2013)

Additional paid-in capital

Accumulated other comprehensive loss

Accumulated deficit

Total shareholders deficit

Total liabilities, mezzanine equity and shareholders deficit

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Revenues:

Organized tours

Self-guided tours

Others

Total revenues

Less: Business and related taxes

Net revenues

Cost of revenues

Gross profit

Operating expenses:

Research and product development

Sales and marketing

General and administrative

Other operating income

Total operating expenses

Loss from operations

Other income/(expenses):

Interest income

Foreign exchange related gains / (losses), net

Other loss, net

Loss before provision for income taxes

Provision for income taxes

Net loss

Deemed dividends to preferred shareholders

Net loss attributable to ordinary shareholders

Net loss

Other comprehensive loss:

Foreign currency translation adjustment, net of nil tax

Comprehensive loss

Loss per share

Net loss per ordinary share attributable to ordinary shareholders basic and diluted

Weighted average number of ordinary shares used in computing basic and diluted loss per share

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Balance as of January 1, 2011

Foreign currency translation adjustments

Deemed dividends from repurchase of Series A Convertible Preferred Shares

Net loss

Balance as of December 31, 2011

Foreign currency translation adjustments

Net loss

Balance as of December 31, 2012

Foreign currency translation adjustments

Deemed dividends from redesignation of Series A Convertible Preferred Shares

Net loss

Balance as of December 31, 2013

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Cash flows from operating activities:

Net loss

Adjustments for:

Depreciation of property and equipment

Amortization of intangible assets

Foreign exchange (gain)/loss

Loss from disposal of property and equipment

Changes in assets and liabilities:

Accounts receivable

Prepayments and other current assets

Other non-current assets

Accounts payable

Taxes payable

Advances from customers

Accrued expenses and other liabilities

Net cash provided by operating activities

Cash flows from investing activities:

Purchase of short-term investments

Proceeds from maturity of short-term investments

Changes in restricted cash

Purchase of property and equipment and intangible assets

Net cash used in investing activities

Cash flows from financing activities:

Repurchase of Series A Convertible Preferred Shares

Proceeds from issuance of Series C Convertible Preferred Shares, net of issuance costs

Proceeds from issuance of Series D Convertible Preferred Shares, net of issuance costs

Net cash provided by financing activities

Effect of exchange rate changes on cash and cash equivalents

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

Supplemental disclosure of non-cash investing activities:

Accrual related to purchase of property and equipment

Supplemental disclosure of non-cash financing activities:

Deemed dividends to preferred shareholders

Accrual related to deferred initial public offering costs

Table of Contents**1. Organization and Principal Activities**

Tuniu Corporation (the Company), an exempted company with limited liability incorporated in the Cayman Islands, (i) its v

As of December 31, 2013, the Company's principal subsidiaries and consolidated Affiliated Entities are as follows:

Name of subsidiaries and VIE**Wholly owned subsidiaries of the Company:**

Tuniu (HK) Limited

Tuniu (Nanjing) Information Technology Co., Ltd.

Beijing Tuniu Technology Co., Ltd. (Beijing Tuniu)

Variable Interest Entity (VIE)

Nanjing Tuniu Technology Co., Ltd. (Nanjing Tuniu)

Subsidiaries of Variable Interest Entity (VIE subsidiaries)

Shanghai Tuniu International Travel Service Co., Ltd.

Nanjing Tuniu International Travel Service Co., Ltd.

Beijing Tuniu International Travel Service Co., Ltd.

Nanjing Tuzhilv Tickets Sales Co., Ltd.

History of the Group and Basis of Presentation

The Group commenced operations through Nanjing Tuniu, a PRC company formed in December 2006, which has become its c

Nanjing Tuniu was the predecessor of the Group and operated substantially all of the businesses of the Group prior to Septemb

In order to facilitate international financing, Tuniu Corporation was incorporated in the Cayman Islands as an exempted compa

To comply with PRC laws and regulations that limit direct foreign equity ownership of business entities providing value-added

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1. Organization and Principal Activities (Continued)

operates its business mainly through Nanjing Tuniu and its subsidiaries. On September 17, 2008, Beijing Tuniu entered into a series of contractual agreements with Nanjing Tuniu and its shareholders. There are no other entities where the Company has a variable interest but is not the primary beneficiary.

Contractual arrangements

On September 17, 2008, Beijing Tuniu entered into a series of contractual agreements with Nanjing Tuniu and its shareholders.

(1) Purchase Option Agreement. Under the purchase option agreement entered between Beijing Tuniu and the shareholders of Nanjing Tuniu.

(2) Equity Interest Pledge Agreement. Under the equity interest pledge agreement entered between Beijing Tuniu and the shareholders of Nanjing Tuniu.

(3) Shareholders' Voting Rights Agreement. Under the shareholders' voting rights agreement entered between Beijing Tuniu and the shareholders of Nanjing Tuniu.

(4) Irrevocable Powers of Attorney. Under the powers of attorney issued by the shareholders of Nanjing Tuniu on September 17, 2008.

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1. Organization and Principal Activities (Continued)

Jiang, a person designated by Beijing Tuniu, as the attorney-in-fact to exercise all of their voting and related rights with respect to

(5) Cooperation Agreement. Under the cooperation agreement entered between Beijing Tuniu and Nanjing Tuniu, Beijing Tuniu

In year ended December 31, 2013, the Company received service fees of RMB 22,586,880 from its consolidated affiliated entities.

Risks in relation to the VIE structure

As of December 31, 2013, the aggregate accumulated deficit of the Affiliated Entities was RMB 168 million prior to intercompany

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1. Organization and Principal Activities (Continued)

The following financial statement amounts and balances of the Affiliated Entities were included in the accompanying consolidated

There were no pledges or collateralization of the Affiliated Entities' assets. Currently there is no contractual arrangement that

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1. Organization and Principal Activities (Continued)

Under the contractual arrangements with Nanjing Tuniu and through its equity interest in its subsidiaries, the Group has the po

The Group believes that each of the agreements and the powers of attorney under the contractual arrangements among Beijing

The Company's ability to control Nanjing Tuniu also depends on the power of attorney Beijing Tuniu has to vote on all matter

In addition, if the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regul

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group

Liquidity

The Group's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization

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1. Organization and Principal Activities (Continued)

Group incurred net losses of approximately RMB 92 million, RMB 107 million and RMB 80 million in the years ended Decem

2. Principal Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U

A VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, bears the risks of, and enjoys the

(b) Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with the U.S. GAAP requires management

(c) Functional Currency and Foreign Currency Translation

The Group uses Renminbi (RMB) as its reporting currency. The functional currency of the Company and its subsidiaries in

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at th

Table of Contents

2. Principal Accounting Policies (Continued)

and liabilities are re-measured at the balance sheet date exchange rate. The resulting exchange differences are included in the c
Assets and liabilities of the Company and its subsidiaries incorporated outside of PRC are translated into RMB at fiscal year-end
The unaudited United States dollar (US\$) amounts disclosed in the accompanying financial statements are presented solely

(d) Fair Value Measurement

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an or
Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and mi
Level 1 Observable inputs that reflect quoted prices for identical assets or liabilities in active markets
Level 2 Inputs other than the quoted prices in active markets observable either directly or indirectly
Level 3 Unobservable inputs which are supported by little or no market data

The Group s financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts p

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2. Principal Accounting Policies (Continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and demand deposits placed with banks or other financial institutions, which

December 31, 2011

December 31, 2012

December 31, 2013

(f) Restricted Cash

Restricted cash represents cash that cannot be withdrawn without the permission of third parties. The Group's restricted cash a

(g) Short-term Investments

Short-term investments are comprised of investments in financial products issued by banks or other financial institutions, which

(h) Accounts Receivable

As almost all customers pay for travel services prior to tour commencements, the Company's accounts receivable balance incl

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2. Principal Accounting Policies (Continued)

(i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment if applicable. Property and equipment

Gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount.

(j) Capitalized Software Development Cost

The Company has capitalized certain costs related to internally developed software used for supplier management and customer

(k) Intangible Assets

Intangible assets with definite lives are recorded at carrying value, which represents original cost less accumulated amortization.

(l) Advances from Customers

Customers pay in advance to purchase travel services. Cash proceeds received from customers are initially recorded as advances.

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2. Principal Accounting Policies (Continued)

(m) Leases

A lease for which substantially all the benefits and risks incidental to ownership remain with the lessor is classified as an operating lease.

(n) Revenue Recognition

The Group's revenue is primarily derived from sales of organized tours and self-guided tours. The Group's service portfolio consists of the following:

Organized tours: Revenue from organized tours is recognized on a gross basis, as the Group is the primary obligor in the arrangement.

Self-guided tours: Revenue from self-guided tours is recognized on a net basis, representing the difference between what the Group receives and what it pays to third parties.

Other revenues: Other revenues comprise primarily tourist attraction tickets, service fee received from insurance companies and other services.

The Company does not recognize revenue if customer refunds are warranted due to customer satisfaction issues or other reasons.

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2. Principal Accounting Policies (Continued)

Customer incentives

From time to time customers are offered coupons, travel vouchers, membership points, or cash rewards as customer incentives.

For membership points earned by customers as part of the customer reward program which provides travel awards upon point

Business and related taxes

The Group is subject to business and related taxes on services provided in the PRC. The applicable business tax rate is 5%. In t

In November 2011, the Ministry of Finance released Circular Caishui [2011] No. 111 mandating Shanghai to be the first city to

(o) Cost of Revenues

Cost of revenues mainly consists of costs to suppliers of organized tours, and salaries and other compensation-related expenses

Committed tour reservations

In order to secure availabilities of organized tours and self-guided tours during peak seasons such as holiday periods, the Group

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2. Principal Accounting Policies (Continued)

would be liable to pay suppliers a pre-defined or negotiated penalty, thereby assuming inventory risks. Management estimates

(p) Sales and Marketing Expenses

Sales and marketing expenses consist primarily of marketing and promotional expenses, salaries and other compensation-related

(q) Research and Product Development Expenses

Research and product development expenses include salaries and other compensation-related expenses to the Group's research

(r) General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other compensation-related expenses to the Group's admin

(s) Share-based Compensation

The Company accounts for share options granted to employees in accordance with ASC 718, *Stock Compensation*. The Compa

Table of Contents

2. Principal Accounting Policies (Continued)

Under the 2008 Incentive Compensation Plan, options granted to employees vest upon satisfaction of a service condition, which

(t) Income Taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expenses

Uncertain tax positions

The guidance prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax

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2. Principal Accounting Policies (Continued)

(u) Employee Benefits

Full-time employees of the Group in the PRC are entitled to welfare benefits including pension, work-related injury benefits, m

(v) Government Subsidies

Government subsidies are cash subsidies received by the Group's entities in the PRC from provincial and local government au

(w) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to ordinary shareholders by the weighted

(x) Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of the Group during a period arising from transactions and oth

(y) Segment Reporting

In accordance with ASC 280, Segment Reporting, the Company's chief operating decision maker, the Chief Executive Officer

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2. Principal Accounting Policies (Continued)

The Company does not distinguish between markets or segments for the purpose of internal reporting. The Company's long-li

(z) Deferred offering costs

Deferred offering costs consist principally of legal, printing and registration costs in connection with the initial public offering

(aa) Recently Issued Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-02, *Reporting of Amounts Reclassified O*

In March 2013, the FASB issued ASU No. 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon De*

In July 2013, the FASB issued, ASU No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss C*

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3. Risks and Concentration

(a) Credit and Concentration Risks

The Group's credit risk arises from cash and cash equivalents, restricted cash, short-term investments, prepayments and other

The Group expects that there is no significant credit risk associated with the cash and cash equivalents and short-term investments

The Group has no significant concentrations of credit risk with respect to its customers, as customers usually prepay for travel

(b) Foreign Currency Risk

The Group's operating transactions and its assets and liabilities are mainly denominated in RMB. The RMB is not freely convertible

4. Prepayments and Other Current Assets

The following is a summary of prepayments and other current assets:

Prepayments to suppliers represent prepayments made for reserving tour availabilities. Other current assets include prepaid advertising

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5. Property and Equipment, Net

The following is a summary of property and equipment, net:

Depreciation expenses for the years ended December 31, 2011, 2012 and 2013 was RMB 6,143,276, RMB 10,111,622 and RM

6. Accrued Expenses and Other Current Liabilities

The following is a summary of accrued expenses and other current liabilities:

Deposits from customers represent cash paid to the Group as a deposit for international tours, and such amount is refundable up

7. Short-term Investments

The Company's short-term investments comprised of financial products issued by banks or other financial institutions, and the

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8. Income Taxes

The Company is registered in the Cayman Islands. The Company generated substantially all of its income (loss) from its PRC

Cayman Islands (Cayman)

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% since January 1, 2010. The operation

PRC

On March 16, 2007, the National People's Congress of the PRC enacted an Enterprise Income Tax Law (EIT Law), under

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose de facto man

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a FIE to its immediate holding compa

Nanjing Tuniu obtained in 2010 its HNTE certificate with a valid period of three years and successfully renewed such certifica

Table of Contents

8. Income Taxes (Continued)

As the Group had net operating losses for the years ended December 31, 2011, 2012 and 2013, it has not incurred any PRC income taxes.

The following table sets forth a reconciliation between the statutory EIT rate and the effective tax rate:

Deferred Tax Assets

The following table sets forth the significant components of deferred tax assets and liabilities:

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8. Income Taxes (Continued)

As of December 31, 2013, the Group had net operating loss carryforwards of RMB 166,094,229 (US\$27,436,812) which can be used to offset future taxable income.

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be realized.

The Group has incurred net accumulated operating losses for income tax purposes since its inception. The Group believes that it is more likely than not that the deferred tax assets will not be realized.

Movement of valuation allowance

9. Convertible Preferred Shares

In August 2008, the Company entered into an agreement with Gobi Fund II L.P. ("Gobi") and issued 20,000,000 Series A Convertible Preferred Shares.

In December 2009, the Company entered into a series of agreements with DCM V, L.P., DCM Affiliates Fund V, L.P. ("DCM") and issued 25,782,056 Series A Convertible Preferred Shares.

In March 2011, the Company entered into a series of agreements with four institutional investors and issued 25,782,056 Series A Convertible Preferred Shares.

In August 2013, the Company entered into an agreement with Esta Investments Pte Ltd ("Esta") and issued 18,142,893 Series A Convertible Preferred Shares.

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9. Convertible Preferred Shares (Continued)

US\$2.7559 (RMB 16.99) per share for a total consideration of US\$50,000,000 (RMB 308,328,500) in cash. Series A Preferred

Accounting for Convertible Preferred Shares

The Convertible Preferred Shares are redeemable upon a liquidation event, including a deemed liquidation event (e.g., change

The preferred shareholders have the ability to convert the Convertible Preferred Shares into the Company's ordinary shares at

The Company assesses whether an amendment to the terms of its convertible preferred shares is an extinguishment or a modifi

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9. Convertible Preferred Shares (Continued)

Repurchases and Redesignations of Series A Preferred Shares

In March 2011, the Company repurchased 2,864,673 Series A Preferred Shares from Gobi at US\$1.7454 (RMB 11.45) per share.

In August 2013, the Company negotiated with Esta for the issuance of 18,142,893 Series D preferred shares for a total consideration of approximately US\$100 million.

Even though the Company and Gobi exchanged Series A Preferred Shares and cash, such exchange was based on terms identical to the original Series A Preferred Shares.

Also in August 2013, the Company redesignated 3,628,579 Series A Preferred Shares held by Gobi into Series D Preferred Shares.

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9. Convertible Preferred Shares (Continued)

Information about the Company's Convertible Preferred Shares outstanding is as follows, excluding issuance cost:

Consolidated balance sheet as of December 31, 2012

Issuance cost

Balance as of December 31, 2012

Issuance of Series D Preferred Shares

Issuance of Series A Preferred Shares

Redesignation of Series A to Series D Preferred Shares

Redesignation of Series A to Series D Preferred Shares

Balance as of December 31, 2013

Issuance cost

Translation difference⁽¹⁾

Consolidated balance sheet as of December 31, 2013

(1) Translations of the preferred
The difference between the Series A Preferred Shares and the Series D Preferred Shares amount is recorded as deemed dividend

Terms of the Convertible Preferred Shares

Key terms of the Convertible Preferred Shares are summarized as follows:

a. Dividends

The holders of the Series B, Series C and Series D Preferred Shares are entitled to receive dividends at the rate of 8% of the ori

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9. Convertible Preferred Shares (Continued)

The holders of the Convertible Preferred Shares are also entitled to receive any other dividend, when and if declared by the Board of Directors.

b. Liquidation preference

Upon the occurrence of any liquidation or deemed liquidation, the holders of the Series A, Series B, Series C, and Series D Preferred Shares shall be entitled to receive, in full, the amount of their investment plus interest thereon.

If the assets and funds distributed among the holders are insufficient to permit the payment of the full preferential amounts, the holders shall receive a pro rata share of the assets and funds available for distribution.

After payment of the full preferential amounts, the remaining assets of the Company available for distribution shall be distributed to the holders of the Convertible Preferred Shares on a pro rata basis.

The liquidation preference described above shall terminate upon a Qualified Initial Public Offering as defined in the Memorandum of Understanding.

c. Redemption

All Convertible Preferred Shares are redeemable only upon a liquidation event or deemed liquidation events (e.g., change in control).

d. Conversion

The Convertible Preferred Shares are convertible, at the option of the holders, into the Company's ordinary shares at an initial conversion price of \$10.00 per share.

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9. Convertible Preferred Shares (Continued)

e. Voting rights

The Convertible Preferred Shares have voting rights equivalent to the number of ordinary shares into which they are convertible.

10. Ordinary Shares

In connection with the issuance of the Company's Series D preferred shares, the Company amended its Memorandum and Articles of Incorporation.

11. Share Incentive Plan

The Company's 2008 Incentive Compensation Plan (the "2008 Plan") allows the plan administrator to grant options and restricted stock to employees and directors.

Since adoption of the 2008 plan, the Company only granted options to employees and directors. All options granted have a conversion feature.

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11. Share Incentive Plan (Continued)

In 2013, the Group granted 7,445,310 options with a weighted average exercised price of US\$ 0.55 (RMB3.41) per share. The

Outstanding as of December 31, 2010

Granted

Forfeited

Outstanding as of December 31, 2011

Granted

Forfeited

Outstanding as of December 31, 2012

Granted

Forfeited

Outstanding as of December 31, 2013

Vested and expected to vest at December 31, 2013

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated

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11. Share Incentive Plan (Continued)

The grant date fair value of each option is calculated using a binomial option pricing model by the Company, with the assistance of an independent valuation firm.

The Group estimated the expected volatility at the date of grant date and each option valuation date based on the annualized standard deviation of the historical stock price returns of the Company.

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12. Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated:

Basic net loss per share is computed using the weighted average number of ordinary shares outstanding during the period. Dilu

The Company's Convertible Preferred Shares were participating securities because they had contractual rights to share in the p

Table of Contents

13. Commitments and Contingencies

(a) Operating Lease Agreement

The Group leases its facilities and offices under non-cancelable operating lease agreements.

Certain of these arrangements contain free or escalating rent clauses. The Group recognizes rental expense under such arrangements.

Future minimum payments under non-cancelable operating leases consist of the following as of December 31, 2013.

Minimum lease payments

(b) Capital and Other Commitments

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

(c) Contingencies

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business. Based on the information available, the Group does not expect any of these proceedings to have a material effect on its financial position.

14. Unaudited Pro Forma Loss Per Share for Conversion of Preferred Shares

Unaudited pro forma balance sheet information as of December 31, 2013 assumes the automatic conversion of all of the outstanding preferred shares.

Unaudited pro forma basic and diluted net loss per share was computed to give effect to the automatic conversion of Series A Preferred Shares.

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14. Unaudited Pro Forma Loss Per Share for Conversion of Preferred Shares (Continued)

The effects of all outstanding share options have been excluded from the computation of pro forma diluted net loss per share for

15. Subsequent Events

(a) On February 13, 2014, the Board has approved that all of the Company's existing ordinary shares will be redesignated as C

(b) As of April 1, 2014, the Company granted 576,000 share options to employees at exercise price US\$5.00 with vesting period

On April 4, 2014 the Company adopted the 2014 Share Incentive Plan, or the 2014 Plan. The maximum aggregate number of shares

On April 25, 2014, concurrently with and subject to the completion of the Company's initial public offering, DCM Hybrid RM

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15. Subsequent Events (Continued)

each agreed to purchase from the Company US\$15.0 million (RMB90.8 million), and US\$5.0 million (RMB30.3 million) respectively.

On April 28, 2014, the Group's board and shareholders resolved that the Qualified Initial Public Offering ("QIPO") requirements have been met.

The Group has performed an evaluation of subsequent events through March 6, 2014, which is the date the financial statements were issued.

16. Restricted Net Assets

Pursuant to laws applicable to entities incorporated in the PRC, the Group's subsidiaries and Affiliated Entities in the PRC must have restricted net assets.

For the purpose of presenting parent only financial information, the Company records its investments in its subsidiaries and Affiliated Entities as restricted net assets.

The Company's accounting policies are the same as the Group's policies with the exception of the accounting for the investments in its subsidiaries and Affiliated Entities.

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17. Condensed Financial Information of the Parent Company

BALANCE SHEETS

ASSETS

Current assets:

Cash and cash equivalents

Amounts due from subsidiaries

Prepayments and other current assets

Total current assets

Other non-current assets

Total assets

LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS DEFICIT

Current liabilities:

Amounts due to subsidiaries

Accrued expenses and other current liabilities

Total current liabilities

Non-current liabilities:

Investments (deficit) in subsidiaries and affiliated entities

Total non-current liabilities

Total liabilities

Commitments and contingencies (Note 13)

Mezzanine equity:

Series A Convertible Preferred Shares (US\$0.0001 par value; 20,000,000 shares authorized, 17,135,327 shares issued and outstanding as of December 31, 2011 and 2012; 13,506,748 shares issued and outstanding as of December 31, 2013)

Series B Convertible Preferred Shares (US\$0.0001 par value; 21,564,115 shares authorized, issued and outstanding as of December 31, 2011, 2012 and 2013)

Series C Convertible Preferred Shares (US\$0.0001 par value; 25,782,056 shares authorized, issued and outstanding as of December 31, 2011, 2012 and 2013)

Series D Convertible Preferred Shares (US\$0.0001 par value; nil as of December 31, 2011 and 2012; 21,771,472 shares authorized, issued and outstanding as of December 31, 2013)

Total mezzanine equity

Shareholders deficit:

Ordinary shares (US\$0.0001 par value; 80,435,885 shares as of December 31, 2011 and 2012, 126,999,531 shares as of December 2013 authorized, 26,000,000 shares issued and outstanding as of December 31, 2011, 2012 and 2013)

Additional paid-in capital

Accumulated other comprehensive loss

Accumulated deficit

Total shareholders deficit

Total liabilities, mezzanine equity and shareholders deficit

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17. Condensed Financial Information of the Parent Company (Continued)

STATEMENTS OF COMPREHENSIVE LOSS

Revenues

Cost of revenues

Gross profit

Operating expenses:

Research and product development

Sales and marketing

General and administrative

Share of loss of subsidiaries and affiliated entities

Other operating income

Total operating expenses

Loss from operations

Other income/(expense):

Interest income

Foreign exchange related gains/(loss), net

Other income, net

Loss before provision for income taxes

Provision for income taxes

Net loss

Deemed dividends to preferred shareholders

Net loss attributable to ordinary shareholders

Net loss

Other comprehensive loss:

Foreign currency translation adjustment, net of nil tax

Comprehensive loss

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17. Condensed Financial Information of the Parent Company (Continued)

STATEMENTS OF CASH FLOWS

Cash flows used in operating activities

Cash flows used in investing activities

Cash flows from financing activities

Effect of exchange rate changes on cash

Net increase/ (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

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Item 6. Indemnification of Directors and Officers

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of

Pursuant to the form of indemnification agreement filed as Exhibit 10.3 to this Registration Statement, we will agree to indemnify

The Underwriting Agreement, the form of which is filed as Exhibit 1.1 to this Registration Statement, will also provide for indemnification

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling

Item 7. Recent Sales of Unregistered Securities

During the past three years, we have issued the following securities. We believe that each of the following issuances was exempt

Purchaser

Esta Investments Pte Ltd.

Certain employees

(1)

The consideration was transferred

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Item 8. Exhibits and Financial Statement Schedules

See Exhibit Index beginning on page II-7 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consol

Item 9. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreeme

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus file
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form o
- (3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 4

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statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and in

(4) For the purpose of determining any liability of the registrant under the Securities Act to any purchaser in the initial distribu

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referre

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersig

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

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Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to

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Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the

Signature

/s/ Dunde Yu

Dunde Yu

*

Haifeng Yan

*

Thomas Gai Tei Tsao

*

Frank Lin

*

Steve Yue Ji

*

Eugene Chehchun Huang

/s/ Conor Chia-hung Yang

Conor Chia-hung Yang

*By:

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Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of

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Exhibit
Number

1.1

3.1

3.2

4.1

4.2

4.3

4.4

5.1

8.1

8.2

8.3

10.1

10.2

10.3

10.4

10.5

10.6

10.7

10.8

10.9

10.10

10.11

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Exhibit
Number

10.12

10.13

21.1

23.1

23.2

23.3

23.4

23.5

24.1

99.1

99.2

99.3

Previously filed.