

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2022.

OR

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

OR

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

Date of event requiring this shell company report.....

For the transition period from to

Commission file number: 001-36430

**Tuniu Corporation**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Cayman Islands**

(Jurisdiction of incorporation or organization)

**Tuniu Building No. 32  
Suningdadao, Xuanwu District  
Nanjing, Jiangsu Province 210042  
The People's Republic of China**  
(Address of principal executive offices)

**Mr. Anqiang Chen, Financial Controller**  
Telephone: +(86) 25 86853969  
Email: ir@tuniu.com

**Tuniu Building No. 32  
Suningdadao, Xuanwu District  
Nanjing, Jiangsu Province 210042  
The People's Republic of China**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American depositary shares (one American depositary share representing three Class A ordinary shares, par value US\$0.0001 per share)	TOUR	The Nasdaq Stock Market LLC (The Nasdaq Global Market)
Class A ordinary shares, par value US\$0.0001 per share*		The Nasdaq Stock Market LLC (The Nasdaq Global Market)

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

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

**None**  
(Title of Class)

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

**None**  
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

[Table of Contents](#)

**354,006,112 Class A ordinary shares** (excluding 17,951,931 Class A ordinary shares, represented by 5,983,977 ADSs, reserved for the future exercise of options or the vesting of other awards under the 2008 Plan and the 2014 Plan) and **17,373,500 Class B ordinary shares, par value US\$0.0001 per share, as of December 31, 2022.**

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

Yes  No

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

Yes  No

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

Yes  No

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

Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Emerging growth company	<input type="checkbox"/>

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

U.S. GAAP	International Financial Reporting Standards as issued by the International Accounting Standards Board	Other
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Item 17  Item 18

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

Yes  No

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

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

Yes  No

---

---

**TABLE OF CONTENTS**

<a href="#">INTRODUCTION</a>	1
<a href="#">FORWARD-LOOKING INFORMATION</a>	2
<a href="#">PART I</a>	3
<a href="#">Item 1. Identity of Directors, Senior Management and Advisers</a>	3
<a href="#">Item 2. Offer Statistics and Expected Timetable</a>	3
<a href="#">Item 3. Key Information</a>	3
<a href="#">Item 4. Information on the Company</a>	58
<a href="#">Item 4A. Unresolved Staff Comments</a>	97
<a href="#">Item 5. Operating and Financial Review and Prospects</a>	98
<a href="#">Item 6. Directors, Senior Management and Employees</a>	114
<a href="#">Item 7. Major Shareholders and Related Party Transactions</a>	124
<a href="#">Item 8. Financial Information</a>	126
<a href="#">Item 9. The Offer and Listing</a>	126
<a href="#">Item 10. Additional Information</a>	127
<a href="#">Item 11. Quantitative and Qualitative Disclosures about Market Risk</a>	140
<a href="#">Item 12. Description of Securities Other than Equity Securities</a>	140
<a href="#">PART II</a>	142
<a href="#">Item 13. Defaults, Dividend Arrearages and Delinquencies</a>	142
<a href="#">Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</a>	142
<a href="#">Item 15. Controls and Procedures</a>	142
<a href="#">Item 16A. Audit Committee Financial Expert</a>	143
<a href="#">Item 16B. Code of Ethics</a>	143
<a href="#">Item 16C. Principal Accountant Fees and Services</a>	143
<a href="#">Item 16D. Exemptions from the Listing Standards for Audit Committees</a>	144
<a href="#">Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</a>	144
<a href="#">Item 16F. Change in Registrant's Certifying Accountant</a>	144
<a href="#">Item 16G. Corporate Governance</a>	144
<a href="#">Item 16H. Mine Safety Disclosure</a>	144
<a href="#">Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	144
<a href="#">Item 16J. Insider trading policies</a>	145
<a href="#">PART III</a>	145
<a href="#">Item 17. Financial Statements</a>	145
<a href="#">Item 18. Financial Statements</a>	145
<a href="#">Item 19. Exhibits</a>	146
<a href="#">SIGNATURES</a>	149
<a href="#">INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</a>	F-1

## INTRODUCTION

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

- “ADSs” refer to our American depositary shares, each ADS represents three Class A ordinary shares;
- “China” or “PRC” refers to the People’s Republic of China;
- “consolidated affiliated entities” refers to the VIE and its subsidiaries;
- “gross bookings” refer to the total amount paid by our customers for the travel products that we have delivered and the travel services that we have rendered, including the related taxes, fees and other charges borne by our customers;
- “shares” or “ordinary shares” refers to our ordinary shares, which include both Class A ordinary shares and Class B ordinary shares;
- “U.S. GAAP” refers to generally accepted accounting principles in the United States;
- “VIE” refers to variable interest entity, and “the VIE” refers to Nanjing Tuniu Technology Co., Ltd., or Nanjing Tuniu;
- “we,” “us,” “our company,” “our,” or “Tuniu” refers to Tuniu Corporation, a Cayman Islands company, its subsidiaries, and, in the context of describing our operations and consolidated financial information, also include the VIE;
- “RMB” or “Renminbi” refers to the legal currency of mainland China;
- “\$,” “dollars,” “US\$” or “U.S. dollars” refers to the legal currency of the United States; and
- all discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

Our business is primarily conducted in China and almost all of our revenues are denominated in Renminbi. However, periodic reports made to shareholders will include current period amounts translated into U.S. dollars using the then current exchange rates, for the convenience of the readers. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.8972 to US\$1.00, the noon buying rate in effect as of December 30, 2022.

## FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to:

- our goals and strategies;
- the expected growth of the online leisure travel market in China;
- our expectations regarding demand for our products and services;
- our expectations regarding our relationships with customers and travel suppliers;
- our ability to offer competitive travel products and services;
- our future business development, results of operations and financial condition;
- competition in our industry in China;
- relevant government policies and regulations relating to our corporate structure, business and industry;
- the impact of the COVID-19 on our business operations, the travel industry and the economy of China and elsewhere generally;
- general economic and business condition in China and elsewhere; and
- assumptions underlying or related to any of the foregoing.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in “Item 3. Key Information—D. Risk Factors.” Those risks are not exhaustive. We operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements, statements, whether as a result of new information, future events or otherwise, except as required under applicable law.

This annual report also contains statistical data and estimates that we obtained from industry publications and reports generated by government agencies and third-party providers of market intelligence. These industry publications and reports generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe that the publications and reports are reliable, we have not independently verified the data.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### Our Holding Company Structure and Contractual Arrangements with the VIE

Tuniu Corporation is not an operating company in China but a Cayman Islands holding company with no equity ownership in the variable interest entity, or VIE. We conduct our business in China through (i) our PRC subsidiaries and (ii) the consolidated affiliated entities with which we have maintained contractual arrangements. PRC laws and regulations restrict and impose conditions on foreign investment in value-added telecommunication services and certain other businesses. Accordingly, we operate these businesses in China through the VIE, and such structure is used to provide investors with exposure to foreign investment in China-based companies where laws and regulations in China prohibit or restrict direct foreign investment in certain operating companies. Revenues contributed by the VIE accounted for 90.6%, 53.6% and 86.5% of our total revenues for the years of 2020, 2021 and 2022, respectively. Holders of our ADSs hold equity interest in Tuniu Corporation, our Cayman Islands holding company, and do not have direct or indirect equity interest in the VIE, and may never directly hold equity interests in the VIE.

A series of contractual agreements, including powers of attorney, equity interest pledge agreements, cooperation agreements, purchase option agreements and shareholders' voting rights agreements, have been entered into by and among our wholly owned PRC subsidiary, Beijing Tuniu Technology Co., Ltd., or Beijing Tuniu, the VIE and its shareholders. As a result of the contractual arrangements, we are able to direct the activities of and derive economic benefits from the VIE. We are considered the primary beneficiary of the VIE, and we have consolidated the financial results of the VIE in our consolidated financial statements under U.S. GAAP for accounting purposes. Neither we nor our investors has an equity ownership in, direct foreign investment in, or control through such ownership or investment of, the VIE, and the contractual arrangements are not equivalent to an equity ownership in the business of the VIE. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure."

However, the contractual arrangements may not be as effective as direct ownership and we may incur substantial costs to enforce the terms of the arrangements. There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of our rights with respect to our contractual arrangements with the VIE and its shareholders. It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or if adopted, what they would provide. If we or the VIE is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC authorities would have broad discretion to take action in dealing with such violations or failures. The PRC regulatory authorities could disallow the VIE structure, which would likely result in a material adverse change in our operations and cause our ADSs to decline significantly in value or become worthless. Our holding company, our PRC subsidiaries and VIE, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIE and, consequently, significantly affect the financial performance of the VIE and our company as a whole. In addition, these agreements have not been tested in China courts. For a detailed description of the risks associated with our corporate structure, please refer to risks disclosed under "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. The laws and regulations governing the internet industry in China are relatively new and quickly evolving, hence bringing uncertainties to their interpretation and enforcement. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline or become worthless. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs."

## [Table of Contents](#)

The PRC regulatory and enforcement regime with regard to data security and privacy is evolving and may be subject to different interpretations or significant changes without prior notice. In the event that any new development requires us to change our business operations relevant to data security, data privacy or cybersecurity in general, we cannot assure you that we can comply with such new requirements in a timely manner or at all. Some recently promulgated rules in this regime include the PRC Data Security Law and the Personal Information Protection Law released in 2021, which posed additional challenges to our cybersecurity and data privacy compliance. The Cybersecurity Review Measures promulgated in December 2021 and the Regulations on the Network Data Security published for public comments in November 2021 imposed potential additional restrictions on China-based overseas-listed companies like us. If future implementing rules of the Cybersecurity Review Measures and the enacted version of the Regulations on the Network Data Security mandate clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, and materially and adversely affect our business and results of operations and the price of our ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on our business and prospects.”

In addition, on February 17, 2023, China Securities Regulatory Commission, or the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and 5 relevant guidelines, which became effective on March 31, 2023, requiring Chinese domestic companies’ overseas offerings and listings of equity securities be filed with the CSRC. According to the Overseas Listing Trial Measures, if we are deemed as an indirect overseas listed Chinese domestic company but fail to complete the filing procedures with the CSRC for any of our future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going-private transactions, or follow any other reporting requirements required thereunder, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council, which could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of or filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.”

Furthermore, the PRC regulators have promulgated new anti-monopoly and competition laws and regulations and strengthened the enforcement under these laws and regulations. There remain uncertainties as to how the laws, regulations and guidelines recently promulgated will be implemented and whether these laws, regulations and guidelines will have a material impact on our business, financial condition, results of operations and prospects. We cannot assure you that our business operations comply with such regulations and authorities’ requirements in all respects. If any non-compliance is raised by relevant authorities and determined against us, we may be subject to fines and other penalties. See “Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—Any failure or perceived failure by us to comply with the Platform Economy Anti-Monopoly Guidelines and other anti-monopoly and unfair competition laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.”

Risks and uncertainties arising from the legal system in mainland China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in mainland China, could result in a material adverse change in our operations and the value of our ADSs. With respect to the legal risks associated with being based in and having operations in mainland China, the laws, regulations and the discretion of mainland China governmental authorities discussed in this annual report are expected to apply to mainland China entities and businesses, rather than entities or businesses in Hong Kong and Macau which operate under different sets of laws from mainland China. As of the date of this annual report, regulatory actions related to data security or anti-monopoly concerns in Hong Kong and Macau do not have a material impact on our ability to conduct business, accept foreign investment in the future or continue to list on a United States stock exchange. However, the PRC government may exert influence over our operations in Hong Kong and Macau at any time and new regulatory actions related to data security or anti-monopoly concerns in Hong Kong or Macau may be taken in the future, which may have a material impact on our ability to conduct business, accept foreign investment or continue to list on a United States stock exchange. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.” These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or be worthless. For a detailed description of risks related to doing business in China, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

## Permissions Required from the PRC Authorities for Our Operations

We conduct our business in China through our subsidiaries and the consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. After consulting our PRC legal counsel, Fangda Partners, we believe, as of the date of this annual report, except as otherwise stated in “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of internet and related business and companies,” our PRC subsidiaries and VIE have obtained all the requisite licenses and permits from the PRC government authorities for the business operations of our PRC subsidiaries and the VIE in China, including, among others, a Value-Added Telecommunication Business Operating License issued by the local bureau of the Ministry of Industry and Information Technology of the PRC, or the MIIT, a Food Business License issued by Jizhou Branch of Tianjin Administration for Market Regulation, Filing Certificates for Operation of Prepacked Food issued by Xuanwu Branch of Nanjing Administration for Market Regulation, Travel Agency Business Licenses issued by the local bureaus of and/or the then Ministry of Tourism, or the Ministry of Culture and Tourism which has replaced the Ministry of Tourism, Approval Documents for Operation of Small-sum Loan Business issued by the Guangzhou Municipal Bureau of Finance, an Insurance Intermediary License is issued by the local bureau of the CBIRC, a Securities and Futures Business Operation License is issued by the CSRC, Insurance Agency Concurrent-business Licenses issued by the CBIRC, and a Hotel Hygiene License, which is issued by the local bureau of the National Health Commission and our PRC subsidiaries, the VIE and the VIE’s subsidiaries have not been denied any permission or approval by any PRC authority as of the date of this annual report. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. If our PRC subsidiaries, the VIE or the VIE’s subsidiaries do not receive or maintain any necessary permissions or approvals, inadvertently conclude that such permissions or approvals are not required, or if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of internet and related business and companies.”

Furthermore, in connection with our previous issuance of securities to foreign investors, under the currently effective PRC laws and regulations, as of the date of this annual report, we are not aware of, after consulting our PRC legal counsel, Fangda Partners, any PRC laws or regulations which explicitly require us to obtain any permission from or complete any filing with the CSRC or go through a cybersecurity review by the CAC, and we, our PRC subsidiaries and the VIE, (i) have not received any requirement from competent PRC authorities to obtain permissions from the CSRC, (ii) have not received any requirement from competent PRC authorities to go through cybersecurity review by the CAC, and (iii) have not received or were denied such requisite permissions by any PRC authority.

However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of or filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.”



### **The Holding Foreign Companies Accountable Act**

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the Securities and Exchange Commission, or the SEC, determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board, or the PCAOB, for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

### **Cash Flows through Our Organization**

Tuniu Corporation is a holding company with no operations of its own. We conduct our business in China through our subsidiaries and the consolidated affiliated entities in China. As a result, although other means are available for us to obtain financing at the holding company level, Tuniu Corporation’s ability to pay dividends to the shareholders and to service any debt it may incur may depend upon dividends paid by our PRC subsidiaries and license and service fees paid by the VIE. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to Tuniu Corporation. In addition, our PRC subsidiaries are permitted to pay dividends to Tuniu Corporation only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Further, our PRC subsidiaries and VIE are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure.”

[Table of Contents](#)

Under PRC laws and regulations, our PRC subsidiaries and VIE are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of mainland China is also subject to examination by the banks designated by State Administration of Foreign Exchange, or the SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds. Furthermore, cash transfers from our PRC subsidiaries and the consolidated affiliated entities to entities outside of mainland China are subject to PRC governmental control on currency conversion. As a result, the funds in our PRC subsidiaries or the consolidated affiliated entities in mainland China may not be available to fund operations or for other use outside of mainland China due to the interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the consolidated affiliated entities by the PRC government on such currency conversion. As of the date of this annual report, there is not equivalent or similar restriction or limitation in Hong Kong or Macau on cash transfers in, or out of, our Hong Kong entities. However, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities may not be available to fund operations or for other use outside of Hong Kong. For risks relating to the fund flows of our operations in China, see “Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—Our subsidiaries and the consolidated affiliated entities in China are subject to restrictions on paying dividends or making other payments to our holding company, which may restrict our ability to satisfy our liquidity requirements” and “Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—PRC regulation of direct investment and loans by offshore holding companies to PRC entities and governmental control of currency conversion may delay or limit us from using the proceeds of our financing activities, or making additional capital contributions or loans to our PRC subsidiaries and the consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay dividends in the future.

	Tax calculation <sup>(1)</sup>	
Hypothetical pre-tax earnings	100	%
Tax on earnings at statutory rate of 25% <sup>(2)</sup>	(25)	%
Net earnings available for distribution	75	%
Withholding tax at standard rate of 10% <sup>(3)</sup>	(7.5)	%
Net distribution to Parent/Shareholders	67.5	%

Notes:

- (1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in China.
- (2) Certain of our subsidiaries qualifies for a 15% preferential income tax rate in China. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.
- (3) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of mainland China. A lower withholding income tax rate of 5% is applied if the FIE’s immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with mainland China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

Under PRC law, Tuniu Corporation may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the VIE only through loans, subject to satisfaction of applicable government registration and approval requirements. For the years ended December 31, 2020, 2021 and 2022, Tuniu Corporation did not make any capital contribution to our intermediate holding companies and subsidiaries. For the years ended December 31, 2020, 2021 and 2022, our intermediate holding companies and subsidiaries and the consolidated affiliated entities received no capital contribution or loan investment from Tuniu Corporation. VIE and its subsidiaries obtained financing from external banks for their operations with the amount of RMB2.1 million for the year ended December 31, 2022, and repaid RMB199.0 million and RMB284.1 million for the years ended December 31, 2020 and 2021, respectively.

[Table of Contents](#)

Tuniu Corporation has not declared or paid any cash dividends, nor does it have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. We currently do not have any plan to require our PRC subsidiaries to distribute their retained earnings and intend to retain them to operate and expand our business in the PRC. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.” For PRC and United States federal income tax considerations of an investment in our ADSs, see “Item 10. Additional Information—E. Taxation.”

***Financial Information Related to the VIE***

The following table presents the condensed consolidating schedules of financial position for the VIE and other entities as of the dates presented.

*Selected Condensed Consolidating Balance Sheets Information*

	As of December 31, 2021					Consolidated Totals
	Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE	VIE and its Subsidiaries	Eliminating Adjustments	
	(in RMB thousands)					
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	4,712	254,173	761	89,431	—	349,077
Restricted cash	—	26,111	—	20,410	—	46,521
Short-term investments	—	298,201	11,600	306,100	—	615,901
Accounts receivable, net	—	—	—	111,941	—	111,941
Intercompany loan receivables <sup>(1)</sup>	—	184,546	—	—	(184,546)	—
Amounts due from Group companies <sup>(2)</sup>	6,855,545	3,173,186	116,142	424,829	(10,569,702)	—
Amounts due from related parties	—	164	—	14,805	—	14,969
Prepayments and other current assets	130	288,526	1,922	46,455	—	337,033
Total current assets	<u>6,860,387</u>	<u>4,224,907</u>	<u>130,425</u>	<u>1,013,971</u>	<u>(10,754,248)</u>	<u>1,475,442</u>
Non-current assets:						
Long-term investments <sup>(3)</sup>	—	66,000	—	175,947	(40,000)	201,947
Property and equipment, net	—	56,421	676	41,062	—	98,159
Intangible assets, net	—	2,186	1,265	51,925	—	55,376
Land use right, net	—	94,652	—	—	—	94,652
Operating lease right-of-use assets, net	—	20,274	—	27,841	—	48,115
Goodwill	—	47,388	—	184,619	—	232,007
Other non-current assets	—	5,343	2	86,766	—	92,111
Total non-current assets	—	<u>292,264</u>	<u>1,943</u>	<u>568,160</u>	<u>(40,000)</u>	<u>822,367</u>
Total assets	<u>6,860,387</u>	<u>4,517,171</u>	<u>132,368</u>	<u>1,582,131</u>	<u>(10,794,248)</u>	<u>2,297,809</u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>						
Current liabilities:						
Short-term borrowings <sup>(1)</sup>	—	9,981	—	184,546	(184,546)	9,981
Accounts and notes payable	—	57,910	—	325,716	—	383,626
Amounts due to Group companies <sup>(2)</sup>	—	5,284,262	13,934	5,271,506	(10,569,702)	—
Amounts due to related parties	—	2,481	—	2,198	—	4,679
Salary and welfare payable	—	6,603	2,469	24,689	—	33,761
Taxes payable	—	448	3,443	4,113	—	8,004
Advances from customers	—	16,152	—	123,625	—	139,777
Operating lease liabilities, current	—	12,099	—	4,457	—	16,556
Accrued expenses and other current liabilities	8,038	43,454	414	330,723	—	382,629
Total current liabilities	<u>8,038</u>	<u>5,433,390</u>	<u>20,260</u>	<u>6,271,573</u>	<u>(10,754,248)</u>	<u>979,013</u>
Non-current liabilities:						
Operating lease liabilities, non-current	—	14,897	—	23,935	—	38,832
Deferred tax liabilities	—	2,138	—	10,341	—	12,479
Long-term borrowings	—	14,344	—	—	—	14,344
Investment deficit in subsidiaries and Affiliated Entities <sup>(4)</sup>	5,583,205	4,546,165	4,658,273	—	(14,787,643)	—
Total non-current liabilities	<u>5,583,205</u>	<u>4,577,544</u>	<u>4,658,273</u>	<u>34,276</u>	<u>(14,787,643)</u>	<u>65,655</u>
Total liabilities	<u>5,591,243</u>	<u>10,010,934</u>	<u>4,678,533</u>	<u>6,305,849</u>	<u>(25,541,891)</u>	<u>1,044,668</u>
Redeemable noncontrolling interests	—	27,200	—	—	—	27,200
Equity						
Total Tuniu Corporation shareholders' equity	1,269,144	(5,583,205)	(4,546,165)	(4,658,273)	14,787,643	1,269,144
Noncontrolling interests <sup>(3)</sup>	—	62,242	—	(65,445)	(40,000)	(43,203)
Total equity	<u>1,269,144</u>	<u>(5,520,963)</u>	<u>(4,546,165)</u>	<u>(4,723,718)</u>	<u>14,747,643</u>	<u>1,225,941</u>
Total liabilities, redeemable noncontrolling interests and equity	<u>6,860,387</u>	<u>4,517,171</u>	<u>132,368</u>	<u>1,582,131</u>	<u>(10,794,248)</u>	<u>2,297,809</u>

As of December 31, 2022						
Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals	
(in RMB thousands)						
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	1,292	74,865	919	76,759	—	153,835
Restricted cash	—	42,212	—	1,840	—	44,052
Short-term investments	—	438,241	2,700	283,472	—	724,413
Accounts receivable, net	—	—	—	33,644	—	33,644
Intercompany loan receivables <sup>(1)</sup>	—	187,737	—	—	(187,737)	—
Amounts due from Group companies <sup>(2)</sup>	7,077,952	3,401,106	114,505	450,135	(11,043,698)	—
Amounts due from related parties	—	73	—	957	—	1,030
Prepayments and other current assets	151	202,731	2,940	37,172	—	242,994
Total current assets	7,079,395	4,346,965	121,064	883,979	(11,231,435)	1,199,968
Non-current assets:						
Long-term investments <sup>(3)</sup>	—	63,871	—	206,691	(40,000)	230,562
Property and equipment, net	—	52,446	567	32,169	—	85,182
Intangible assets, net <sup>(5)</sup>	—	77,948	—	26,924	(74,200)	30,672
Land use right, net	—	92,590	—	—	—	92,590
Operating lease right-of-use assets, net	—	5,252	—	27,952	—	33,204
Goodwill	—	46,536	—	68,125	—	114,661
Other non-current assets	—	5,119	2	85,970	—	91,091
Total non-current assets	—	343,762	569	447,831	(114,200)	677,962
Total assets	7,079,395	4,690,727	121,633	1,331,810	(11,345,635)	1,877,930
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>						
Current liabilities:						
Short-term borrowings <sup>(1)</sup>	—	7,517	—	187,737	(187,737)	7,517
Accounts and notes payable	—	71,975	—	189,898	—	261,873
Amounts due to Group companies <sup>(2)</sup>	—	5,749,018	13,934	5,280,746	(11,043,698)	—
Amounts due to related parties	—	2,547	—	2,163	—	4,710
Salary and welfare payable	—	7,352	2,349	16,806	—	26,507
Taxes payable	—	54	2,389	1,604	—	4,047
Advances from customers	—	20,543	—	78,356	—	98,899
Operating lease liabilities, current	—	9,680	—	2,759	—	12,439
Accrued expenses and other current liabilities	6,559	30,818	413	320,522	—	358,312
Total current liabilities	6,559	5,899,504	19,085	6,080,591	(11,231,435)	774,304
Non-current liabilities:						
Operating lease liabilities, non-current	—	2,326	—	24,156	—	26,482
Deferred tax liabilities	—	765	—	6,074	—	6,839
Long-term borrowings	—	11,959	—	—	—	11,959
Investment deficit in subsidiaries and Affiliated Entities <sup>(4)</sup>	5,964,812	4,667,905	4,696,253	—	(15,328,970)	—
Total non-current liabilities	5,964,812	4,682,955	4,696,253	30,230	(15,328,970)	45,280
Total liabilities	5,971,371	10,582,459	4,715,338	6,110,821	(26,560,405)	819,584
Redeemable noncontrolling interests	—	27,200	—	—	—	27,200
Equity						
Total Tuniu Corporation shareholders' equity	1,108,024	(5,964,812)	(4,593,705)	(4,696,253)	15,254,770	1,108,024
Noncontrolling interests <sup>(3)</sup>	—	45,880	—	(82,758)	(40,000)	(76,878)
Total equity	1,108,024	(5,918,932)	(4,593,705)	(4,779,011)	15,214,770	1,031,146
Total liabilities, redeemable noncontrolling interests and equity	7,079,395	4,690,727	121,633	1,331,810	(11,345,635)	1,877,930

*Selected Condensed Consolidating Statements of Comprehensive Loss Information*

[Table of Contents](#)

For the Year Ended December 31, 2020						
Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals	
(in RMB thousands)						
Revenues:						
Third-party revenues	—	42,122	—	408,137	—	450,259
Intra-Group revenues <sup>(5)</sup>	—	22,093	15,355	77,565	(115,013)	—
Total revenues	—	64,215	15,355	485,702	(115,013)	450,259
Total costs and expenses <sup>(5)</sup>	(4,293)	(862,243)	(38,747)	(996,345)	110,574	(1,791,054)
Loss from operations	(4,293)	(798,028)	(23,392)	(510,643)	(4,439)	(1,340,795)
Other income/(expenses) <sup>(5)</sup>	(1,691)	24,927	798	(38,746)	4,439	(10,273)
Investment in loss from subsidiaries and Affiliated Entities <sup>(4)</sup>	(1,301,972)	(532,000)	(509,406)	—	2,343,378	—
Loss before income tax expense	(1,307,956)	(1,305,101)	(532,000)	(549,389)	2,343,378	(1,351,068)
Income tax (expense)/benefit	—	(2,151)	—	8,792	—	6,641
Equity in income of unrelated affiliates	—	797	—	—	—	797
Net loss	(1,307,956)	(1,306,455)	(532,000)	(540,597)	2,343,378	(1,343,630)
Net loss attributable to noncontrolling interests	—	(4,483)	—	(31,191)	—	(35,674)
Net loss attributable to Tuniu Corporation	(1,307,956)	(1,301,972)	(532,000)	(509,406)	2,343,378	(1,307,956)

For the Year Ended December 31, 2021						
Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals	
(in RMB thousands)						
Revenues:						
Third-party revenues	—	197,876	—	228,472	—	426,348
Intra-Group revenues <sup>(5)</sup>	—	15,339	24,134	21,117	(60,590)	—
Total revenues	—	213,215	24,134	249,589	(60,590)	426,348
Total costs and expenses <sup>(5)</sup>	(3,688)	(307,287)	(25,841)	(325,803)	54,732	(607,887)
Loss from operations	(3,688)	(94,072)	(1,707)	(76,214)	(5,858)	(181,539)
Other income <sup>(5)</sup>	6,996	12,291	922	26,408	5,858	52,475
Investment in loss from subsidiaries and Affiliated Entities <sup>(4)</sup>	(124,832)	(43,643)	(42,858)	—	211,333	—
Loss before income tax expense	(121,524)	(125,424)	(43,643)	(49,806)	211,333	(129,064)
Income tax (expense)/benefit	—	(1,799)	—	1,669	—	(130)
Equity in income of unrelated affiliates	—	726	—	—	—	726
Net loss	(121,524)	(126,497)	(43,643)	(48,137)	211,333	(128,468)
Net loss attributable to noncontrolling interests	—	(1,665)	—	(5,279)	—	(6,944)
Net loss attributable to Tuniu Corporation	(121,524)	(124,832)	(43,643)	(42,858)	211,333	(121,524)

[Table of Contents](#)

For the Year Ended December 31, 2022

	Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE (in RMB thousands)	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals
Revenues:						
Third-party revenues	—	24,700	—	158,920	—	183,620
Intra-Group revenues <sup>(5)</sup>	—	6,366	10,348	105,600	(122,314)	—
Total revenues	—	31,066	10,348	264,520	(122,314)	183,620
Total costs and expenses <sup>(5)</sup>	(3,593)	(118,547)	(20,194)	(298,226)	46,726	(393,834)
Loss from operations	(3,593)	(87,481)	(9,846)	(33,706)	(75,588)	(210,214)
Other income/(expenses) <sup>(5)</sup>	8,797	8,667	287	(12,944)	1,388	6,195
Investment in loss from subsidiaries and Affiliated Entities <sup>(4)</sup>	(198,586)	(121,785)	(38,026)	—	358,397	—
Loss before income tax expense	(193,382)	(200,599)	(47,585)	(46,650)	284,197	(204,019)
Income tax (expense)/benefit	—	(437)	—	1,168	—	731
Equity in income/(loss) of unrelated affiliates	—	1,187	—	(895)	—	292
Net loss	(193,382)	(199,849)	(47,585)	(46,377)	284,197	(202,996)
Net loss attributable to noncontrolling interests	—	(1,263)	—	(8,351)	—	(9,614)
Net loss attributable to Tuniu Corporation	(193,382)	(198,586)	(47,585)	(38,026)	284,197	(193,382)

*Selected Condensed Consolidating Cash Flows Information*

For the Year Ended December 31, 2020

	Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE (in RMB thousands)	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals
Net cash (used in)/provided by transactions with intra-Group entities	—	(50,124)	20,656	29,468	—	—
Net cash used in transactions with external parties	(4,779)	(399,187)	(30,072)	(879,077)	—	(1,313,115)
<b>Net cash (used in)/provided by operating activities</b>	<b>(4,779)</b>	<b>(449,311)</b>	<b>(9,416)</b>	<b>(849,609)</b>	<b>—</b>	<b>(1,313,115)</b>
Receipts of repayment from/(loans to) Group companies, net	—	30,732	102,723	—	(133,455)	—
Other investing activities	5,292	344,824	(93,000)	901,947	—	1,159,063
<b>Net cash provided by/(used in) investing activities</b>	<b>5,292</b>	<b>375,556</b>	<b>9,723</b>	<b>901,947</b>	<b>(133,455)</b>	<b>1,159,063</b>
Repayment of loan from Group companies, net	—	—	—	(133,455)	133,455	—
Other financing activities	(250)	(10,296)	—	(199,000)	—	(209,546)
<b>Net cash (used in)/provided by financing activities</b>	<b>(250)</b>	<b>(10,296)</b>	<b>—</b>	<b>(332,455)</b>	<b>133,455</b>	<b>(209,546)</b>

For the Year Ended December 31, 2021

	Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE (in RMB thousands)	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals
Net cash (used in)/provided by transactions with intra-Group companies	—	(20,636)	—	20,636	—	—
Net cash used in transactions with external parties	(2,341)	(12,906)	(30)	(211,065)	—	(226,342)
<b>Net cash used in operating activities</b>	<b>(2,341)</b>	<b>(33,542)</b>	<b>(30)</b>	<b>(190,429)</b>	<b>—</b>	<b>(226,342)</b>
Receipts of repayment from/(loans to) Group companies, net	—	83,908	(92,007)	—	8,099	—
Other investing activities	6,020	194,939	91,400	411,467	—	703,826
<b>Net cash provided by/(used in) investing activities</b>	<b>6,020</b>	<b>278,847</b>	<b>(607)</b>	<b>411,467</b>	<b>8,099</b>	<b>703,826</b>
Borrowings under loan from Group companies, net	—	—	—	8,099	(8,099)	—
Other financing activities	373	(60,835)	—	(284,100)	—	(344,562)
<b>Net cash provided by/(used in) financing activities</b>	<b>373</b>	<b>(60,835)</b>	<b>—</b>	<b>(276,001)</b>	<b>(8,099)</b>	<b>(344,562)</b>

	For the Year Ended December 31, 2022					
	Tuniu Corporation	Other Subsidiaries	Primary Beneficiary of VIE (in RMB thousands)	VIE and its Subsidiaries	Eliminating Adjustments	Consolidated Totals
Net cash provided by/(used in) transactions within Group companies	—	(12,896)	20,067	70,829	(78,000)	—
Net cash used in transactions with external parties	(2,205)	36,615	(28,839)	(148,562)	—	(142,991)
<b>Net cash used in operating activities</b>	<b>(2,205)</b>	<b>(54,281)</b>	<b>(8,772)</b>	<b>(77,733)</b>	<b>(78,000)</b>	<b>(142,991)</b>
Receipts of repayment from/(loans to) Group companies, net	70	128,626	(92,007)	—	(36,689)	—
Purchase of intangible assets within Group companies	—	(78,000)	—	—	78,000	—
Other investing activities	(1,059)	(232,150)	100,300	81,081	—	(51,828)
<b>Net cash (used in)/provided by investing activities</b>	<b>(989)</b>	<b>(181,524)</b>	<b>8,293</b>	<b>81,081</b>	<b>41,311</b>	<b>(51,828)</b>
Borrowings under loan from Group companies, net	—	—	—	(36,689)	36,689	—
Other financing activities	46	(2,632)	—	2,100	—	(486)
<b>Net cash provided by/(used in) financing activities</b>	<b>46</b>	<b>(2,632)</b>	<b>—</b>	<b>(34,589)</b>	<b>36,689</b>	<b>(486)</b>

- (1) It represents the elimination of intercompany loan provided by other subsidiaries to VIE and its subsidiaries.
- (2) It represents the elimination of the intercompany balances among Tuniu Corporation, other subsidiaries, primary beneficiary of VIE, and VIE and its subsidiaries.
- (3) The VIE invested in a subsidiary of other subsidiaries and measured at cost and such investment is eliminated with noncontrolling interests of other subsidiaries.
- (4) It represents the elimination of the investments among Tuniu Corporation, other subsidiaries, primary beneficiary of VIE, and VIE and its subsidiaries.
- (5) It represents the elimination of the intercompany transactions at the consolidation level, as follows:

Charges to the VIE

- (i) Technology consulting service fees and group management fees charged by other subsidiaries and the primary beneficiary of the VIE to the VIE and its subsidiaries, in aggregate amounting to RMB12.8 million, RMB16.3 million and RMB6.2 million for the years ended 2020, 2021 and 2022, respectively. These charges are recognized as operating expenses by the VIE and its subsidiaries.
- (ii) Revenue was recognized by other subsidiaries for interest on loans to the VIE and its subsidiaries, in the amounts of RMB4.4 million, RMB5.9 million and RMB1.4 million for the years ended 2020, 2021 and 2022, respectively. These charges are recognized as interest expense by the VIE and its subsidiaries.

Charges by the VIE

- (i) Royalty fees charged by the VIE and its subsidiaries to other subsidiaries and the primary beneficiary of the VIE for the usage of software owned by VIE and its Subsidiaries in the amounts of RMB77.6 million, RMB21.1 million and RMB27.6 million for the years ended 2020, 2021 and 2022, respectively. These charges are recognized as operating expenses by the other subsidiaries and the primary beneficiary of the VIE.

Charges between other entities

- (i) Group management fees charged by the primary beneficiary of the VIE to other subsidiaries in the Group.



[Table of Contents](#)

Purchase of intangible assets from VIE

- (i) Software copyrights transferred from the VIE and its subsidiaries to other subsidiaries amounting to RMB78.0 million for the year ended 2022. These software copyrights are recognized as intangible assets by the other subsidiaries and subsequently amortized on a straight-line basis over their estimated useful lives of 5 years.

*Transfers of Cash Within the Tuniu Group*

Transfer of cash do not necessarily equal amounts charged, due to the timing of payments. The following is a summary of cash transfers that have occurred between our subsidiaries and the VIE and its subsidiaries (in thousands):

	As of December 31,		
	2020 RMB	2021 RMB	2022 RMB
Cash paid by our subsidiaries to the VIE and its subsidiaries for royalties	29,468	22,000	5,776
Cash paid by the VIE and its subsidiaries to our subsidiaries under service agreements	—	(1,364)	(8,169)
Cash paid by the VIE and its subsidiaries to our subsidiaries for intra-Group financing	(133,455)	—	(36,759)
Cash received by the VIE and its subsidiaries from our subsidiaries for intra-Group financing	—	8,099	—
Cash paid by our subsidiaries to the VIE and its subsidiaries for purchase of intangible assets	—	—	(78,000)

**A.[Reserved]**

**B.Capitalization and Indebtedness**

Not applicable.

**C.Reasons for the Offer and Use of Proceeds**

Not applicable.

## **D. Risk Factors**

### **Summary of Risk Factors**

Investing in our ADSs involves significant risks. You should carefully consider all of the information in this annual report before making an investment in our ADSs. Below is a summary of material risks we face, organized under relevant headings. The operational risks associated with being based in and having operations in the mainland China could also apply to operations in Hong Kong and Macau. While entities and businesses in Hong Kong and Macau operate under different sets of laws from the mainland China, the legal risks associated with being based in and having operations in the mainland China could apply to our operations in Hong Kong and Macau, if the laws applicable to the Chinese mainland become applicable to entities and businesses in Hong Kong and Macau in the future. These risks are discussed more fully in Item 3. Key Information—D. Risk Factors.

#### ***Risks Related to Our Corporate Structure***

- Tuniu Corporation is a Cayman Islands holding company with no equity ownership in the VIE, and we conduct our operations in China primarily through (i) our PRC subsidiaries and (ii) the VIE with which we have maintained contractual arrangements. Holders of our ADSs hold equity interest in Tuniu Corporation, our Cayman Islands holding company, and do not have direct or indirect equity interest in the VIE. If the PRC government finds that the agreements that establish the structure for operating some of our business operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we and the VIE could be subject to severe penalties, or be forced to relinquish our interest in those operations. Our holding company in the Cayman Islands, the VIE, and investors of Tuniu face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIE and, consequently, significantly affect the financial performance of the VIE and our Company as a whole. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We rely on contractual arrangements with Nanjing Tuniu and its shareholders for the operation of our business, which may not be as effective as direct ownership. If Nanjing Tuniu or its shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to litigation or arbitration to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation. If we are unable to direct the activities of and derive economic benefits from the VIE, we would not be able to continue to consolidate the financial results of the consolidated affiliated entities with our financial results.”
- Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to restrictions on foreign investment in value-added telecommunications and travel companies in China. If the PRC government determines that the contractual arrangements constituting part of the VIE structure do not comply with PRC laws and regulations, we could be subject to severe penalties, including shutting down of our online platform, and our ADSs may decline in value or become worthless.
- Substantial uncertainties exist with respect to the interpretation and implementation of adopted PRC Foreign Investment Law and its implementation rules and how they may impact the viability of our current corporate structure, corporate governance and business operations.

#### ***Risks Related to Doing Business in China***

- Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of internet and related business and companies.” The approval of or filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing. Any failure to obtain or delay in obtaining such approval for our offshore offerings, or a rescission of obtained approval, would subject us to sanctions imposed by the CSRC or other PRC government authorities. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of or filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.”

## [Table of Contents](#)

- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or fully investigate auditors located in China. The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”
- The PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.”
- PRC regulation of direct investment and loans by offshore holding companies to PRC entities and governmental control of currency conversion may delay or limit us from using the proceeds of our financing activities, or making additional capital contributions or loans to our PRC subsidiaries and the consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

### ***Risks Related to Our Business and Industry***

- Our business operation, financial condition, results of operations and cash flows have been and may continue to be materially and adversely affected by the COVID-19 outbreak and spread.
- Declines or disruptions in the leisure travel industry may materially and adversely affect our business and results of operations.
- We face risks related to natural disasters and health epidemics.
- If we do not continue to provide competitive travel products and services, we may not be able to attract new customers or retain existing customers, and our business, financial condition and results of operations could suffer.
- Failure to maintain the quality of customer services could harm our reputation and our ability to retain existing customers and attract new customers, which may materially and adversely affect our business, financial condition and results of operations.
- We have incurred losses in the past and will likely incur losses in the future.
- We face intense competition and may not be able to compete successfully against existing and new competitors.
- Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on our business and prospects.
- If we are unable to maintain existing relationships with travel suppliers, or develop relationships with new travel suppliers on favorable terms or terms similar to those we currently have, our business and results of operations may suffer.
- We may be subject to legal or administrative proceedings regarding our travel products and services, information provided on our online platform or other aspects of our business operations, which may be time-consuming to defend and affect our reputation.

### ***Risks Related to our ADSs and Class A Ordinary Shares***

- Our ADSs may be delisted from the Nasdaq Global Market as a result of our failure of meeting the Nasdaq Global Market continued listing requirements.
- The trading prices of our ADSs have fluctuated and may continue to be volatile regardless of our operating performance.
- Our dual class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.
- The sale or availability for sale of substantial amounts of our Class A ordinary shares and/or ADSs could adversely affect their market price.

## Risks Related to Our Corporate Structure

*Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to restrictions on foreign investment in value-added telecommunications and travel companies in China. If the PRC government determines that the contractual arrangements constituting part of the VIE structure do not comply with PRC laws and regulations, we could be subject to severe penalties, including shutting down of our online platform, and our ADSs may decline in value or become worthless.*

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide Internet content distribution services. Specifically, unless otherwise provided for by the state, foreign investors are prohibited from owning more than 50% of the equity interest in any PRC entity conducting value-added telecommunications business, except for online data processing and transaction processing business (operational e-commerce), domestic multiparty communication, storage-and-forward and call center businesses, in which foreign investors are allowed to hold up to 100% of the equity interest. The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business issued by the MIIT in July 2006, or the MIIT Circular, reiterated the regulations on foreign investment in telecommunications business, which require foreign investors to set up foreign-invested telecom enterprises and obtain business operating licenses for Internet content provision, or an ICP license to conduct any value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the domestic ICP license holder or its shareholders. Due to a lack of interpretation from the MIIT, it is unclear what impact the MIIT Circular will have on us or other PRC Internet companies that have adopted the same or similar corporate structures and contractual arrangements as ours. Nanjing Tuniu holds our ICP licenses, and owns all the domain names used in our value-added telecommunications business. Nanjing Tuniu is also the owner of all the registered trademarks used in our value-added telecommunications business and is the applicant of all the applications for trademark registration we have made.

We are a Cayman Islands company and our wholly owned PRC subsidiary, Beijing Tuniu, is considered a foreign invested enterprise. To comply with PRC laws and regulations, we conduct our business in China through a series of contractual arrangements entered into among Beijing Tuniu, Nanjing Tuniu, and the shareholders of Nanjing Tuniu. As a result of these contractual arrangements, we are able to direct the activities of and derive economic benefits from Nanjing Tuniu and its subsidiaries and consolidate their results of operations in our financial statements under U.S. GAAP. For a detailed description of these contractual arrangements, see “Item 4. Information on the Company—C. Organizational Structure.”

In the opinion of our PRC counsel, Fangda Partners, the ownership structure of Nanjing Tuniu, each of the shareholders’ voting rights agreement, powers of attorney, equity interest pledge agreement and purchase option agreement entered into among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu, and the cooperation agreement between Beijing Tuniu and Nanjing Tuniu, which establish our contractual arrangement with Nanjing Tuniu and its shareholders, and these agreements are valid, binding and enforceable in accordance with their terms. However, as of the date of this annual report, the legality and enforceability of our contractual arrangements, as a whole, have not been tested in any PRC court, and we cannot guarantee you that the contractual arrangements, as a whole, would ultimately be legal or enforceable if they were to be tested in a PRC court. We are also advised by our PRC counsel, Fangda Partners, that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and there can be no assurance that the PRC government will ultimately take a view that is consistent with the opinion of our PRC counsel stated above.

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

***Substantial uncertainties exist with respect to the interpretation and implementation of adopted PRC Foreign Investment Law and its implementation rules and how they may impact the viability of our current corporate structure, corporate governance and business operations.***

The “variable interest entity” structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in industries that are currently subject to foreign investment restrictions in China. See “—Risks Related to Our Corporate Structure—Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to restrictions on foreign investment in value-added telecommunications and travel companies in China. If the PRC government determines that the contractual arrangements constituting part of the VIE structure do not comply with PRC laws and regulations, we could be subject to severe penalties, including shutting down of our online platform, and our ADSs may decline in value or become worthless” and “Item 4. Information on the Company—C. Organizational Structure.” In March 2019, the NPC promulgated the Foreign Investment Law, or the PRC Foreign Investment Law. In December 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law of the People’s Republic of China, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the PRC Foreign Investment Law. The PRC Foreign Investment Law and the Implementation Rules both became effective on January 1, 2020 and replaced major existing laws and regulations governing foreign investment in the PRC. Pursuant to the PRC Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or “indirectly” in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws and administrative regulations, or as stipulated by the State Council. The PRC Foreign Investment Law and the Implementation Rules do not use the concept of “control” in determining whether a company should be considered as a foreign-invested enterprise, nor do they explicitly provide the VIE structure as a method of foreign investment. However, the PRC Foreign Investment Law has a catch-all provision that includes into the definition of “foreign investments” made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. Since the PRC Foreign Investment Law and the Implementation Rules are newly adopted, and relevant government authorities may promulgate future laws, regulations or rules on the interpretation and implementation of the PRC Foreign Investment Law, the possibility cannot be ruled out that the concept of “control” as stated in the 2015 draft PRC Foreign Investment Law may be reimposed, or the VIE structure adopted by us may be deemed a method of foreign investment by, any of such future laws, regulations and rules, which cause significant uncertainties as to whether the VIE structures would be treated as a method of foreign investment. If the VIE structure would be deemed as a method of foreign investment under any of such future laws, regulations and rules, and any of our businesses operations would fall in the “negative list” for foreign investment that is subject to any foreign investment restrictions or prohibitions, we would be required to take further actions to comply with such laws, regulations and rules, which may materially and adversely affect our current corporate structure, corporate governance, business, financial conditions and results of operations. Furthermore, if future laws, administrative regulations or rules mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we are able to complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to respond to any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, business, financial condition and results of operations.

## [Table of Contents](#)

The PRC Foreign Investment Law requires foreign investors or applicable FIEs to report investment information to government authority. Pursuant to the Information Reporting Measures for Foreign Investment jointly promulgated by the MOC and the SAMR, which took effect in January 2020, a foreign investment information reporting system shall be established and foreign investors or FIEs shall report investment information to competent commerce departments of the government through the enterprise registration system and the enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments of the government. The foreign investors or FIEs shall report the investment information by submitting initial reports, change reports, deregistration reports and annual reports, etc. The PRC government authorities may promulgate rules to further clarify the detailed information reporting requirements on foreign investors and the applicable FIEs. In that case, our current corporate governance practices and business operations may need to be adjusted to comply with the information reporting requirements, which would significantly increase our compliance costs, and have a material and adverse effect on our current corporate structure, corporate governance, business, financial conditions and results of operations.

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

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

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

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

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

[Table of Contents](#)

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the purchase option agreement with these shareholders to request them to transfer all of their equity interests in Nanjing Tuniu to a PRC entity or individual designated by us, to the extent permitted by PRC laws. We rely on Mr. Dunde Yu, who is our founder, director and beneficial owner, Mr. Anqiang Chen, who is our Financial Controller, to abide by the PRC laws and regulations. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Nanjing Tuniu, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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

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

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

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

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

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

## Risks Related to Doing Business in China

*The approval of or filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.*

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, the interpretation and application of the M&A Rules remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of mainland China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Intensifying Crack Down on Illegal Securities Activities. These opinions emphasized the need to strengthen regulation over illegal securities activities, and supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the development of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. There are still uncertainties regarding the interpretation and implementation of these opinions, and further explanations or detailed rules and regulations with respect to these opinions may be issued in the future, which may impose additional requirements on us.

Furthermore, on February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and 5 relevant guidelines, which became effective on March 31, 2023, requiring Chinese domestic companies' overseas offerings and listings of equity securities be filed with the CSRC. According to the Overseas Listing Trial Measures, where Chinese companies that have directly or indirectly listed securities in overseas markets conduct securities offerings and listings, including but not limited to follow-on offerings, secondary listings and going-private transactions, they shall fulfill the filing procedures with and report relevant information to the CSRC. As the Overseas Listing Trial Measures have just been promulgated, there are substantial uncertainties as to its interpretation and implementation. We cannot assure you that we would not be deemed as an indirect overseas listed Chinese company under the Overseas Listing Trial Measures. If we are deemed as an indirect overseas listed Chinese company but fail to complete the filing procedures with the CSRC for any of our future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going-private transactions, or follow relevant reporting requirements thereunder, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council. For more details of the Overseas Listing Trial Measures, see "Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Overseas Offering and Listing." We are currently evaluating the implications and potential impact of the Overseas Listing Trial Measures and will continue to closely monitor the interpretation and implementation of the Overseas Listing Trial Measures. Due to our operations in China and stock listings in U.S., the Overseas Listing Trial Measures and any future PRC, U.S. or other rules and regulations that place restrictions on capital raising could adversely affect our business and results of operations and could significantly limit or completely hinder our ability to offer or continue to offer our ADSs or ordinary shares to investors, and could cause the value of our ADSs or ordinary shares to significantly decline or become worthless.

Relatedly, on December 27, 2021, the NDRC and the Ministry of Commerce, or the MOC, jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which became effective on January 1, 2022. Pursuant to the 2021 Negative List, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent government authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. There remain substantial uncertainties as to the interpretation and implementation of these requirements, and it is unclear as to whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operations, financial conditions and business prospects may be adversely and materially affected.



In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that other approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the Draft Regulations, are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approvals or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approvals or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of mainland China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into mainland China or take other actions that could materially and adversely affect our businesses, financial conditions, results of operations, and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to the settlement and delivery, they do so at the risk that the settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such requirement could materially and adversely affect our business, prospect, financial condition, reputation, and the trading price of our ADSs. See “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Information Security and Censorship” for more detailed discussion.

Our PRC counsel has advised us based on their understanding of the current PRC laws, rules and regulations that no permission is required from any Chinese authorities (including the CSRC and the CAC) for our previous offshore offerings as of the date of this annual report. There can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel.

***The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.***

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

***Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.***

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2022.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

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

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and the consolidated affiliated entities are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

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

***We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of internet and related business and companies.***

The PRC government regulates the internet and related industry extensively, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, under certain circumstances it may be difficult to determine what actions or omissions may be deemed to be violations of applicable laws and regulations. Issues, risks and uncertainties relating to PRC government regulation of the internet industry include, but are not limited to, the following:

- We only have contractual control over our websites. We do not own the websites due to the restriction of foreign investment in businesses providing value-added telecommunications services in China, including online information services.

- The licensing requirements relating to the internet business in China are rapidly evolving and are therefore subject to uncertainties. This means that permits, licenses or operations at some of our PRC subsidiaries and the consolidated affiliated entities may be subject to challenges, or we may not be able to obtain or renew certain permits or licenses, including, without limitation, a Value-Added Telecommunication Business Operating License, which is issued by the local bureau of the MIIT, a Food Business License, which is issued by Jizhou Branch of Tianjin Administration for Market Regulation, Filing Certificates for Operation of Prepacked Food, which are issued by Xuanwu Branch of Nanjing Administration for Market Regulation, Travel Agency Business Licenses, which are issued by the local bureau of and/or the then Ministry of Tourism, or the Ministry of Culture and Tourism which has replaced the Ministry of Tourism, Approval Documents for Operation of Small-sum Loan Business, which are issued by the Guangzhou Municipal Bureau of Finance, an Insurance Intermediary License, which is issued by the local bureau of the CBIRC, a Securities and Futures Business Operation License, which is issued by the CSRC, Insurance Agency Concurrent-business Licenses, which are issued by the CBIRC. Violation of relevant laws and regulations governing these licenses, approvals, filings or qualifications may result in penalties and even suspension or revocation of the licenses, approvals, filings or qualifications. Failure to obtain, maintain or renew these permits and licenses may significantly disrupt our business, or subject us to sanctions, requirements to increase capital or other conditions or enforcement, or compromise enforceability of related contractual arrangements, or have other harmful effects on us. For example, we have not obtained the internet audio-visual program transmission license, or Audio-Visual License, for providing the internet audio-visual program services and content on our platform in China, for which we are not qualified to apply, because the current applicable laws and regulations require an applicant to be a wholly state-owned or state-controlled entity. In addition, we have not completed filing for distributing publications and providing live streaming services on our platform.
- New laws and regulations may be promulgated to regulate internet activities, including online advertising and internet cultural activities. Other aspects of our online operations may be further regulated in the future. If these new laws and regulations are promulgated, additional licenses may be required for our online operations. If our operations do not comply with these new regulations at the time they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business.

***The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.***

We conduct our business in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight over the conduct of our business, and may exert influence over our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. All the operational risks associated with being based in and having operations in mainland China could also apply to operations in Hong Kong and Macau. With respect to the legal risks associated with being based in and having operations in mainland China, the laws, regulations and the discretion of mainland China governmental authorities discussed in this annual report are expected to apply to mainland China entities and businesses, rather than entities or businesses in Hong Kong and Macau which operate under different sets of laws from mainland China. However, the PRC government may exert influence over our operations in Hong Kong and Macau at any time, which may have a material impact on our ability to conduct business in Hong Kong and Macau and could result in a material adverse change in our operation and/or the value of our ADSs.

***PRC regulation of direct investment and loans by offshore holding companies to PRC entities and governmental control of currency conversion may delay or limit us from using the proceeds of our financing activities, or making additional capital contributions or loans to our PRC subsidiaries and the consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.***

We are not an operating company in China but a Cayman Island holding company conducting our operations in China through our PRC subsidiaries and the consolidated affiliated entities. Holders of our ADSs hold equity interest in Tuniu Corporation, our Cayman Islands holding company, and do not have direct or indirect equity interest in the VIE. Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries and the consolidated affiliated entities, including from the proceeds of our financing activities, such as our private placements, are subject to PRC laws and regulations. Under PRC laws and regulations, we are permitted to utilize such proceeds to fund our existing PRC subsidiaries and the consolidated affiliated entities only through loans or capital contributions or to establish new PRC subsidiaries or new PRC consolidated affiliated entities, subject to applicable government registration and approval requirements. Currently, there is no statutory limit to the amount of funding that we can provide to our PRC subsidiaries through capital contributions. However, the maximum amount we can loan to our PRC subsidiaries and the consolidated affiliated entities is subject to statutory limits. According to current PRC laws and regulations, we can provide funding to our PRC subsidiaries through loans of up to either (i) the amount of the difference between the respective registered total investment amount and registered capital of each of our PRC subsidiaries, or the Total Investment and Registered Capital Balance, or (ii) two times, or the then applicable statutory multiple, the amount of their respective net assets, calculated in accordance with PRC GAAP, or the Net Assets Limit, at our election. We may also fund the consolidated affiliated entities through cross-border loans and the maximum amount would be their respective Net Assets Limit. Increasing the Total Investment and Registered Capital Balance of our PRC subsidiaries is subject to governmental procedures and may require a PRC subsidiary to increase its registered capital at the same time. If we choose to make a loan to a PRC subsidiary or PRC consolidated affiliated entity based on its Net Assets Limit, the maximum amount we would be able to loan to the relevant PRC subsidiary or PRC consolidated affiliated entity would depend on the relevant PRC entity's net assets and the applicable statutory multiple at the time of calculation, and the currently applicable statutory multiple is 1.25 according to the latest notice promulgated by the PBOC and SAFE on October 25, 2022. Moreover, any medium or long-term loan to be provided by us to the VIE or other domestic PRC entities must also be registered with the NDRC. PRC laws and regulations may also impose more stringent limitations to cross-border loans, which will also have negative impacts on our ability to fund our PRC entities.

In August 2008, SAFE promulgated a SAFE Circular 142 regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 provides that the Renminbi capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and unless otherwise provided by law, such Renminbi capital may not be used for equity investments in the PRC. Although on July 4, 2014, the SAFE issued the Circular of the SAFE on Relevant Issues Concerning the Pilot Reform in Certain Areas of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises, or SAFE Circular 36, which launched a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises in certain designated areas from August 4, 2014 and some of the restrictions under SAFE Circular 142 will not apply to the settlement of the foreign exchange capitals of the foreign-invested enterprises established within the designated areas and such enterprises are allowed to use its Renminbi capital converted from foreign exchange capitals to make equity investments, our PRC subsidiary is not established within the designated areas. On March 30, 2015, SAFE promulgated Circular 19, to expand the reform nationwide. Circular 19 came into force and replaced both Circular 142 and Circular 36 on June 1, 2015. Circular 19 allows foreign-invested enterprises to make equity investments by using Renminbi funds converted from foreign exchange capital. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from its foreign exchange capital for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises. In June 2016, SAFE promulgated Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement which further stipulates that foreign-invested enterprises shall not use Renminbi funds converted from foreign exchange capital for providing loans to non-affiliated enterprises, except as otherwise expressly permitted under its business scope. In addition, SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from foreign currency registered capital of a foreign-invested company. The business scopes of Beijing Tuniu and Tuniu (Nanjing) Information Technology Co., Ltd., or Tuniu Nanjing Information Technology, include research and development of computer software, network information technology products, computer application systems, e-commerce systems, network security systems and computer system integration; technology services, consulting and transfers; sales of self-developed products; investment consulting; business information consulting; and conference services and public relations advice. Beijing Tuniu and Tuniu Nanjing Information Technology may only use Renminbi converted from foreign exchange capital contribution for activities within their respective approved business scope. In addition, the use of such Renminbi capital may not be altered without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of these Circulars could result in severe monetary or other penalties. If we convert the net proceeds we receive from our financing activities, such as our private placement into Renminbi pursuant to these Circulars, our use of Renminbi funds for general corporate purposes must be within the business scopes of our PRC subsidiaries. Although currently there are not equivalent or similar restrictions or limitations in Hong Kong or Macau on cash transfers in, or out of, our Hong Kong entities (including currency conversion), if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities (including currency conversion) in the future, the funds in our Hong Kong entities likewise, may not be available to meet our currency demand.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we may not be able to make such loans to the subsidiaries of our wholly foreign-owned subsidiaries in mainland China and the consolidated affiliated entities in mainland China. Meanwhile, we may not be able to finance the activities of the consolidated affiliated entities by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by the consolidated affiliated entities.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or record-filings on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or any consolidated affiliated entity or future capital contributions by us to our wholly foreign-owned subsidiaries in mainland China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or the consolidated affiliated entities when needed. If we fail to complete such registrations or record-filings, our ability to use foreign currency, including the proceeds we received from our initial public offering, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

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

## [Table of Contents](#)

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

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. Some of the government measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. The growth rate of the Chinese economy has gradually slowed since 2010, and the COVID-19 pandemic has brought uncertainties to the growth rate of the Chinese economy. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations. However, any stimulus measures designed to boost the Chinese economy may contribute to higher inflation, which could adversely affect our financial condition and results of operations. For example, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation.

***A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect the leisure travel industry and our business, results of operations and financial condition.***

COVID-19 has had a severe and negative impact on both the Chinese and global economy since early 2020. Whether this will lead to a prolonged economic downturn is still unknown, especially considering the multiple recent outbreaks in various countries and regions as well as the uncertainties brought by the vaccination programs. Even before the outbreak of COVID-19, the global macroeconomic environment had been facing numerous challenges. The growth of the Chinese economy has gradually slowed down in recent years and the trend may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2021. The conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns on the relationship between China and other countries, including surrounding Asian countries, which may potentially lead to foreign investors closing down their businesses or withdrawing their investments in China and, thus, exiting the China market, and other economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. It is unclear whether these challenges and uncertainties will be contained or resolved and what effects they may have on the global political and economic conditions in the long term. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect the leisure travel industry and our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs. Our users and business partners may reduce or delay spending with us, while we may have difficulty expanding our user base fast enough, or at all, to offset the impact of decreased spending by our existing users.

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

We are required to obtain applicable permits or approvals from regulatory authorities to conduct our business activities. See "Item 4. Information on the Company—B. Business Overview—PRC Regulation." If we fail to obtain or maintain any of the required permits or approvals in the future, we may be subject to various penalties, such as fines or suspension of operations in these regulated businesses, which could severely disrupt our business operations. As a result, our financial condition and results of operations may be adversely affected.

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

Under the PRC Enterprise Income Tax Law, or the EIT Law and its Implementation Rules, that became effective on January 1, 2008 and was amended in February 2017, December 2018 and April 2019, respectively, an enterprise established outside the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the EIT Law, or the Implementation Rules, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, STA Circular 82, which was issued in April 2009 and was amended in December 2017 by the State Taxation Administration, or the STA, specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board’s and shareholders’ meetings are located or kept in the PRC; and (d) half or more of the enterprises’ directors or senior management personnel with voting rights habitually reside in the PRC. Further to STA Circular 82, the STA issued STA Bulletin 45, which took effect on September 1, 2011, to provide more guidance on the implementation of STA Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore-incorporated resident enterprises.” STA Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on post-determination matters. Although both STA Circular 82 and STA Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals like us, the determining criteria set forth in STA Circular 82 and STA Bulletin 45 may reflect the STA’s general position on how the “de facto management body” test should be applied in determining the PRC resident enterprise status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

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

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

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

According to the Announcement of the STA on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises ("Bulletin 7") promulgated by the STA in February 2015, which has been further amended by Bulletin 37 issued by the STA in October 2017 and amended in June 2018, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by transfer of the equity interests of an offshore holding company (other than a purchase and sale of shares issued by a PRC resident enterprise in public stock market) without a reasonable commercial purpose, the PRC tax authorities have the discretion to reassess the nature of the transaction and the indirect equity transfer will be treated as a direct transfer. As a result, gains derived from such a transfer, which means the equity transfer price minus the cost of equity, will be subject to PRC withholding tax at a rate of up to 10%. Under the terms of Bulletin 7, as amended, the transfer that meets all of the following conditions shall be directly deemed as having no reasonable commercial purposes: (i) more than 75% of the value of the equity interests of the offshore holding company are directly or indirectly derived from PRC taxable properties; (ii) at any time during the year before the indirect transfer, over 90% of the total properties of the offshore holding company are investments within PRC territory, or in the year before the indirect transfer, over 90% of the offshore holding company's revenue is directly or indirectly derived from PRC territory; (iii) the function performed and risks assumed by the offshore holding company are insufficient to substantiate its corporate existence; or (iv) the foreign income tax imposed on the indirect transfer is lower than the PRC tax imposed on the direct transfer of the PRC taxable properties.

There is uncertainty as to the interpretation and application of Bulletin 7, as amended. If an Indirect Transfer occurs for us, we and our non-PRC resident shareholders may be at risk of being taxed under Bulletin 7, as amended, and we may be required to expend valuable resources to comply with Bulletin 7, as amended or to establish that we should not be taxed under Bulletin 7, as amended.

***Any failure or perceived failure by us to comply with the Platform Economy Anti-Monopoly Guidelines and other anti-monopoly and unfair competition laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.***

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the Ministry of Commerce, the NDRC and the SAMR, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. In December 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization, which grants authorities to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions.

On June 24, 2022, the Standing Committee of the NPC promulgated the amended PRC Anti-monopoly Law, which came into effect on August 1, 2022. The amended PRC Anti-monopoly Law requires that where concentration of undertakings reaches the filing threshold stipulated by the State Council of the PRC, a filing must be made with the anti-monopoly authority before the parties implement the concentration. Concentration refers to (i) merger of undertakings; (ii) acquisition of control over other undertakings by acquiring equities or assets; or (iii) acquisition of control over, or the possibility of exercising decisive influence on, an undertaking by contract or by any other means. The anti-monopoly authority may also require business operators to file for merger control review where concentration of undertakings fails to reach such filing threshold but there is evidence that the concentration has or may have the effect of eliminating or restricting competition. If business operators fail to comply with the mandatory filing requirement, the SAMR is empowered to terminate the transaction, require the disposal of relevant assets, shares or businesses within certain period, or take any other necessary measures to restore the pre-concentration status, and may also impose fines of up to 10% of the previous year's turnover of the filing obligor if the concentration has or may have the effect of eliminating or restricting competition, or fines of up to RMB 5 million if the concentration does not have such effect. In addition, the amended PRC Anti-monopoly Law introduces a "stop-clock mechanism" which may prolong the merger control review process.



## [Table of Contents](#)

We may expand our business in part by acquiring complementary businesses. Due to the uncertainties associated with the new and evolving legislative activities and varied local implementation practices of anti-monopoly and competition laws and regulations in the PRC, complying with the requirements of the amended PRC Anti-monopoly Law, M&A Rules, merger control review rules, security review rules and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the SAMR, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. If we are found to have violated the amended PRC Anti-Monopoly Law for failing to file the notification of concentration and request for review, we could be subject to significant fines, and the parts of the transaction causing the prohibited concentration could be ordered to unwind. Such unwinding could affect our business and financial results, and harm our reputation.

The amended PRC Anti-monopoly Law also prohibits business operators from entering into monopoly agreements, which refers to agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of commodities for resale to third parties, among others, unless the business operators can prove the agreements do not have the effect of eliminating or restricting competition, their market share in relevant market is below the standard set by the anti-monopoly authority, or the agreements satisfy certain exemptions under the amended PRC Anti-monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts. In addition, business operators are prohibited from organizing other business operators to reach any monopoly agreement or providing substantive assistance for others to reach such agreements under the amended PRC Anti-monopoly Law.

In addition, the amended PRC Anti-monopoly Law further regulates monopolistic behaviors in the Internet sector by requiring, among other, that enterprises must not engage in monopolistic behaviors through data and algorithms, technology, capital advantages, or platform rules.

In February 2021, the SAMR published the Platform Economy Anti-monopoly Guidelines. The Platform Economy Anti-monopoly Guidelines set out detailed standards and rules in respect of definition of “relevant markets”, typical types of “cartel activity” and “abusive behavior by companies with market dominance”, which provide further guidelines for enforcement of anti-monopoly laws regarding online platform operators. The Platform Economy Anti-monopoly Guidelines prohibits certain monopolistic acts of internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in internet platform economy, including without limitation, prohibiting companies with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, coercing counterparties into exclusivity arrangements, using technologies to block competitors’ interface, favorable positioning in search results of goods displays, using bundle services to sell services or products, compulsory collection of unnecessary user data). In addition, the Platform Economy Anti-monopoly Guidelines also reinforces anti-monopoly merger review for internet platform related transactions to safeguard market competition. Due to the expansive scope of business activities the anti-monopoly law and regulations target to regulate, many of our businesses and practices, including our pricing practices, promotional activities and cooperation with business partners, may be subject to regulatory scrutiny and significant penalties. Certain long-standing practices may be subject to challenges by regulators, consumers, merchants and other parties. Furthermore, in July 2021, the SAMR released the revised draft Provisions on the Administrative Penalties on Price-related Violation for public comment, which proposed significant penalties, including fines of up to 10% of revenue during the violation period, suspension of business or revocation of required licenses, for a number of price-related violations, such as below-cost pricing to squeeze out competitors, price discrimination, manipulation of market prices and fraudulent pricing. In particular, improper pricing by e-commerce platform operators, including the use of big data analysis, algorithms or other technologies to conduct differentiated pricing and price subsidies, may be subject to significant penalties, including fines of up to 5% of prior year’s revenue, suspension of business and revocation of required licenses. As a result, we may need to devote significant resources or change our business practices to comply with current laws and regulations as well as new laws and regulations that may be enacted in the future. We may also be subject to regulatory investigations, fines and other penalties, which would materially and adversely affect our business and reputation.

On March 10, 2023, the SAMR released the Provisions on the Prohibition of Monopoly Agreements, which came into effect from April 15, 2023. These provisions prohibit competitors from entering into monopoly agreements by way of the meeting of minds, exchange of sensitive information or concerted practices, through the share of data and algorithms, technology, or platform rules. The Provisions on the Prohibition of Monopoly Agreements also prohibit resale price maintenance through the same means.

On March 10, 2023, the SAMR released the Provisions on the Review of Concentration of Undertakings, which came into effect from April 15, 2023. These provisions provide detailed rules on how to operate the “stop-clock mechanism”, allowing the SAMR to

suspend the calculation of time period for merger review if (i) the notifying parties fail to provide the documents or information so that the review cannot proceed, (ii) new circumstances or new facts appear, and the review cannot proceed without examining the new circumstances or facts, or (iii) the proposed remedies require further assessment, and the relevant parties request for suspension. If the filing threshold is not met but the proposed concentration has or may have the effect of eliminating or restricting competition, the SAMR can request the undertakings to notify. If the concentration has not yet been implemented, the standstill obligation automatically kicks in. Even if the concentration has been implemented, the undertakings need to file a notification within 120 days and take necessary measures to reduce the negative impact of the concentration on competition, such as temporarily stopping the implementation of the concentration.

As the amended PRC Anti-monopoly Law, the Platform Economy Anti-monopoly Guidelines, the Provisions on the Prohibition of Monopoly Agreements and the Provisions on the Review of Concentration of Undertakings were newly promulgated, we are unable to estimate their specific impact on our businesses, financial conditions, results of operations and prospects.

The Anti-unfair Competition Law prohibits business operator from engaging in anti-competitive activities, such as undue influence transactions, confusion marketing, commercial bribery, trade secret infringement and commercial libel. On March 16, 2022, the Supreme People's Court in China issued the Interpretations on Several Issues concerning the Application of the Anti-unfair Competition Law, which further clarify that the business operators shall not (i) use, without authorization, the main part of a domain name, the name of a website or a web page of another party that has certain influence, resulting in the mistaken belief that a product of the business operator is another party's product or has a specific connection with another party; or (ii) maliciously interfere with or destroy the network products or services provided by other business operators pursuant to the law by misleading, deceiving or forcing users into modifying, shutting off or uninstalling such products or services without explicit prior notice and without consent of the users. In August 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Drafts for Public Comments), or the Draft Provisions on Preventing Unfair Online Competition, which detailed the implementation of the PRC Anti-Unfair Competition Law, under which business operators must not use technical means such as data or algorithms to implement traffic hijacking or interference, cause malicious incompatibility or conduct any activity impeding or disrupting the normal operation of network products or services legally provided by other business operators. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practices such as fake reviews or use coupons or "red envelopes" to entice positive ratings.

In practice, the PRC government authorities also strengthen the supervision of monopoly and other unfair competition acts, and request to establish a new order of the platform economy. In recent years, the SAMR, together with certain other PRC government authorities convened several administrative guidance meetings, focusing on unfair competition acts in community group buying, self-inspection and rectification by major internet companies of possible violations of anti-monopoly, anti-unfair competition, tax and other related laws and regulations, as well as the establishment of long-term mechanism for fair market competition in the sharing consumption industry. In addition, many internet companies, including the over 30 companies which attended such administrative guidance meetings, were required to conduct a comprehensive self-inspection and make necessary rectification accordingly. We cannot assure you that our business operations comply with anti-monopoly and unfair competition laws and regulations and authorities' requirements in all respects. If any non-compliance is raised by relevant authorities and determined against us, we may be subject to fines and other penalties.

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

The M&A Rules establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the MOC be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

In addition, national security review rules issued by the PRC government authorities in 2011 require acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. According to the Measures for the Security Review of Foreign Investment, or the Security Review Measures, promulgated by the NDRC and the MOC on December 19, 2020 and effective as of January 18, 2021, investments in military, national defense-related areas or in locations in proximity to military facilities, or investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, information technology, Internet products and services, financial services and technology sectors, are required to obtain approval from designated government authorities in advance. See also “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Foreign Investment in Value-Added Telecommunications Services.”

Furthermore, according to the Overseas Listing Trial Measures, if a Chinese overseas listed company issues overseas listed securities to acquire assets, such issuance would be subject to filing requirements. Our ability to carry out our investment and acquisition strategy may be materially and adversely affected due to significant regulatory uncertainty as to the timing of receipt of relevant approvals or completion of relevant filings and whether we will be able to complete such investments and acquisitions in the future in a timely manner or at all.

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

The SAFE, promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE in October, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a “special purpose vehicle.” SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increases or decreases in capital contributed by PRC residents, transfers or exchanges of shares, mergers, divisions, or other material changes. The term “control” under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements.

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

SAFE Circular 37 provides that PRC residents include both PRC citizens, meaning any individual who holds a PRC passport or resident identification card, and individuals who are non-PRC citizens but primarily reside in the PRC due to their economic ties to the PRC. We have requested all of our known current shareholders and/or beneficial owners to disclose whether they or their shareholders or beneficial owners fall within the ambit of SAFE Circular 37 and other related rules, and urged relevant shareholders and beneficial owners, upon learning they are PRC residents, to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we cannot assure you that they successfully amended their foreign exchange registrations with the local SAFE branch in compliance with applicable laws after our initial public offering. In addition, we may not be informed of the identities of all the PRC residents holding direct or indirect interests in our company, and we cannot compel our beneficial owners to comply with the requirements of SAFE Circular 37. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with and will in the future comply with our requests to make or obtain any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules. A failure by any of our current or future shareholders or beneficial owners who are PRC residents to comply with the SAFE regulations may subject us to fines or other legal sanctions, restrict our cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, since it is unclear how SAFE Circular 37 and any future regulation concerning offshore or cross-border transactions will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, either we or the owners of such company, as the case may be, may not be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or the Stock Option Rules. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plans in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. See "Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Employee Stock Option Plans."

We and our PRC employees who have been granted share options are subject to these regulations and Beijing Tuniu as an agent has registered with the Beijing Branch of SAFE in connection with the 2008 Plan and the 2014 Plan. We have advised our employees and directors participating in our share incentive plans to handle foreign exchange matters in accordance with the Stock Option Rules. However, we cannot assure you that the share option holders can successfully register with SAFE in full compliance with the Stock Option Rules for material changes of the granted share options. Failure of our PRC share option holders or restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially adversely affect our business.

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

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu in a manner that would materially and adversely affect Beijing Tuniu's ability to pay dividends and other distributions to us. Any limitation on the ability of our subsidiaries to distribute dividends to us or on the ability of Nanjing Tuniu to make payments to us may restrict our ability to satisfy our liquidity requirements. The funds in our PRC subsidiaries or the consolidated affiliated entities in mainland China may not be available to fund operations or for other use outside of mainland China due to the interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the consolidated affiliated entities by the PRC government on cash transfers. Although currently there are not equivalent or similar restrictions or limitations in Hong Kong or Macau on cash transfers in, or out of, our Hong Kong entities, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities, likewise, may not be available to fund operations or for other use outside of Hong Kong.

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

Under the EIT Law, dividends generated from retained earnings after January 1, 2008 from a PRC company and distributed to a foreign parent company are subject to a withholding tax rate of 10% unless the foreign parent's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement. Pursuant to the Arrangement between mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, or the Hong Kong Tax Treaty, which became effective on December 8, 2006, a company incorporated in Hong Kong, such as Tuniu (HK) Limited, will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries, if it holds a 25% or more interest in that particular PRC subsidiary, or 10% if it holds less than a 25% interest in that subsidiary. However, the STA promulgated STA Circular 9 on February 3, 2018, which became effective from April 2018 and replaced Circular 601 issued by STA on October 27, 2009 and the Announcement of the STA regarding Recognition of "Beneficial Owner" under Tax Treaties, or Announcement 30 issued on June 29, 2012. Circular 9 stipulates that in determining whether a non-resident enterprise has the status as a beneficial owner, comprehensive analysis shall be conducted based on the factors provided in Circular 9 and the actual circumstances of the specific case shall be taken into consideration. Specifically, Circular 9 expressly excludes an agent or a designated payee from being considered as a "beneficial owner." As a result, although our PRC subsidiaries, Beijing Tuniu and Tuniu Nanjing Information Technology, are currently wholly owned by our Hong Kong subsidiary, Tuniu (HK) Limited, we cannot assure you that we would be entitled to the tax treaty benefits and enjoy the favorable 5% rate applicable under the Hong Kong Tax Treaty. If Tuniu (HK) Limited is not recognized as the beneficial owner of the dividends paid to it by Beijing Tuniu or Tuniu Nanjing Information Technology, such dividends will be subject to a normal withholding tax of 10% as provided by the EIT Law.

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

Our PRC subsidiaries are incorporated in the PRC and governed by applicable PRC tax laws and regulations. The EIT Law and its Implementation Rules have adopted a uniform statutory enterprise income tax rate of 25% to all enterprises in China, including foreign-invested enterprises. The EIT Law and its Implementation Rules also permit qualified “high and new technology enterprises,” or HNTEs, to enjoy a preferential enterprise income tax rate of 15% upon filing with the relevant tax authorities. The qualification as a HNTE is generally effective for a term of three years and the renewal of such qualification is subject to review by the relevant authorities in China. Nanjing Tuniu originally obtained its HNTE certificate in 2010 with a valid period of three years and successfully obtained its third renewal of such a certificate in December 2022 for another three years. Tuniu Nanjing Information Technology obtained its HNTE certificate in 2017 with a valid period of three years and successfully obtained its first renewal of such a certificate in December 2020 for another three years. Therefore, Nanjing Tuniu and Tuniu Nanjing Information Technology were eligible to enjoy a preferential tax rate of 15% in 2022 to the extent that they have taxable income under the EIT Law, as long as they maintain the HNTE qualifications and duly conduct relevant EIT filing procedures with the relevant tax authorities. If Nanjing Tuniu and Tuniu Nanjing Information Technology fail to maintain or renew their HNTE qualifications when their current terms expire, they will lose the current preferential tax treatments and their applicable enterprise income tax rates may increase to 25%, which could have an adverse effect on our financial condition and results of operations. Besides, Beijing Tuniu obtained the HNTE certificate as well in 2018 and expired in 2020. As a result, the applicable enterprise tax rate for Beijing Tuniu has been restored to 25% since 2021. However, since Beijing Tuniu has large amount of accumulated loss in previous years, the increased EIT rate would not result in an immediate adverse effect on our financial condition.

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

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

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People’s Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China’s political and economic conditions and by China’s foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

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

***There are uncertainties regarding the interpretation and enforcement of certain PRC laws, rules and regulations regarding overseas listed companies.***

The M&A Rules, among other things, require offshore special purpose vehicles controlled by PRC companies or individuals formed for the purpose of an overseas listing of such PRC companies' or individuals' interests in PRC domestic companies to obtain the CSRC's approval prior to listing their securities on an overseas stock exchange. The application of this regulation remains unclear. Our PRC counsel, Fangda Partners, has advised us that, based on its understanding of the current PRC laws, rules and regulations, we are not required to submit an application to the CSRC for its approval of the initial public offering and listing of our ADSs on the Nasdaq Global Market, because:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like our initial public offering are subject to CSRC's approval under the M&A Rules;
- our wholly owned PRC subsidiaries were established by means of foreign direct investment, rather than through a merger or acquisition of domestic companies, as defined under the M&A Rules; and
- there is no provision in the M&A Rules that explicitly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

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

The PRC government has recently announced its plans to enhance its regulatory oversight of Chinese companies listing overseas. The Opinions on Intensifying Crack Down on Illegal Securities Activities issued on July 6, 2021 called for:

- tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulation to specify responsibilities of overseas listed Chinese companies with respect to data security and information security;
- enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by Chinese companies; and
- extraterritorial application of China's securities laws.

Furthermore, on February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and 5 supporting guidelines on the application of Regulatory Rules, which became effective on March 31, 2023. The Overseas Listing Trial Measures clarify the scope of overseas offerings and listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder, and provide, among others, that Chinese domestic companies that have already directly or indirectly offered and listed securities in overseas markets prior to the effectiveness of the Overseas Listing Trial Measures shall fulfil their filing obligations and report relevant information to the CSRC within three working days after conducting securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going-private transactions, and follow the relevant reporting requirements within three working days upon the occurrence of any specified circumstances provided thereunder. See also "Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Overseas Offering and Listing."

According to the Overseas Listing Trial Measures, if we are deemed as an indirect overseas listed Chinese domestic company but fail to complete the filing procedures with the CSRC for any of our future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going-private transactions, or follow any other reporting requirements required thereunder, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council.

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

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

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

The PRC government has adopted regulations governing Internet access and the distribution of information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these regulations may result in confiscation of income, fines, suspension of business, revocation of licenses to provide Internet content and other licenses, the closure of the concerned websites, which could materially and adversely affect our business, financial conditions and results of operations. A website operator may also be held liable for such censored information displayed on or linked to its website. For a detailed discussion, see “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Information Security and Censorship.” We have a team dedicated to screening and monitoring content published on our online platform and removing prohibited content. However, we may have difficulty identifying and removing all illegal content displayed on or linked to our website, which could expose us to the penalties described above.

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

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

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

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



***Heightened tensions in international relations, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.***

Recently there have been heightened tensions in international relations, particularly between the United States and China, but also as a result of the war in Ukraine and sanctions on Russia. These tensions have affected both diplomatic and economic ties between the two countries. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between the two major economies. The existing tensions and any further deterioration in the relationship between the United States and China may have a negative impact on the general, economic, political, and social conditions in both countries and, given our reliance on the Chinese market, adversely impact our business, financial condition, and results of operations.

**Risks Related to Our Business and Industry**

***Our business operation, financial condition, results of operations and cash flows have been and may continue to be materially and adversely affected by the COVID-19 outbreak and spread.***

Beginning in 2020, outbreaks of COVID-19 resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China. Normal economic life throughout China was sharply curtailed. We took a series of measures to protect our employees, including adoption of modified operating hours, remote working arrangements and more stringent workplace sanitation measures, which had a negative impact on our business operations. The operation of our business partners and travel suppliers, including overseas business partners and travel suppliers, were also disrupted, which had negatively affected our business operations, financial condition, results of operations and cash flows.

The population in most of the major cities was locked down to a greater or lesser extent at various times and opportunities for discretionary spending were extremely limited. The travel industry was hit particularly hard. Government authorities in major countries across the world have implemented strict travel bans and adopted different control measures to curb the spread of COVID-19. In connection with intensifying efforts to contain the spread of COVID-19, the Chinese government has taken a number of actions, such as temporarily suspending the operation of organized tours in certain regions, quarantining individuals infected with or suspected of having COVID-19, restricting residents from unnecessary travel, encouraging corporate employees to work remotely from home, cancelling public activities and limiting the number of tourists allowed by tourism sites, among others. In addition, the spread or fear of spread of COVID-19 has caused a significant decline in the level of business and leisure travel both in certain regions and as a whole, and a significant decrease in the demand for our products and services, resulting in customer cancellations, refund requests and reduced new orders relating to our services, which have materially and adversely affected our business, financial condition, results of operations and cash flows.

Furthermore, the payment or repayment abilities or decisions of our business partners and borrowers have been negatively affected by the outbreak of COVID-19, which has increased uncertainties relating to our collection of receivables, and has resulted in additional allowances for doubtful accounts. We have also recorded impairment provisions against certain of our long-term and short-term assets, as the impacts of the COVID-19 pandemic on certain of our long-term and short-term assets are considered to be other than temporary. We have been affirmatively facilitating our customers in their cancellations, rescheduling and refund requests and working with our travel suppliers to weather the difficult situation, for which we have incurred and may continue to incur significant costs and expenses. China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. There were surges of cases in many cities during this time which caused disruptions to our, our business partners' and travel suppliers' operations, and there remains uncertainty as to the future impact of the virus, especially in light of this change in policy. The extent of the impact of the COVID-19 pandemic on our business and financial results will depend largely on future developments, including the duration and extent of the spread of COVID-19 around the world, and the prevalence of local, national and international travel restrictions which are highly uncertain and cannot be predicted. China may experience lower domestic consumption, higher unemployment, severe disruptions to exporting of goods to other countries and greater economic uncertainty, which may materially impact our business in a negative way, as demand for leisure travel drops and we incur incremental costs in response to travelers' cancellations and refund requests. Consequently, the COVID-19 pandemic may continue to materially and adversely affect our business, financial condition and results of operations in the current and future years.

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

We are dependent on the leisure travel industry for substantially all of our revenues. The leisure travel industry is dependent on personal discretionary spending levels, which may be materially and adversely affected by economic downturns and recessions. Although the leisure travel industry in China has experienced rapid growth over the past decade, any severe or prolonged slowdown in the Chinese economy could reduce expenditures for leisure travel, which in turn may adversely affect our financial condition and results of operations. See “—Risks Related to Doing Business in China—A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect the leisure travel industry and our business, results of operations and financial condition.”

Our business may also be significantly affected by other factors that tend to reduce leisure travel, including increased prices in hotel, air-ticketing, fuel or other travel-related sectors, work stoppages or labor unrest at airlines, increased occurrences of travel-related accidents, outbreaks of other contagious diseases, natural disasters and extreme unexpected bad weather, terrorist attacks and political unrest. For example, the travel industry was negatively impacted by the outbreak of Ebola hemorrhagic fever in West Africa beginning March 2014, the disappearance of a Malaysia Airlines flight in March 2014 as well as the crashes of Malaysia Airlines and AirAsia flights in July and December 2014, respectively, the earthquake in Jiuzhaigou, China in August 2017, the volcanic eruption in Bali, Indonesia in November 2017, the boat capsizing accident in Phuket island, Thailand in July 2018, as well as the outbreak and spread of the COVID-19 pandemic across the world since December 2019 till now, all of which had a negative impact on our target customers. See “— Our business operation, financial condition, results of operations and cash flows have been and may continue to be materially and adversely affected by the COVID-19 outbreak and spread”. In addition, our overseas leisure travel business may be negatively affected by any adverse changes in the visa policies of foreign countries that makes it difficult for Chinese nationals to obtain tourist visas. Terrorist attacks or threats of terrorist attacks, political unrest, wars, the imposition of taxes or surcharges by regulatory authorities and regional hostilities may also reduce the demand for overseas tours. For example, the Nice terrorist attack in France, coup in Turkey, the deployment of THAAD by South Korea in 2016, the political crisis in Maldives in 2018, and the protests in Hong Kong in 2019 and 2020, all negatively impacted short-term travel demand for the tours to the affected regions. We have little or no control over the occurrence of such declines or disruptions, which could result in a decrease in demand for our travel products and services. This decrease in demand, depending on the scope and duration, could materially and adversely affect our business and results of operations over the short and long term.

***We face risks related to natural disasters and health epidemics.***

Other aspects of our business activities could be materially and adversely affected by natural disasters, health epidemics or other public safety concerns affecting the PRC, and particularly Nanjing. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could result in loss or corruption of data or software or hardware malfunctions, as well as adversely affect our ability to operate our platforms and provide services. Our business could also be adversely affected if our employees are affected by health epidemics, including the effects of the COVID-19 outbreak and spread in China and globally, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu or Severe Acute Respiratory Syndrome, or SARS. In addition, our business operation, financial condition, results of operations and cash flows could be adversely affected to the extent that any health epidemic harms the Chinese economy in general. Our headquarter is located in Nanjing, where most of our directors and management and the majority of our employees currently reside. Most of our hardware systems and back-up systems are hosted in facilities located in Nanjing. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Nanjing, our operations may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

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

Our success depends on our ability to attract new customers and retain existing customers, which in turn requires our continual provision of a wide array of competitive travel products and services. Participants in the online travel industry are continually developing new travel products and services in response to both the increasing customer demand and the changing market environment. We strive to stay abreast of emerging and rapidly changing customer preferences and to continue to anticipate trends that will appeal to existing and potential customers. We will also continue to invest in research and development in order to constantly improve the speed, accuracy and comprehensiveness of our online platform. If we fail to keep improving our travel products and services and platform at a competitive pace, we may lose customers to our competitors and be unable to attract new customers. In addition to packaged tours, we provide other travel-related services, such as sales of tourist attraction tickets, visa application services, hotel booking services, air ticketing services, train ticketing services, bus ticketing services, car rental services, insurance services and financial services. We intend to further broaden our product selection by extending our coverage of departing cities and travel destinations as well as offering more departure time selections. If we fail to continue to source quality travel products and services tailored to accommodate our customers' changing needs and preferences, we may not be able to sell additional products and services to our current customers, retain our current customers or attract new customers, and our business, financial condition and results of operations will be materially and adversely affected.

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

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

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

Our ability to ensure satisfactory customer experiences largely depends on travel suppliers providing high-quality travel products and services. Our reputation and brand will be negatively affected if travel suppliers fail to provide quality travel products and services.

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

***We have incurred losses in the past and will likely incur losses in the future.***

We have incurred net losses historically and will likely continue to incur losses in the future as we grow our business. We had a net loss of RMB1,343.6 million, RMB128.5 million and RMB203.0 million (US\$29.4 million) in 2020, 2021 and 2022, respectively. Our historical net losses were partially attributable to our spending associated with our rapidly expanding business operations, including expenses related to regional expansion, branding and advertising campaigns, mobile related initiatives and personnel related expenses. Also, the outbreak and spread of COVID-19 since 2020 have had a detrimental effect on the travel industry and our businesses, which led to net losses.

## [Table of Contents](#)

Our ability to achieve profitability is also affected by various factors that are beyond our control. For example, our revenues and profitability depend on the continual development of the online leisure travel industry in China and consumers' preference to make travel bookings online. We cannot assure you that making travel bookings online will become more widely accepted in China or that consumers will increase their spending on online leisure travel booking. Factors negatively affecting travel suppliers' profitability will in turn adversely affect our financial condition and results of operations.

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

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

We operate in China's highly competitive travel industry. We compete not only with other online travel companies, but also traditional travel service providers and tour operators, airlines and hotels and large, established Internet companies. See "Item 4. Information on the Company—B. Business Overview—Competition." Some of our current and potential competitors may have greater financial, marketing and other resources than we do. In addition, some of our competitors may be acquired by, receive investments from or enter into strategic relationships with larger, well-established and well-financed companies or investors. Furthermore, our business model causes us to maintain a cooperative-competitive relationship with some of our competitors, especially tour operators, who also supply travel products to customers directly or through our competitors' platforms.

Many of our competitors have launched, and may continue to launch, aggressive advertising campaigns, special promotions and other marketing activities to promote their brands, attract new customers or increase their market share. In response, we started to take and may continue to take similar measures and as a result will incur significant expenses, which in turn could negatively affect our operating margin in the quarters or years when such promotional activities are carried out. We cannot assure you that we will be able to successfully compete against existing or new competitors. If we are not able to compete successfully, we may lose our market share and our business, financial condition and results of operations may be materially and adversely affected.

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

Recognition and reputation of our "Tuniu" brand among our targeted customers and travel suppliers have contributed significantly to our growth. We have made continual investments in enhancing awareness of our brand among customers and travel suppliers since our inception. Our brand recognition and reputation also depend on our ability to provide high-quality customer services, address customer needs and handle customer complaints properly, maintain our relationships with travel suppliers and provide a user-friendly online platform. See "—Risks Related to Our Business and Industry—Failure to maintain the quality of customer services could harm our reputation and our ability to retain existing customers and attract new customers, which may materially and adversely affect our business, financial condition and results of operations", "—Risks Related to Our Business and Industry—If we are unable to maintain existing relationships with travel suppliers, or develop relationships with new travel suppliers on favorable terms or terms similar to those we currently have, our business and results of operations may suffer" and "—Risks Related to Our Business and Industry—The proper functioning of our online platform, including our web and mobile platforms, and management systems is essential to our business. Any failure to maintain their satisfactory performance will materially and adversely affect our business, reputation, financial condition and results of operations." Failure to maintain the strength of our brand could reduce the number of customers and deteriorate our relationships with travel suppliers.

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

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

Accidents are a leading cause of mortality and morbidity among tourists. We are exposed to risks of our customers' claims arising from or relating to travel-related accidents. As we enter into contracts with our customers directly, our customers typically take actions against us for the damages they suffer during their travels. However, such accidents may result from the negligence or misconduct of travel suppliers or other service providers, over which we have no or limited control. See also "—Risks Related to Our Business and Industry—We may not be able to adequately control and ensure the quality of travel products and services sourced from travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform." We maintain insurance coverage for our liabilities as a travel company, and are indemnified by the insurance company/companies for the damages claimed by our customers. However, there is no assurance that such insurance or indemnification will be sufficient to cover all of our losses. For example, losses incurred due to COVID-19 in most cases are not reimbursable. In addition, some of the travel-related accidents result from adventure activities undertaken by our customers during their travels, such as scuba diving, white water rafting, wind surfing and skiing. Furthermore, we may be affected by our customers' misconduct during their travels, over which we have no or limited control. Such accidents and incidents of misconduct, even if not resulting from our negligence or misconduct, or the travel suppliers' negligence or misconduct, could create a public perception that we are less reliable than our competitors, which would harm our reputation, and could adversely affect our business and results of operations.

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

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

Our mobile platform forms an important and integral part of our customers' research on travel-related information. It is difficult to predict the problems we may encounter in developing mobile applications for newly released mobile devices and platforms, and we may need to devote significant resources to the development, support and maintenance of such applications. We are dependent on the interoperability of providing our products and services on popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade the accessibility of our products and services or give preferential treatment to competing products and services could adversely affect the usability of our products and services on mobile devices. In addition, we rely upon third-party mobile application stores for users to download our mobile applications. As such, the promotion, distribution and operation of our mobile applications are subject to app stores' standard terms and policies for app developers. As a result, we may fail to attract and retain a significant portion of the growing number of customers who search for and book travel products and services through mobile devices. We may also experience difficulties monetizing customer traffic to our mobile platform.

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

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

Our business is dependent on our ability to maintain our relationships and arrangements with existing travel suppliers. For most of our suppliers, we do not prohibit them from developing business relationships with our competitors or selling, through their direct sales,

[Table of Contents](#)

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

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

***We may suffer losses if we are unable to predict the amount of travel products we will need to purchase in advance.***

For peak seasons and for certain tours and destinations, we have made commitments with certain travel suppliers to purchase hotel rooms before selling them to our customers. We operate organized tours in which we take substantive inventory risk, and if this business increases, our inventory risk could also increase. If we are unable to accurately predict demand for the packaged tours, hotel rooms and air tickets that we have committed to purchase and which are nonrefundable, we would be responsible for bearing the cost of the travel products that we are unable to sell, and our financial condition and results of operations would be adversely affected.

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

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

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

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

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

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

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including breach of contract claims, anti-competition claims and other matters. Such proceedings are inherently uncertain and their results cannot be predicted with certainty. Regardless of the outcome and merit of such proceedings, any such legal action could have an adverse impact on our business because of defense costs, negative publicity, diversion of management's attention and other factors. In addition, it is possible that an unfavorable resolution of one or more legal or administrative proceedings, whether in the PRC or in another jurisdiction, could materially and adversely affect our financial position, results of operations or cash flows in a particular period or damage our reputation. In addition, our online platform contains information about our travel products and services, vacation destinations and other travel-related topics. It is possible that our customers would take action against us in the event that any content accessible on our online platform were to contain errors or false or misleading information.

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

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

***We have limited experience in operating a finance business. Increased exposure to credit risks or significant deterioration in the asset quality of our finance business may have a material adverse effect on our business, results of operations and financial condition.***

We started to offer financial services in China since 2015. We provide various financial services, including consumer financing, supply chain financing, cash lending services and insurance products. Expansion in the finance sector involves new risks and challenges. For certain financial products, we have committed or will commit our own capital. Our lack of familiarity with the finance sector may make it difficult for us to anticipate the demands and preferences in the market and develop financial products that meet the requirements and preference. We may not be able to successfully identify new product and service opportunities or develop and introduce these opportunities to our clients in a timely and cost-effective manner, or our clients may be disappointed in the returns from financial products that we offer.

The risk of nonpayment of loans is inherent in the finance business and we are subject to credit risk resulting from defaults in payment for loans by the suppliers and customers. Credit risks are exacerbated in consumer financing because there is relatively limited information available about the credit histories of customers. There can be no assurances that our monitoring of credit risk issues and our efforts to mitigate credit risks through our credit assessment and risk management policies are or will be sufficient to result in lower delinquencies. Furthermore, our ability to manage the quality of our loan portfolio and the associated credit risks will have significant impact on the results of operations of our finance business. Deterioration in the overall quality of our loan portfolio and increased exposure to credit risks may occur due to a variety of reasons, including factors beyond our control, such as a slowdown in the growth of the PRC or global economies or a liquidity or credit crisis in the PRC or global finance sectors, which may adversely affect the businesses, operations or liquidity of our suppliers and customers, or their ability to repay or roll over their debt. Any significant deterioration in the asset quality of our finance business and significant increase in associated credit risks may have a material adverse effect on our business, results of operations and financial condition.

In addition, the development of the finance business is capital intensive. We continue to provide management, administration and collection services on the transferred financial assets and are obligated to absorb a portion of the losses incurred in the outstanding portfolio of the transferred financial assets in the event of default. We may need additional cash resources due to further developments of our financial services or changed business conditions, which may cause us to seek credit facilities or sell additional equity or debt securities. The incurrence of indebtedness would result in increased debt obligations and could result in operating and financial covenants that would restrict our operations. Additionally, it is uncertain whether financing will be available in amounts or on terms acceptable, if at all.

***The regulatory regime and practice with respect to online small credit companies are evolving and subject to uncertainty.***

Government authorities have issued certain rules, laws and regulations to regulate the organization and business activities of online small credit companies. However, due to the lack of detailed rules on interpretation and the implementation of such rules, laws and regulations, and the fact that these rules, laws and regulations are expected to continue to evolve with respect to the online small credit companies, there are uncertainties as to how they will be interpreted and implemented. Further, there may be new rules, laws or regulations issued which would set further requirements and restrictions on online small credit companies. In November 2020, the China Banking Regulatory Commission, or the CBRC which is now merged into the China Banking and Insurance Regulatory Commission, or the CBIRC, and the People's Bank of China, or PBOC, published the draft Interim Measures for Online Small Credit Business, or the Draft Online Small Credit Measures, for public comment. See "Item 4. Information on the Company—B.Business Overview—PRC Regulation—Regulations on Small Credit Companies." The Draft Online Small Credit Measures, if enacted substantially in the form published for public comment, will change regulatory requirements for online small credit business in various respects. We cannot assure you that our existing practice of the online small credit companies will be deemed to be in full compliance with all rules, laws and regulations that are applicable, or may become applicable to us in the future.

***We have limited experience in operating our self-operated local tour operators, which may negatively affect our business, financial condition and results of operations.***

Starting in 2016, we further strengthened our presence in the travel supply chain by introducing a number of self-operated local tour operators in major destinations such as Xiamen, Beijing and Changsha. We operate our domestic self-operated local tour operators primarily through Xiamen Suiwang International Travel Service Co., Ltd., our wholly owned subsidiary established in January 2016. Our self-operated local tour operators directly provide destination-based services to our organized tour customers, starting from their arrival at the destination all the way until they depart from the destination. Similar to our travel suppliers, our self-operated local tour operators coordinate the tours based on pre-arranged itineraries and cover all components of the tours including transportation, accommodation, entertainment, meals and tour guide services. The tour guides directly serving our customers are either directly employed by us or working for us on a contractual basis. Through the operation of our self-operated local tour operators, we are able to exercise greater control over the quality of our trips and utilize years of data on travel preferences to design more suitable products for consumers. As of February 28, 2023, we operate our own local tour operators in 32 domestic destinations and 6 international destinations.

We have limited experience in operating our self-operated local tour operators. The local leisure travel industry is highly fragmented, so our self-operated local tour operators may encounter fierce competition from peers and we may not generate the expected profits. Furthermore, if any destinations where we have self-operated local tour operators are negatively affected by external events such as earthquake or other natural disasters, pandemics or epidemics, such events may negatively affect the business of our self-operated local tour operators as it will be difficult for them to change the pre-arranged itineraries of the customers. In addition, we may not be able to adequately control and ensure the quality of service provided by the tour guides directly serving our customers, in particular the tour guides working for us on a contractual basis. If our tour guides fail to provide high quality services in a timely manner to our customers or violate any applicable PRC laws and regulations, or in the case of customer injury or death due to the negligence or misconduct of our tour guides, we may be liable for compensation, which may adversely affect our reputation, business, financial condition and results of operations.

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

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

***The Tourism Law and the Measures for Administration of the Overseas Tours of Chinese Citizens may reduce the demand of organized tours and materially and adversely affect our business and results of operations.***

On April 25, 2013, the Standing Committee of the National People's Congress of the People's Republic of China, or the NPC, promulgated the Tourism Law, which became effective as of October 1, 2013 and was amended in 2016 and 2018, respectively. On



May 27, 2002, the State Council promulgated the Measures for the Administration of the Overseas Tours of Chinese Citizens which became effective as of July 1, 2002 and was amended in 2017. The Tourism Law and the Measures for the Administration of the Overseas Tours of Chinese Citizens impose more stringent restrictions on tour operators. Pursuant to the Tourism Law and the Measures for the Administration of the Overseas Tours of Chinese Citizens, tour operators are prohibited from arranging compulsory shopping or other activities which charge additional fees on top of the contract prices that the tourist has already paid, unless it is agreed upon by both parties through consultation or requested by the tourist and does not affect the itinerary of other tourists. See “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Travel Companies.” If travel suppliers fail to comply with these restrictions, our reputation and brand may be negatively affected. In addition, as a result of the Tourism Law and the Measures for the Administration of the Overseas Tours of Chinese Citizens, the commissions or rebates that tour operators receive from shopping establishments have declined and organized tour prices have risen, which have reduced the demand for organized tours in the short term and may continue to reduce the demand for organized tours in the future. If customers cannot adapt to the increased organized tour prices, our business and results of operations will be materially and adversely affected.

***The E-Commerce Law may significantly increase our compliance cost.***

In August 2018, the Standing Committee of the NPC promulgated the E-commerce Law, which became effective in January 2019. The E-commerce Law strengthens the regulation of E-commerce operators relating to consumer protection, personal data protection and intellectual property rights protection. As an e-commerce operator, we are required under the E-commerce Law, (1) to refrain from conducting false or misleading commercial promotion by fabricating transactions, making up user comments or otherwise, to defraud or mislead consumers, (2) to allow consumer to opt out of search results targeting his or her personally characteristics such as hobbies and shopping patterns and simultaneously show the consumers with options not targeting his or her personally characteristics, (3) to alert consumers of tie-in sale of commodities or services, and shall not set the tied-in commodities or services as a default option, (4) to obtain and maintain business license and other applicable licenses as required, and disclose information of such license at our front-page, (5) to clearly detail the refund procedure for the deposit we received from customers, and not set any unreasonable conditions to refund, (6) to take the risks and responsibilities in the transportation of the products, unless the consumer chooses a courier logistics service provider other than the default service provider, etc. Since the promulgation of the E-commerce Law, PRC government has promulgated implementation rules and opinions governing the e-commerce industry, including measures governing the administration of payment institutions’ foreign exchange related services provided to e-commerce operators and consumers, as well as guiding opinions on data interconnection and sharing between enterprises of express delivery and e-commerce industries, and the Measures for the Supervision and Administration of Online Trading which impose a series of regulatory requirements on new forms of online trading, such as online social networking e-commerce and online livestreaming e-commerce. Among other things, the Measures for the Supervision and Administration of Online Trading specify typical examples of unreasonable restrictions or conditions imposed by e-commerce platform operators on transactions concluded on their platforms and require e-commerce platform operators to verify and update each merchant’s profile on a regular basis and monitor registration status of their market participants. See also “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Online Transaction Platform Operators.”

We have adopted the required measures to keep our current practice in line with the requirements under the E-Commerce Law and its implementation rules. However, the competent PRC government may promulgate further implementation rules under the E-Commerce Law and may deem our current measures insufficient under the E-Commerce Law and its implementation rules. If we are required to adopt additional measures to comply with the E-Commerce Law and its implementation rules, our compliance cost would increase significantly, and our business and results of operations will be materially and adversely affected.

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

We regard our intellectual property as critical to our success. We rely primarily on a combination of copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such as confidentiality agreements with our employees and others, to protect our intellectual property rights. The protection of intellectual property rights in China may not be as effective as that in the United States. Unauthorized use or other misappropriation of our technologies would enable third parties to benefit from our technologies without paying us, or enable our competitors to offer travel products and services that are comparable to or better than ours. From time to time, we may have to enforce our intellectual property rights through litigation. Such litigation may result in substantial costs and the diversion of resources and management attention. If we are not successful in protecting our intellectual property, our business, financial condition and results of operations may be materially and adversely affected.

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

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

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

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

Our business depends on the performance and reliability of the Internet infrastructure and telecommunications networks in China. Almost all access to the Internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. In addition, the national networks in China are connected to the Internet through international gateways controlled by the PRC government. These international gateways are the only channels through which domestic users can connect to the Internet. We rely on a limited number of telecommunications service providers, primarily China Telecom and China Unicom, to provide us with data communications capacity. We, our customers or travel suppliers, may not have access to alternative networks in the event of disruptions, failures or other problems with China's Internet infrastructure. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our online platform. However, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and Internet services rise significantly, our results of operations may be materially and adversely affected. If Internet access fees or other charges to Internet users increase, the number of Internet users may decline and our business may be harmed. Moreover, if we are not able to renew services agreements with the telecommunications carriers when they expire and are not able to enter into agreements with alternative carriers on commercially reasonable terms or at all, the quality and stability of our online platform may be adversely affected.

***We are subject to payment-related risks.***

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

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

The online travel industry is subject to rapid technological changes. To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our online platform. The online travel industry is also characterized by rapid technological evolution and changes in customer requirements and preferences. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our line of business and respond to technological advances and emerging industry standards and practices in a cost-effective and timely manner. The development of our online platform and other proprietary technology entails significant technical and business risks. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or adapt our

infrastructure. We may not be able to use new technologies effectively or adapt our online platform, proprietary technologies and operating systems to the requirements of our customers and travel suppliers or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner to changing market conditions or user requirements, whether for technical, legal, financial, or other reasons, our business may be materially and adversely affected.

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

***Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data could have a material and adverse effect on our business and prospects.***

Our business generates and processes a large quantity of data. We face risks inherent in handling and protecting large volume of data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to these data.

In general, we expect that data security and data protection compliance will receive greater attention and focus from regulators, both domestically and globally, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

The PRC regulatory and enforcement regime with regard to data security and data protection is evolving and may be subject to different interpretations or significant changes. Moreover, different PRC regulatory bodies, including the Standing Committee of the NPC, the MIIT, the Cyberspace Administration of China, or the CAC, the Ministry of Public Security of the PRC, or the MPS, and the State Administration for Market Regulation, or the SAMR, have enforced data privacy and protections laws and regulations with varying standards and applications. See “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Information Security and Censorship”. The following are examples of certain recent PRC regulatory activities in this area:

#### Data Security

- In June 2021, the Standing Committee of the NPC promulgated the Data Security Law, which took effect in September 2021. The Data Security Law, among other things, provides for security review procedure for data-related activities that may affect national security. In July 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, or the Regulations on Protection of CII, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of CII, critical information infrastructure means key network facilities or information systems of critical industries or sectors, such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, the damage, malfunction or data leakage of which may endanger national security, people’s livelihoods and the public interest. In December 2021, the CAC, together with other authorities, jointly promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022 and replaces its predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure

operators that procure internet products and services must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that critical information infrastructure operators or network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. As of the date of this annual report, no detailed rules or implementation rules have been issued by any authority and we have not been informed that we are a critical information infrastructure operator by any government authority. Furthermore, the exact scope of “critical information infrastructure operators” under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Therefore, it is uncertain whether we would be deemed to be a critical information infrastructure operator under PRC law. If we are deemed to be a critical information infrastructure operator under the PRC cybersecurity laws and regulations, we may be subject to obligations in addition to what we have fulfilled under the PRC cybersecurity laws and regulations.

- In November 2021, the CAC released the Regulations on the Network Data Security (Draft for Comments), or the Draft Regulations. The Draft Regulations provide that data processors refer to individuals or organizations that, during their data processing activities such as data collection, storage, utilization, transmission, supply, publication and deletion, have autonomy over the purpose and the manner of data processing. In accordance with the Draft Regulations, data processors shall apply for a cybersecurity review for certain activities, including, among other things, (i) the listing abroad of data processors that process the personal information of more than one million users and (ii) any data processing activity that affects or may affect national security. However, there have been no clarifications from the relevant authorities as of the date of this annual report as to the standards for determining whether an activity is one that “affects or may affect national security”. In addition, the Draft Regulations requires that data processors that process “important data” or are listed overseas must conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. As of the date of this annual report, the Draft Regulations was released for public comment only, and their respective provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty.
- In July 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transmission, which came into effect on September 1, 2022 and require certain cross-border data transfer be subject to security assessment conducted by the CAC. As these measures took effect recently, substantial uncertainties still exist with respect to the interpretation and implementation of these measures in practice and how they will affect our business operation and the value of our securities. See “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Information Security and Censorship”.

#### Personal Information and Privacy

- The Guidelines on Anti-monopoly Issues in Platform Economy, or the Platform Economy Anti-monopoly Guidelines, published by the Anti-monopoly Committee of the State Council, effective on February 7, 2021, prohibits collection of unnecessary user information through coercive means by online platforms operators.
- In August 2021, the Standing Committee of the NPC promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. We update our privacy policies from time to time to meet the latest regulatory requirements of PRC government authorities and adopt technical measures to protect data and ensure cybersecurity in a systematic way. Nonetheless, the Personal Information Protection Law elevates the protection requirements for personal information processing, and many specific requirements of this law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations.

Many of the data-related legislations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators. If any data that we possess belongs to data categories that are subject to heightened scrutiny, we may be required to adopt stricter measures for protection and management of such data. The Cybersecurity Review Measures and the Draft Regulations remain unclear on whether the relevant requirements will be applicable to companies that are already listed in the United States, such as us. We cannot predict the impact of the Cybersecurity Review Measures and the Draft Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If the Cybersecurity Review Measures and the enacted version of the Draft Regulations mandate clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the

relevant application stores, and materially and adversely affect our businesses and results of operations. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis.

In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, related to data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice.

In addition, regulatory authorities around the world have adopted or are considering a number of legislative and regulatory proposals concerning data protection. These legislative and regulatory proposals, if adopted, and the uncertain interpretations and applications thereof could, in addition to the possibility of fines, result in an order requiring that we change our data practices and policies, which could have an adverse effect on our businesses and results of operations. The European Union General Data Protection Regulation (“GDPR”), which came into effect on May 25, 2018, includes operational requirements for companies that receive or process personal data of residents of the European Economic Area. The GDPR establishes new requirements applicable to the processing of personal data, affords new data protection rights to individuals and imposes penalties for serious data breaches. Individuals also have a right to compensation under the GDPR for financial or non-financial losses. Although we do not conduct any business in the European Economic Area, in the event that residents of the European Economic Area access our website or our mobile platform and input protected information, we may become subject to provisions of the GDPR. In addition, to the extent we have accessed data in Hong Kong and Macau, we have been in compliance with relevant laws and regulations in Hong Kong and Macau regarding data security, such as the Personal Data (Privacy) Ordinance and the Unsolicited Electronic Messages Ordinance which impose protocols and obligations regarding the handling of personal data including that, among other things, (i) personal data shall be collected for a lawful purpose, necessary and not excessive, (ii) personal data shall be collected by means that are lawful and fair in the circumstances of the case, and (iii) the person from whom personal data is collected is informed of the purpose of collecting the data. We believe that the laws and regulations in Hong Kong and Macau regarding data security do not have a material impact on our business, as of the date of this annual report. However, if certain laws and regulations in Hong Kong or Macau were to result in oversight over data security that impacts our business in these regions, we may be required to incur additional cost to ensure our compliance to such laws and regulations, and any violation could result in a material adverse impact on our business, reputation and results of operations.

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

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

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

Part of our growth strategy is the pursuit of strategic alliances and acquisitions. There can be no assurance that we will succeed in implementing this strategy as it is subject to many factors which are beyond our control, including our ability to identify and successfully execute suitable acquisition opportunities and alliances. Any future acquisitions, investments, and strategic alliances may expose us to new operational, regulatory and market risks, as well as risks associated with additional capital requirements, including risks associated with unforeseen or hidden liabilities, diversion of management resources and costs of integrating acquired businesses, the inability to generate sufficient revenue to offset the costs and expenses of acquisitions, and potentially significant loss of investments. Any acquisitions we pursue could also create difficulties with integrating the technology of acquired businesses with our existing technology, and employees of acquired businesses into the various departments and ranks in our company, and it could take substantial time and effort to integrate the business processes being used in the acquired businesses with our existing business processes. Should we fail to integrate acquired companies efficiently, our earnings, revenues, gross margins, operating margins and business operations could be negatively affected. Furthermore, acquired companies may not perform to our expectations for various reasons, including legislative or

regulatory changes that affect the products and services in which the acquired companies specialize, and the loss of key personnel and customer accounts. Any alliances we pursue could also subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may also have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

We may not be able to identify suitable future acquisition or investment candidates or alliance partners. Moreover, there is no assurance that such alliances or acquisitions will achieve our intended objectives or benefits. Even if we identify suitable candidates or partners, we may be unable to complete an acquisition, investment or alliance on terms commercially acceptable to us. If we fail to identify appropriate candidates or partners, or complete desired acquisitions, investments or alliances, we may not be able to implement our strategies effectively or efficiently, and our overall profitability and growth plans may be adversely affected.

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

We are subject to the Sarbanes-Oxley Act of 2002, or SOX. Section 404 of the SOX requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2022. Our independent registered public accounting firm has also issued an attestation report, which has concluded that our internal control over financial reporting was effective in all material aspects as of December 31, 2022. See “Item 15. Controls and Procedures.” However, if we fail to maintain the effectiveness of our internal control over financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the SOX. Moreover, effective internal control over financial reporting is necessary for us to produce reliable financial reports. As a result, any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs. Furthermore, we may need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the SOX and other requirements going forward.

***We have limited business insurance coverage in China.***

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

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

The COVID 19 has had material adverse impacts on our cash flow for the past three years. Despite the relaxation of COVID-19 related travel restrictions in mainland China in December 2022, there is still a degree of uncertainty as to how COVID-19 pandemic will continue to impact our results of operations and cash flows for subsequent periods. Together with the negative financial trends, such adverse conditions and events, before consideration of management’s plan, raised a substantial doubt about our ability to continue as a going concern. In response to the COVID-19 pandemic, in 2022, we continue to take actions to improve our liquidity, including scaling down our business operations by reducing capital expenditures and operational expenses that are discretionary in nature and obtaining funding from the maturity of certain short-term and long-term investments. Moving forward, we plan to maintain adequate funds which may provide a sufficient flexibility in adjusting our operation scale to cope with the development of the COVID-19 pandemic, and we will continue to manage our capital expenditures, operational expenses and investments based on our liquidity position and working capital needs. Based on our liquidity assessment, which has considered our operations at the current business scale, the latest developments of COVID-19 pandemic and its possible continuous impact on our business operation, the available funding that will be provided from the maturity of our short-term and long-term investments, and our available cash and cash equivalents, we will be able to meet our working capital requirements and capital expenditures in the ordinary course of business for the next twelve months subsequent to the filing of this annual report. As a result, we concluded that business plan, when implemented effectively, will alleviate the substantial doubt on our ability to continue as a going concern. We may require additional cash resources due to unanticipated business conditions or other future developments, including any marketing initiatives or investments we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to obtain a credit facility or sell additional equity or debt

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

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

We adopted an incentive compensation plan in 2008, or the 2008 Plan, which permits the granting of options to purchase our ordinary shares and restricted shares. We also adopted a separate incentive compensation plan in 2014, or the 2014 Plan, which permits the granting of options to purchase our ordinary shares, restricted shares and restricted share units. In particular, our 2014 Plan contains an evergreen provision which allows us to automatically increase the maximum aggregate number of ordinary shares reserved under the 2014 Plan to 5% of the then-issued and outstanding shares on an as-converted basis without shareholder approval, if and whenever the shares reserved in the 2014 Plan account for less than 1% of the total then-issued and outstanding shares on an as-converted basis. For more details regarding the 2008 Plan and the 2014 Plan, see “Item 6. Directors, Senior Management and Employees—B. Compensation.” As of February 28, 2023, there were options to acquire 3,242,208 Class A ordinary shares outstanding under the 2008 Plan, and options to acquire 22,369,488 Class A ordinary shares and 219,402 restricted shares outstanding under the 2014 Plan. In addition, we plan to grant employees share options and other share-based compensation in the future. Expenses associated with share-based awards may materially impact our results of operations.

#### **Risks Related to Our ADSs and Class A Ordinary Shares**

***Our ADSs may be delisted from the Nasdaq Global Market as a result of our failure of meeting the Nasdaq Global Market continued listing requirements.***

Our ADSs are currently listed on the Nasdaq Global Market under the symbol “TOUR.” We must continue to meet the requirements set forth in Nasdaq Listing Rule 5550 to remain listing on the Nasdaq Global Market. The listing standards of the Nasdaq Global Market provide that a company, in order to qualify for continued listing, must maintain a minimum ADS price of US\$1.00 and various additional requirements. On April 13, 2022, we received a letter from the Listing Qualifications Department of Nasdaq, notifying us that because the closing bid price of our ADSs for the last 30 consecutive business days was below US\$1.00 per share, we no longer meet the Nasdaq minimum bid price requirement, set forth in Nasdaq Listing Rule 5450(a)(1). Pursuant to the Nasdaq Listing Rules, the applicable grace period to regain compliance is 180 days. We have until October 10, 2022 to regain compliance with Nasdaq’s minimum bid price requirement. On July 15, 2022, we received a letter from the Listing Qualifications Department of Nasdaq, indicating that the closing bid price of the Company’s ADSs has been at \$1.00 per ADS or greater for 10 consecutive business days from June 30 through July 14, 2022, and the Company has regained compliance with the Nasdaq Listing Rule 5450(a)(1), the Nasdaq minimum bid price requirement, and the matter is closed.

On September 19, 2022, we received written notification from the Listing Qualifications Department of Nasdaq again, notifying us that we no longer meet the Nasdaq minimum bid price requirement, set forth in Nasdaq Listing Rule 5450(a)(1). We had until March 20, 2023 to regain compliance with Nasdaq’s minimum bid price requirement. On December 13, 2022, we received a letter from the Listing Qualifications Department of Nasdaq, indicating that the closing bid price of the Company’s ADSs has been at \$1.00 per ADS or greater for 10 consecutive business days from November 29 through December 12, 2022, and the Company has regained compliance with the Nasdaq Listing Rule 5450(a)(1), the Nasdaq minimum bid price requirement, and the matter is closed.

However, there can be no assurance that our ADSs will remain in compliance with the Nasdaq Global Market continued listing requirements going forward. If Nasdaq determines to delist our ADSs, or if we fail to list our ADSs on other stock exchanges or find alternative trading venue for our ADSs, the market liquidity and the value of an investment in our ADSs will be materially and adversely affected.

***The trading prices of our ADSs have fluctuated and may continue to be volatile regardless of our operating performance.***

Since our ADSs became listed on the Nasdaq Global Market on May 9, 2014, the trading price of our ADSs has fluctuated significantly. The trading prices of our ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. The widespread negative publicity of alleged fraudulent accounting practices and poor corporate governance of certain U.S. public companies with operations in China in recent years were believed to have negatively affected investors' perception and sentiment towards companies with connection with China, which significantly and negatively affected the trading prices of some companies' securities listed in the U.S. Any similar negative publicity or sentiment may affect the performances of our ADSs. The trading prices of our ADSs may also be affected by changes in the U.S. stock markets in general. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, such as the large decline in share prices in the United States, China and other jurisdictions in late 2008, early 2009 and the second half of 2011, which may have a material adverse effect on the market price of our ADSs. The securities of some PRC companies that have listed their securities on U.S. stock markets have experienced significant volatility. The trading performances of these PRC companies' securities after their initial public offerings may affect the attitudes of investors toward PRC companies listed in the United States in general and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

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

- the financial projections that we may choose to provide to the public, any changes in those projections or our failure for any reason to meet those projections;
- variations in our revenues, net income and cash flow;
- announcements of new investments, acquisitions, strategic partnerships, or joint ventures;
- announcements of new products, services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- potential litigation or regulatory investigations; and
- fluctuations in market prices for our products or services.

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

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

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

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



[Table of Contents](#)

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share, with Class A and Class B ordinary shares voting together as one class on all matters subject to a shareholders' vote. Due to the disparate voting powers attached to these two classes of ordinary shares, holders of our Class B ordinary shares collectively beneficially owned approximately 4.68% of our outstanding ordinary shares as of February 28, 2023, representing 32.92% of our total voting power. As of February 28, 2023, our directors and officers beneficially own an aggregate of 57.4% of our outstanding shares representing 58.2% of our total voting power.

As a result of the dual class share structure and the concentration of ownership, holders of our Class B ordinary shares have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and/or ADSs may view as beneficial. For more information regarding our principal shareholders and their affiliated entities, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."

***The sale or availability for sale of substantial amounts of our Class A ordinary shares and/or ADSs could adversely affect their market price.***

Sales of substantial amounts of our Class A ordinary shares and/or ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our Class A ordinary shares and/or ADSs and could materially impair our ability to raise capital through equity offerings in the future. As of February 28, 2023, we had 371,398,555 ordinary shares outstanding, comprising of (i) 354,025,055 Class A ordinary shares (excluding 17,932,986 Class A ordinary shares, represented by 5,977,662 ADSs, reserved for the future exercise of options or the vesting of other awards under the 2008 Plan and the 2014 Plan), and (ii) 17,373,500 Class B ordinary shares. Among these shares, 144,218,034 Class A ordinary shares are in the form of ADSs, which are freely transferable by persons other than our affiliates without restriction or additional registration under the Securities Act. The remaining Class A ordinary shares outstanding will be available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our Class A ordinary shares and/or ADSs. In addition, certain holders of our Class B ordinary shares are entitled to certain registration rights in the event that specified conditions are met, including demand registration rights, piggyback registration rights, and Form F-3 registration rights. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market, or the perception that such sales could occur, could cause the price of our Class A ordinary shares and/or ADSs to decline.

***We believe that we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for the taxable year ended December 31, 2022, which could result in adverse United States federal income tax consequences to United States holders of the ADSs or ordinary shares.***

Under United States federal income tax law, we will be classified as a "passive foreign investment company," or PFIC, for any taxable year, if either (a) 75% or more of our gross income for such year consists of certain types of "passive" income or (b) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income (the "asset test"). Although the law in this regard is unclear, we treat the consolidated affiliated entities as being owned by us for United States federal income tax purposes, not only because we direct the activities of their operations, but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements.

Based on the market price of our ADSs and the composition of our assets (in particular the substantial amount of cash, deposits and investments), we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2022, and we will likely be a PFIC for our current taxable year ending December 31, 2023 unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of active income.

If we are classified as a PFIC in any taxable year during which a U.S. Holder held our ADSs or ordinary shares, such U.S. Holder (as defined in "Item 10.E. Additional Information—Taxation—United States Federal Income Tax Considerations") may incur

significantly increased United States federal income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the United States federal income tax rules, and such U.S. Holders may be subject to burdensome reporting requirements. Further, if we were classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally would continue to be treated as a PFIC for all succeeding years during which such U.S. Holder held our ADSs or ordinary shares. We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs. The United States federal income tax rules that apply if we are classified as a PFIC for the current taxable year or any subsequent taxable year are discussed below under “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

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

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

The Cayman Islands courts are also unlikely:

- to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws; and
- to impose liabilities against us, in original actions brought in the Cayman Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

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

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act of the Cayman Islands (Revised) and the laws applicable to companies incorporated in the United States and their shareholders, see “Item 10. Additional Information—B. Memorandum and Articles of Association—Differences in Corporate Law.”

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

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

On July 14, 2006, the Supreme People’s Court of China and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Pursuant to Choice

of Court Agreements between the Parties Concerned, or the 2006 Arrangement. Under the 2006 Arrangement, where any designated mainland China court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a “choice of court” agreement in writing, any party concerned may apply to the relevant mainland China court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme Court of China and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region, or the 2019 Arrangement. The 2019 Arrangement seeks to establish a mechanism for judgment recognition and enforcement with greater clarity and certainty in a wider range of civil and commercial matters between mainland China and the Hong Kong Special Administrative Region. Under the 2019 Arrangement, a “choice of court” agreement in writing is no longer required for bilateral judgment recognition and enforcement. The 2019 Arrangement will come into effect after the promulgation of a judicial interpretation by the Supreme People’s Court of China and the completion of the relevant legislative procedures in the Hong Kong Special Administrative Region. The 2019 Arrangement will, upon its effectiveness, supersede the 2006 Arrangement. Although the 2019 Arrangement has been signed, its effective date has yet to be announced. Before the effectiveness of the 2019 Arrangement, the 2006 Arrangement remains the applicable mechanism for recognition of judgment between mainland China and Hong Kong and the parties need to have a “choice of court” agreement in writing in order to enforce a judgment rendered by a Hong Kong court in mainland China and vice versa. There are still uncertainties about the outcomes and effectiveness of enforcement or recognition of judgments under the 2019 Arrangement.

***It may be difficult for overseas regulators to conduct investigation or collect evidence within China.***

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside of China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. On February 24, 2023, the CSRC, together with certain other PRC governmental authorities, issued the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Revised Confidentiality and Archives Administration Provisions, which came into effect on March 31, 2023. According to the Revised Confidentiality and Archives Administration Provisions, Chinese companies that directly or indirectly conduct overseas offerings and listings, shall strictly abide by the relevant laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. In the event such documents or materials contain state secrets or working secrets of government agencies, the Chinese companies shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level with the approving authority; in the event that such documents or materials, if divulged, will jeopardize national security or public interest, the Chinese companies shall strictly fulfill relevant procedures stipulated by applicable national regulations. The Chinese companies shall also provide a written statement of the specific state secrets and sensitive information provided when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers shall properly retain such written statements for inspection. As the Revised Confidentiality and Archives Administration Provisions were recently promulgated, their interpretation and implementation remain substantially uncertain. See also “—Risks Related to Our ADSs and Class A Ordinary Shares—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law” for risks associated with investing in us as a Cayman Islands company.

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

Holders of our ADSs are only able to exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, holders of our ADSs must vote by giving voting instructions to the depositary. Upon receipt of those voting instructions, the depositary will vote the underlying Class A ordinary shares in accordance with those instructions. Holders of our ADSs are not able to directly exercise their right to vote with respect to the underlying shares unless they withdraw the shares. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is 14 calendar days. When a general meeting is convened, holders of our ADSs may not receive sufficient advance notice to withdraw the shares underlying their ADSs to allow them to vote with respect to any specific matter. If we

[Table of Contents](#)

ask for instructions from the holders of our ADSs, the depositary will notify the holders of our ADSs of the upcoming vote and will arrange to deliver our voting materials to them. We cannot assure holders of our ADSs that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out voting instructions. This means that holders of our ADSs may not be able to exercise their right to vote and may have no legal remedy if the shares underlying their ADSs are not voted as requested.

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

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

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq Global Market. Press releases relating to financial results and material events are also furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC is less extensive and less timely as compared to that required to be filed with the SEC by United States domestic issuers. As a Cayman Islands company listed on the Nasdaq Global Market, we are subject to the Nasdaq Global Market corporate governance listing standards. However, Nasdaq Global Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, our home country, may differ significantly from the Nasdaq Global Market corporate governance listing standards. As we have chosen, and may from time to time choose, to follow home country practice exemptions with respect to certain corporate matters, such as the requirement of shareholders' approval for issuing additional securities exceeding 20% of our outstanding ordinary shares and the requirement to hold an annual meeting of shareholders, our shareholders may be afforded less protection under Cayman Islands law than they would under the Nasdaq corporate government requirements applicable to U.S. domestic issuers. See "Item 16G. Corporate Governance." As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a United States domestic issuer.

***Because we do not expect to pay dividends in the foreseeable future, ADS holders must rely on price appreciation of our ADSs for return on their investment.***

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

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

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

## [Table of Contents](#)

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

### ***Holders of our ADSs may not be able to participate in rights offerings and may experience dilution of your holdings.***

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

### ***Holders of our ADSs may be subject to limitations on transfer of our ADSs.***

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

### ***We incur increased costs as a result of being a public company.***

As a public company, we incur significant accounting, legal and other expenses that we did not incur as a private company. The SOX, as well as rules subsequently implemented by the SEC and Nasdaq, have detailed requirements concerning corporate governance practices of public companies, including Section 404 of the SOX relating to internal controls over financial reporting. We expect these rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management will be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a public company may place a strain on our management, operational and financial resources and systems for the foreseeable future.

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

## **Item 4. Information on the Company**

### **A. History and Development of the Company**

## [Table of Contents](#)

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

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

We completed our initial public offering and listed our ADSs on the Nasdaq under the symbol “TOUR” in May 2014. At the time of our initial public offering, we also entered into a concurrent private placement with three investors.

In December 2014, we entered into a share subscription agreement with Unicorn Riches Limited, a special purpose vehicle of Hony Capital, JD.com E-commerce (Investment) Hong Kong Corporation Limited, a special purpose vehicle of JD.com, Inc. (Nasdaq: JD), Ctrip Investment Holding Ltd., a subsidiary of Ctrip.com International, Ltd. (which later changed its name to Trip.com Group Limited) (Nasdaq: TCOM) and the respective personal holding companies of Tuniu’s chief executive officer and chief operating officer, pursuant to which we sold a total of 36,812,868 newly issued Class A ordinary shares for US\$148 million.

In May 2015, we entered into a share subscription agreement with each of the following, Fabulous Jade Global Limited, a subsidiary of JD.com, Inc., Unicorn Riches Limited, a special purpose vehicle of Hony Capital, DCM Ventures China Turbo Fund, L.P. and DCM Ventures China Turbo Affiliates Fund, L.P., both affiliates of DCM V, L.P., Ctrip Investment Holding Ltd., a subsidiary of Ctrip.com International, Ltd. (which later changed its name to Trip.com Group Limited), Esta Investments Pte Ltd, an affiliate of Temasek Holdings and Sequoia Capital 2010 CV Holdco, Ltd, an affiliate of Sequoia Capital, pursuant to which we sold a total of 93,750,000 newly issued Class A ordinary shares for US\$500 million.

In November 2020, JD.com E-commerce (Investment) Hong Kong Corporation Limited transferred all its Class A ordinary shares to Hopeful Tourism Limited, a subsidiary of Caissa Sega Tourism Culture Development Group Co., Ltd., or Caissa Group, and JD.com Investment Limited transferred all its shares in Fabulous Jade Global Limited to Hopeful Tourism Limited. As a result of the share transfer, Caissa Group beneficially owned 78,061,780 Class A ordinary shares.

In November 2015, we entered into a share subscription agreement with HNA Tourism Group, or HNA Tourism, pursuant to which an affiliate of HNA Tourism purchased 90,909,091 newly issued Class A ordinary shares from us for US\$500 million in January 2016.

In 2016, we acquired 100% controlling interest of one offline travel agency, to further expand our overseas tourism market and promote our destination service. The total purchase price was RMB28.1 million (US\$4.0 million), which included cash consideration of RMB16.5 million (US\$2.4 million) and RMB11.6 million (US\$1.6 million), the fair value of contingent cash consideration to be made based on the achievement of certain revenue and profit targets over the next four years.

In 2018, we acquired 80% controlling interest of one offline travel agency, to further expand our overseas tourism market and promote our destination local tour operator service. The total purchase price was RMB20.2 million (US\$2.9 million), which included cash consideration of RMB9.8 million (US\$1.4 million) and RMB10.4 million (US\$1.5 million), the fair value of contingent cash consideration, as at the acquisition date, to be made based on the achievement of net profit targets over the next four years.

In 2019, we acquired 51% controlling interest in an offline travel agency, and 63.51% controlling equity interest in an online travel agency, to further expand our overseas tourism market and promote our destination local tour operator service. The total purchase price was RMB60.0 million (US\$8.6 million), which included cash consideration of RMB52.6 million (US\$7.6 million) and RMB7.3 million (US\$1.1 million), being the fair value of contingent cash consideration, as at the acquisition date, based on the achievement of certain profit target, to be paid by us over the next four years.

In 2022, we disposed the controlling interests in certain subsidiaries engaging in travel agency business, which were acquired by us before 2020, and only retained non-controlling interests in these former subsidiaries after the disposals. We received proceeds of RMB7.5 million (US\$1.1 million) with unpaid amount of RMB9.8 million (US\$1.4 million), which is expected to receive in 5 years. As a result of above disposals, we recognized a disposal gain of RMB65.0 million (US\$9.4 million).

Tuniu Corporation established a wholly owned PRC subsidiary, Beijing Tuniu, in September 2008. Tuniu (HK) Limited established another wholly owned PRC subsidiary, Tuniu (Nanjing) Information Technology Co., Ltd., in August 2011, and acquired 100% of the equity interests in Beijing Tuniu in September 2011. Through Beijing Tuniu, we direct the business operations of Nanjing Tuniu by

## [Table of Contents](#)

entering into a series of contractual arrangements, including purchase option agreement, equity interest pledge agreement, shareholders' voting rights agreement, powers of attorney and cooperation agreement, with Nanjing Tuniu and its shareholders. Nanjing Tuniu holds our ICP licenses as an Internet content provider and operates our website. Beijing Tuniu International Travel Service Co., Ltd. and Nanjing Tuniu International Travel Service Co. Ltd., both of which are Nanjing Tuniu's subsidiaries, hold our operation permits for overseas travel business.

These contractual arrangements allow us to:

- direct the activities of Nanjing Tuniu;
- receive substantially all of the economic benefits of Nanjing Tuniu; and
- have an option to purchase all or part of the equity interests in Nanjing Tuniu when and to the extent permitted by PRC law.

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

Our principal executive offices are located at Tuniu Building No. 32 Suningdadao, Xuanwu District, Nanjing, Jiangsu Province 210042, the People's Republic of China. Our telephone number at this address is +86 (25) 8685-3969. Our registered office in the Cayman Islands is located at International Corporation Services Ltd., P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. Our agent for service of process and authorized representative in the United States in connection with each of the registration statement on Form S-8 (File No. 333-198111 and File No. 333-251283) and registration statement on Form F-6 (File No. 333-195515) is Cogency Global, Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding us that filed electronically with the SEC, which can be accessed at <http://www.sec.gov>. Our annual reports, quarterly results, press release and other SEC filings can also be accessed via our investor relationship website at <https://ir.tuniu.com/>.

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources" for a discussion of our capital expenditures.

### **B. Business Overview**

We offer a large selection of packaged tours, including organized tours and self-guided tours, as well as travel-related services for leisure travellers. Our online platform, which comprises our *tuniu.com* website and mobile platform, provides comprehensive product and travel information through user-friendly interfaces to enable leisure travellers to plan their travels and search for itineraries that best suit their needs. Our online platform contains travel guides featuring photos, information and recommendations for all destinations we cover, as well as user-generated content that serves as valuable references for other travellers.

Our recognized brand in leisure travel and growing customer base enable us to source a broad range of products from high-quality travel suppliers at competitive prices. We rigorously select travel suppliers to ensure quality and reliability. We have developed our proprietary supply chain management system—N-Booking system—to streamline our interactions with travel suppliers, allowing them to receive booking information real-time, through the web or mobile devices to manage travel products more efficiently and understand customer preferences better. In 2016, we upgraded our supplier management system and data analytics system in order to better facilitate the cooperation between the suppliers and us. In addition, to broaden the range of our products further and serve our customers better, we enter into strategic agreements with various industry partners from time to time. For example, in December 2014, we entered into a strategic cooperation agreement with Ctrip.com International, Ltd. (which later changed its name to Trip.com Group Limited), a leading travel service provider in China, in order to expand our collaboration on shared travel resources. In November 2015, we formed a strategic partnership with HNA Tourism, under which HNA Tourism undertook to provide us with its premium airline and hotel resources at a preferential rate, under fair competition market rules.

## **Our Products and Services**

We offer a wide array of packaged tours and other travel-related services to meet the diverse travel needs and preferences of leisure travellers in China.

### ***Packaged Tours***

Packaged tours offered on our platform consist of organized tours and self-guided tours.

*Organized Tours:* Organized tours offer the benefits of pre-arranged itineraries, transportation, accommodation, entertainment, meals and tour guide services. By booking an organized tour on our platform, our customers can achieve cost savings compared to booking each component separately and enjoy a pleasant and hassle-free travel experience.

Organized tours offered on our platform encompass nearly all of the popular tourist destinations both within China and overseas among Chinese travellers.

Organized tour product portfolios offered on our platform also include local tours, which mainly consist of weekend getaways and themed tours, such as water resort tours, historical town tours, ski tours and hot spring tours, mainly targeting customers who want to spend one to three days away from their departing cities. Typically, local tours have lower average gross bookings per trip as compared to other types of organized tours.

In addition, to address the needs of group travellers who cannot be satisfied with off-the-shelf standard packaged travel products, such as companies planning travel retreats and families planning group trips, we provide customized tours to cater to specific travel needs. Our group travel tour advisors work closely with travel suppliers and our customers to design travel products and itineraries that meet such customers' unique needs.

*Self-guided Tours:* Self-guided tours offered on our platform consist of combinations of flights and hotel bookings and other optional add-ons, such as airport pick-ups that travellers can choose of their own volition. These products are offered at attractive prices compared to booking each travel product separately. The self-guided tours target leisure travellers who prefer greater flexibility during their vacations and do not need tour guide services. Due to the breadth of travel suppliers that are available on our platform, we are able to provide a wide selection of self-guided tours, covering a large number of hotels and airlines, and have developed the most comprehensive product offerings for selected popular destinations.

### ***Other Travel-Related Services***

Our other travel-related services comprise mainly of sales of tourist attraction tickets, visa application services, hotel booking services, air ticketing services, train ticketing services, bus ticketing services, car rental services, insurance services and financial services. We earn a commission or service fee for these services. In addition, we provide advertising services to domestic and foreign tourism boards and bureaus on our online platform.

## **Our Online Platform and Offline Service Network**

We reach and serve customers through multiple online and offline channels, including our *tuniu.com* website, mobile platform, a primary call center in Nanjing and our offline retail stores across China.

Our online platform provides our customers with the tools and information they need to conveniently plan, book and purchase travel products and services. In addition, our online platform presents comprehensive product information and travel requirements through user-friendly interfaces for leisure travellers to easily search for, compare and place orders for product offerings that best suit their needs. We have well-trained tour advisors and customer service representatives located at our centralized call center to supplement our online transaction infrastructure by providing our customers with professional advice and guidance throughout their travel planning and bookings process as well as timely support before and during their travels. The inclusion of a customer-focused, service network is particularly important to customers of our travel products with high selling prices as these customers usually demand more assistance and attention in their travel planning.



## ***Our Website***

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

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

A transaction on our website generally involves the following steps:

*Browse.* The customer can easily browse our product selection by travel destination. In order to allow customers to locate the products they are interested in, our website also arranges our travel product offerings into different categories, such as organized tours, self-guided tours, customized tours, cruises, tourist attractions tickets, self-drive tours, accommodation reservation, and transportation tickets. The customer can also choose to browse through our best-sellers for each of the following categories: local tours, domestic tours, overseas tours, self-guided tours, themed tours, hotels, destination activities and tourist attractions tickets.

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

*Order Placement.* After a customer has selected a particular option, our website will provide the customer with an opportunity to review details of the travel products and services being purchased and the terms and conditions of such purchases. The customer can also request assistance and professional advice from our tour advisors who will promptly follow up and interact with the customer online or by phone.

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

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

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

## [Table of Contents](#)

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

### ***Our Mobile Platform***

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

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

### ***Our Customer Services***

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

*Offline nationwide service network.* Our primary call center is located in our headquarter in Nanjing. Our call centers provide 24-hour-a-day, seven-day-a-week customer service before, during and after travels, from answering customers' initial inquiries on their travel-related needs to assisting them in making and amending their travel bookings. For inquiries on detailed product information and itinerary management, our customer service representatives allocate them via destination to our in-house tour advisors, who follow up with our customers within half an hour to address their concerns and needs. We have implemented comprehensive performance measures to monitor our calls to ensure our customers receive quality services. In October 2013 and 2015, we obtained the Best Call Center Award in the CCM Awards that was jointly organized by Customer Care Management (CCM) World Group and CC-CMM Organization, and we were rewarded the Golden Tone Award from 51CallCenter in the years of 2014, 2015, 2016 and 2018, for offering outstanding call center and customer service experiences. We were awarded the Best Call Center by CCCS for three consecutive years in 2017, 2018 and 2019.

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

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

### **Supply Chain Management**

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

## [Table of Contents](#)

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

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

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

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

### ***Product Selection***

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

### ***Supply Management***

We hosted a major conference event for our travel suppliers and presented to our travel suppliers our projected travel demand trends each year before the outbreak of COVID-19 in 2020. This has been temporarily suspended. However, we regularly communicate with travel suppliers, mainly through our product procurement team and our proprietary N-Booking system, to keep them informed of any changes to the supply outlook so that they can respond to customer demand in a timely manner. This helps us and the travel suppliers make timely adjustments to procurement plans.

### ***Supplier Quality Control***

We have developed product and service provision protocols for travel suppliers to follow. We have offline retail stores throughout China that help us closely track the performance of travel suppliers in each region. We have a dedicated team in charge of monitoring travel suppliers based on customer feedback; which also provides recommendations for travel suppliers to improve their service quality and the products they supply. We impose penalties on travel suppliers or cease listing their travel products on our platform if their products fail to meet our quality standards or if we receive valid complaints from our customers. We also prepare regular assessment reports on travel suppliers based on the popularity, quality and price competitiveness of their travel products. To monitor and further improve the quality of travel suppliers and the products and services we offer, we proactively collect feedback from our customers after their travels.

### ***B2B distribution***

We launched our B2B distribution business in September 2015 and rebranded it to Difeng Cloud in October 2018. Based on Tuniu's direct procurement and integration with the supply chain, Difeng Cloud was able to rapidly scale by offering Tuniu's products and resources to other distributors within the leisure travel industry. Difeng Cloud currently offers travel products including both packaged tours and other travel-related products such as air ticketing, hotel reservations, attraction tickets, visa applications and insurance products.

## ***N-Booking System***

We have developed a proprietary N-Booking system, accessible via web and mobile, that offers travel suppliers the following features:

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

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

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

*Data Analysis.* Supported by our big data platform, travel suppliers can analyze and understand user behavior based on their browsing history. Travel suppliers can keep track of traffic brought to the travel products supplied by them on our online platform and are able to evaluate the competitiveness of different travel products. We believe the user information gathered from our online platform reflects current leisure travel market trends in China and provides excellent market insights to travel suppliers for their procurement planning and product design. By leveraging our data mining and analytics capabilities, travel suppliers are able to develop a more in-depth understanding of customers' behaviors and preferences, potentially unlocking significant value.

## **Financial Services**

We currently offer a range of financial services, which complement our core leisure travel business, mainly to both travellers and travel suppliers. Our financial services are designed to systematically support the overall development of the leisure travel market in China by funding customers' travels and supporting suppliers' growth. For travellers, we provide travel financing products enabling travellers to travel with an initial down payment, which has been particularly popular among the young generation of travellers who are more price-sensitive. In addition, we also offer insurance products to our customers. For travel suppliers, we provide various types of loans that optimize working capital for the selected suppliers, allowing them to provide high-quality travel products on a larger scale. We also provided cash lending services to customers.

## **Technology**

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

## **Product Search**

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

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

*Smart Caching.* We maintain a database with massive product information on packaged tours, hotels, flights and other travel-related services. We have designed an auto-prioritizing method to update the database by ranking popular products based on different criteria,

## [Table of Contents](#)

such as popular cities, most-visited attractions, top-rated products and most-viewed products. Different refreshing frequencies are applied to different products.

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

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

### ***Big Data Analysis***

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

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

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

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

### ***N-Booking System***

Our N-Booking system streamlines the interactions between us and travel suppliers. Our N-Booking system also allows travel suppliers to receive booking information real-time through the web or mobile devices to manage travel products more efficiently and understand customer preferences better. See “—Supply Chain Management—N-Booking System.”

### ***CRM System***

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

### ***Data Security***

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

### ***Dynamic Packaging System***

Backed by our robust data analytics capabilities, we have established a dynamic packaging system that enables our users to customize their own travel packages tailored to individual travellers’ needs. This system is able to combine trip components from different suppliers to provide truly customized trips, automating and placing in the hands of our customers a function that was previously performed manually. It uses algorithms and past customer data to filter out unnatural choices and provide customers with relevant choices based on their ascertainable behavior.

## **Seasonality**

Our business experiences fluctuations, reflecting seasonal variations in the demand for leisure travel services. Sales of leisure travel products and services will increase in respect of holiday periods and decrease in respect of off-peak times, while prices of leisure travel products and services are subject to fluctuation between peak seasons and low seasons. For example, the third quarter of each year generally contributes the highest percentage of our annual revenues, because many of our customers tend to travel during summer holidays in July and August.

## **Marketing and Brand Building**

We continue to build and maintain a strong Tuniu brand through both traditional offline marketing media and online marketing channels. We organize targeted campaigns, make promotional and seasonal offers and cooperate with domestic and foreign tourism boards and bureaus in holding promotional events and marketing campaigns.

While our offline advertising plays an important role in promoting our brand image, we complement our branding campaigns through mobile and online channels. We promote our mobile app through advertisements in the mobile app store and various display advertisements. We have also entered into agreements with a number of search engines, pursuant to which we have purchased travel-related keywords or directory links that direct users to our website. In addition, we have a strong presence in online social media such as Tencent's WeChat and Sina's Weibo. We believe that our presence in online social media helps us maintain engagement with our targeted customers.

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

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

In April 2020, we launched our live streaming shows to promote our own products. This novel format of online marketing is getting popularity for both product sales and content offerings, such as the introduction of destinations. We have developed our live streaming shows via both our official platforms such as Tuniu.com and third-party platforms. Our live streaming shows are mainly conducted and hosted by our employees.

## **Competition**

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

Some of our current and potential competitors may have greater financial, marketing and other resources than we do. In addition, some of our competitors may be acquired by, receive investment from or enter into strategic relationships with larger, well-established and well-financed companies or investors. They may be able to devote greater resources to marketing and promotional campaigns and devote substantially more resources to website and system development than us. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face intense competition and may not be able to compete successfully against existing and new competitors."

## Intellectual Property

Our success and ability to compete depend, in part, upon our ability to establish and adequately protect our intellectual property rights. In this regard, we rely primarily on a combination of copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such as confidentiality agreements with our employees and others. As of December 31, 2022, we had 123 registered computer software copyrights, 30 registered patent and 27 registered artwork copyrights in China. In addition, as of December 31, 2022, we had 89 registered domain names that were material to our business, including *tuniu.com*, and 495 registered trademarks, including 途牛 (the Chinese characters of Tuniu),



## Insurance

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

## PRC Regulation

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

### *Regulations on Value-Added Telecommunication Services*

The PRC government extensively regulates the telecommunications industry, including the Internet sector. The PRC State Council, the MIIT, the MOC, the SAMR (formerly the State Administration for Industry and Commerce, or the SAIC), the National of Radio and Television, Administration and the National Press and Publication Administration, both of which were split from State Administration of Press, Publication, Radio, Film and Television (formerly the General Administration of Press and Publication) and other relevant government authorities have promulgated an extensive regulatory scheme governing telecommunications, Internet-related services and e-commerce. However, since China's telecommunications industry and Internet-related industry are at an early stage of development, new laws and regulations may be adopted from time to time that will require us to obtain additional licenses and permits in addition to those that we currently have, and will require us to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future Chinese laws and regulations applicable to the telecommunications, Internet-related services and e-commerce. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us."

### *Licenses for Value-Added Telecommunication Services*

The Telecommunications Regulations issued by the PRC State Council in September 2000 and amended in February 2016 are the primary regulations governing telecommunication services. The Telecommunications Regulations set out the general framework for the provision of telecommunication services by PRC companies. Under the Telecommunications Regulations, it is a requirement that telecommunications service providers procure operating licenses prior to commencement of their operations. The Telecommunications Regulations draw a distinction between "basic telecommunications services" and "value-added telecommunications services." Internet content provision services, or ICP services, is a subcategory of value-added telecommunications services.

In March 2009, the MIIT promulgated the Administrative Measures for Telecommunications Business Operating Permit which was repealed in September 2017 by the 2017 Revision of the Administrative Measures for Telecommunications Business Operating Permit. Pursuant to the 2017 Revision of the Administrative Measures for Telecommunications Business Operating Permit, there are two types of telecommunication operating license for operators in China, namely, licenses for basic telecommunications services and licenses for value-added telecommunications services. The operation scope of the license will specify the permitted activities of the enterprise to which it is granted. An approved telecommunication services operator must conduct its business in accordance with such specifications.

Pursuant to the Administrative Measures on Internet Information Services, promulgated by the PRC State Council in September 2000, as most recently amended in May 2021, commercial Internet information services operators must obtain an ICP license, from the relevant government authorities before engaging in any commercial Internet information services operations within the PRC. Nanjing Tuniu, our consolidated affiliated entity, obtained ICP licenses issued by the Jiangsu Administration of Telecommunication which will expire in July 2027.

The Internet Electronic Bulletin Service Administrative Measures promulgated by the MIIT in November 2000 require Internet information services operators to obtain specific approvals before providing BBS services, which include electronic bulletin boards, electronic forums, message boards and chat rooms. In September 2014, the Internet Electronic Bulletin Service Administrative Measures was repealed by Repealing and Revising Certain Rules of MIIT. However, in practice, the relevant authorities still require obtaining such approval for the operation of BBS services. We have applied to the Jiangsu Administration of Telecommunication for and have obtained an approval for the operation of BBS services on our website.

In addition to the Telecommunications Regulations and the other regulations as disclosed above, the provision of commercial internet information services on mobile internet applications is regulated by the revised Regulations for the Administration of Mobile Application Information Services, which came into effect on August 1, 2022 and replaced the former Administrative Provisions on Mobile Internet Applications Information Services. Pursuant to the revised Regulations for the Administration of Mobile Application Information Services, mobile app providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities and shall not compel users to agree to non-essential personal information collection or ban users from their basic functional services due to their refusal of providing unnecessary personal information. In addition, mobile app providers shall, among other things, verify the real identities of registered users; establish and improve procedures for protection of user information and information content censorship, fulfill data security protection obligations and various obligations of minors' protection, and shall not induce users to download the applications by illegal methods or bad information. Furthermore, mobile app providers who launch new technologies, applications or functions with the attribute of public opinion or the ability of social mobilization shall conduct security assessment in accordance with the relevant provisions. If an application provider violates these regulations, application distribution platforms may issue warnings, suspend the release of its applications, or terminate the sale of its applications, and/or report the violations to governmental authorities, and such application provider may be imposed administrative penalty by the CAC and relevant competent authorities in accordance with relevant laws and regulations. Since 2021, the PRC government has taken steps to strengthen the supervision on the utilization of algorithm in the field of Internet information service. On September 17, 2021, the CAC and eight other authorities jointly promulgated the Notice on Promulgation of the Guiding Opinions on Strengthening the Comprehensive Governance of Algorithm-Related Internet Information Services, which provides that, among others, enterprises shall establish an algorithmic security responsibility system and a technology ethics vetting system, improve the algorithmic security management organization, strengthen risk prevention and control, and improve the capacity to respond to algorithmic security emergencies. On December 31, 2021, the CAC, the MIIT, the MPS and the Ministry of State Security jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation, or the Algorithm Recommendation Provisions, which took effect on March 1, 2022. The Algorithm Recommendation Provisions implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, and stipulate that algorithm recommendation service providers shall inform users of their provision of algorithm recommendation services in a conspicuous manner, and publicize the basic principles, purpose intentions, and main operating mechanisms of algorithm recommendation services in an appropriate manner, and that algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers' rights of fair trade, and are prohibited from carrying out illegal conducts such as unreasonable differentiated treatment on transaction conditions based on consumers' preferences, purchasing habits, and other such characteristics.



***Foreign Investment in Value-Added Telecommunications Services***

On March 15, 2019, the NPC promulgated the PRC Foreign Investment Law, which became effective on January 1, 2020 and replaced the major existing laws and regulations governing foreign investment in the PRC. Pursuant to the PRC Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors directly or “indirectly” in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council. Although VIE structure is not explicitly defined as a method of foreign investment, it remains to be further clarified and detailed on whether VIE Structure will be interpreted to fall under the scope of the “investment in other methods as specified in laws and administrative regulations, or as stipulated by the State Council”. Please also refer to “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Substantial uncertainties exist with respect to the interpretation and implementation of the newly adopted PRC Foreign Investment Law and its implementation rules and how they may impact the viability of our current corporate structure, corporate governance and business operations.”

According to PRC Foreign Investment Law and the Implementation Rules, China adopts a system of pre-entry national treatment plus negative list with respect to foreign investment administration, where “pre-entry national treatment” means that the treatment given to foreign investors and their investments at market access stage is no less favorable than that given to domestic investors and their investments, and “negative list” means the special entry management measures for foreign investment’s access to specific fields or industries, which will be proposed by the competent investment department of the State Council in conjunction with the competent commerce department of the State Council and other relevant departments, and be reported to the State Council for promulgation, or be promulgated by the competent investment department or competent commerce department of the State Council after being reported to the State Council for approval. Foreign investment beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited fields as specified in the negative list, and foreign investors who invest in the restricted fields must comply with the special requirements on the shareholding, senior management personnel, etc. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out in two categories, namely the 2021 Negative List, and the Encouraged Industry Catalog for Foreign Investment (2022 version), or the 2022 Encouraged Industry Catalog, both were promulgated by the National Development and Reform Commission (the “NDRC”) and the MOC and took effect in January 2022 and January 2023, respectively. Industries not listed in these two categories are generally deemed “permitted” for foreign investment unless specifically restricted by other PRC laws. Industries such as value-added telecommunication business, which we are engaged in, are generally regarded as restricted fields to foreign investment pursuant to the 2021 Negative List, and we conduct business operations in restricted fields through the VIE.

On December 19, 2020, the NDRC and the MOC promulgated the Security Review Measures, which took effect on January 18, 2021. According to the Security Review Measures, the foreign investment security review work mechanism shall be established to conduct the security review and the general office responsible for the security review will be set in the NDRC and be jointly led by the NDRC and the MOC. Foreign investments in military, national defense-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, information technology, Internet products and services, financial services and technology sectors, are subject to the foreign investment security review by such foreign investment security review work mechanism. Acquiring actual control includes any investment in which foreign investors obtain more than 50% of equity interest in the invested enterprise or, in the event that the equity interest is less than 50%, the voting rights owned by such foreign investors have significant impact on the shareholders meeting and board of directors of the invested enterprise or where there is any other circumstance that enables foreign investors to exert a significant impact on the business decision-making, personnel, finance, technology, etc. of the invested enterprise.

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the PRC State Council in December 2001 and amended most recently in April 2022, unless otherwise provided for by the state, the ultimate foreign equity ownership in a value-added telecommunications services provider may not exceed 50%. For example, the 2021 Negative List allows foreign investors to hold more than 50% equity interests in a value-added telecommunications service provider engaging in e-commerce, domestic multiparty communication, storage-and-forward and call center businesses. Pursuant to the Notice regarding the Strengthening of Ongoing and Post Supervision of Foreign Invested Telecommunication Enterprises issued by MIIT in October 2020, foreign investors are no longer subject to the MIIT pre-approval requirements, but foreign invested telecommunications enterprises are still required to submit relevant foreign investor qualification materials to MIIT when applying for new telecommunication operating permits or amended permits. Since the 2021 Negative List and the Provisions on Administration of Foreign-Invested Telecommunications Enterprises were recently amended and further implementing rules with respect to the new policies on foreign investment in value-added telecommunications services have yet to be promulgated, there exist significant uncertainties with respect to their interpretation and implementation by authorities.

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

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

#### ***Regulations on Information Security and Censorship***

The PRC government regulates and restricts Internet content in China to protect state security and ensure the legality of the Internet content. The NPC, China’s national legislative body, enacted a Decision on the Safeguarding of Internet Security in December 2000, as subsequently amended in August 2009, among other things, makes it unlawful to: (1) gain improper entry into a computer or system of strategic importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; or (5) infringe intellectual property rights. Pursuant to the Administrative Measures on Internet Information Services and other applicable laws, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content which violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Internet service providers are required to monitor their websites, including electronic bulletin boards. They may not post or disseminate any content that falls within these prohibited categories and must remove any such content from their websites. The PRC government may shut down the websites of ICP license holders that violate any of the above-mentioned content restrictions and revoke their ICP licenses. In addition, the MIIT has published regulations that subject ICP operators to potential liability for content displayed on their websites and the actions of users and others using their systems, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The MPS has the authority to order any local Internet service provider to block any Internet website at its sole discretion. From time to time, the MPS has stopped the dissemination over the Internet of information which it believes to be socially destabilizing. On September 15, 2021, the CAC promulgated the Opinions of the CAC on Further Enforcing the Subject Responsibilities of Website Platforms for Information and Content Management, which took effect on the same day. These opinions further require the website platforms to play the role of the first responsible persons for management of the information and content and effectively improve the level of network management and governance.

The MPS has promulgated the Administrative Measures for the Security Protection of International Connections to Computer Information Network in December 1997, as amended in January 2011, that prohibits the use of the Internet in ways which, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. Under PRC laws, state secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities.

In December 2005, the MPS promulgated Provisions on Technological Measures for Internet Security Protection. These measures and the Administrative Measures on Internet Information Services require all ICP operators to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of listings by users) for at least 60 days and submit the above information as required by laws and regulations. The ICP operators must regularly update information security and censorship systems for their websites with local public security authorities, and must also report any public dissemination of prohibited content. If an ICP operator violates these measures, the PRC government may revoke its ICP license and shut down its websites. In December 2012, the Standing Committee of the NPC promulgated the Decision on Strengthening Network Information Protection, or the Network Information Protection Decision, to enhance the legal protection of information security and privacy on the internet. The Network Information Protection Decision also requires internet operators to take measures to ensure confidentiality of information of users. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users to regulate the collection and use of users' personal information in the provision of telecommunication service and internet information service in China. In August 2015, the Standing Committee of the NPC promulgated the Ninth Amendment to the Criminal Law, which became effective in November 2015 and amended the standards of crime of infringing citizens' personal information and reinforced the criminal culpability of unlawful collection, transaction, and provision of personal information. It further provides that any network service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders will be subject to criminal liability. In addition, the Opinions of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Several Issues Concerning the Application of Criminal Procedures in Handling of Criminal Cases Involving Information Networks, which took effect on September 1, 2022, further provides for detailed procedures facilitating the handling of criminal cases of (i) refusing to perform the obligation of managing the security of the information networks, (ii) illegally using the information networks, or (iii) assisting in the criminal activities of the information networks. In November 2016, the Standing Committee of the NPC promulgated the PRC Cyber Security Law, which requires, among others, that network operators take security measures to protect the network from interference, damage and unauthorized access and prevent data from being divulged, stolen or tampered with. Network operators are also required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. The Civil Code promulgated in 2020 also provides specific provisions regarding the protection of personal information.

On December 15, 2019, the CAC promulgated Provisions on Ecological Governance of Network Information Content, or the Network Ecological Governance Provisions, which took effect on March 1, 2020. The Network Ecological Governance Provisions provide the requirements for the content producers of the network information, the service platforms for the network information and the users of the network information. Among others, the Network Ecological Governance Provisions classify the network information into the "encouraged category", the "prohibited category" and the "prevented and resisted category". The content producers of network information are encouraged to produce, copy and publish network information in the encouraged category, prohibited from producing, copying or publishing network information in the prohibited category, and shall take measures to prevent and resist the production, reproduction and publication of undesirable information in the prevented and resisted category. In addition, the service platforms for the network information shall strengthen the management of information content, and upon discovery of any prohibited information or prevented and resisted information, shall immediately take measures in accordance with the laws, keep the relevant records, and report the same to the competent government authorities. A service platform for network information shall compile an annual report on the ecological governance of network information, which contains information such as the ecological governance of network information, the performance of the person in charge of ecological governance of network information and social evaluation.

[Table of Contents](#)

On September 30, 2022, the CAC, the MIIT and the SAMR jointly promulgated the Administrative Provisions on Internet Pop-up Window Information Push Services. According to these provisions, the following actions, among the others, are prohibited: (i) pushing illegal and detrimental information as provided in the Network Ecological Governance Provisions; (ii) pushing news information through a pop-up window without internet news information service license and other applicable licenses or approvals; (iii) unreasonably pushing different information to member users and non-member users, or by any means interfering or affecting users to close pop-up windows; (iv) using algorithms for profiling minor users and pushing information that may affect their physical and mental health; and (v) pushing pop-up windows showing third-party links and QR codes for malicious redirection. The advertising information pushed through pop-up windows shall be identifiable, with “advertising” and close marks conspicuously indicated therein, and one-click close of advertising information shall be ensured.

On July 6, 2021, certain PRC regulatory authorities issued the Opinions on Intensifying Crack Down on Illegal Securities Activities, which, among others, provide for improving relevant laws and regulations on data security, cross-border data transmission, and confidential information management. The Opinions provide that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On December 28, 2021, the CAC, together with other competent government authorities, jointly promulgated the Cybersecurity Review Measures, which took effect on February 15, 2022 and replaces the predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services, or network platform operators that process data must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. The relevant competent government authorities may also initiate a cybersecurity review against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. Article 10 of the Cybersecurity Review Measures also set out certain general factors which would be the focus in assessing the national security risk during a cybersecurity review, including (i) risks of critical information infrastructure being illegally controlled or subject to interference or destruction; (ii) the harm caused by the disruption of the supply of the product or service to the business continuity of critical information infrastructure; (iii) the security, openness, transparency and diversity of sources of the product or service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors; (iv) compliance with PRC laws, administrative regulations and departmental rules by the provider of the product or service; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged, illegally used, or illegally transmitted overseas; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, and maliciously used by foreign governments for a listing, as well as network information security risks; and (viii) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security. However, there are still uncertainties as to the exact scope of network product or service or data processing activities that will or may affect national security, and the PRC government authorities may have discretion in the interpretation and enforcement of these measures.

## [Table of Contents](#)

On November 14, 2021, the CAC promulgated the Draft Regulations, for public comments, pursuant to which, data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affect or may affect national security; (ii) the listing abroad of data processors that process the personal information of more than one million users; (iii) listing in Hong Kong which affects or may affect national security; or (iv) any data processing activity that affects or may affect national security. The Draft Regulations also provide that operators of large internet platforms that set up headquarters, operation centers or R&D centers overseas shall report to the national cyberspace administration and competent authorities. The Draft Regulations also require that data processors that process “important data” or are listed overseas must conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. Further, the Draft Regulations require internet platform operators to establish platform rules, privacy policies and algorithm strategies related to data, and solicit public comments on their official websites and personal information protection related sections for no less than 30 working days when they formulate platform rules or privacy policies or make any amendments that may have a significant impact on users’ rights and interests. In addition, platform rules and privacy policies formulated by operators of large internet platforms with more than 100 million daily active users, or amendments to such rules or policies by operators of large internet platforms with more than 100 million daily active users that may have significant impacts on users’ rights and interests shall be evaluated by a third-party organization designated by the CAC and reported to local branch of the CAC for approval. As of the date of this annual report, the Draft Regulations was released for public comment only, and their respective provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty.

On November 16, 2022, the CAC promulgated the Revised Administrative Provisions on Services of Online Comment Threading, or the Revised Administrative Provisions, which took effect on December 15, 2022. The Revised Administrative Provisions regulate all internet-based information services with the functions of online comment threading, and explicitly include “likes” in the scope of the services of online comment threading. The Revised Administrative Provisions also specify the way to certify the real identity information of registered users shall be based on the principle of “using the real name at the back end and using an alias or real name voluntarily at the front end”, prohibiting providing services of online comment threading to users who impersonate organizations or other people’s identity information. Under the Revised Administrative Provisions, comment threading service providers shall establish information security management systems to handle complaints and reports, so as to timely detect and deal with unlawful and detrimental information; develop and employ information security management technology for online comment threading to enhance the ability to deal with unlawful and detrimental information; and strengthen review training for online comment threading to improve the professional skills of the reviewing editors. Also, the comment threading service providers are not allowed to infringe upon the legitimate rights and interests of others and public interests, seek illegal gains, maliciously interfere with the comment threading order, or mislead the public opinion by releasing, deleting and pushing comment information, using software, hiring commercial organisations and personnel to disseminate information and other means of interfering with the presentation of comment information.

On June 10, 2021, the Standing Committee of the NPC promulgated the Data Security Law, which took effect in September 2021. The Data Security Law, among other things, provides for security review procedure for data processing activities that may affect national security. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. As the Data Security Law was recently promulgated, we may be required to make further adjustments to our business practices to comply with this law.

[Table of Contents](#)

On July 12, 2021, the MIIT and two other authorities jointly issued the Provisions on the Administration of Security Vulnerabilities of Network Products, or the Provisions. The Provisions state that, no organization or individual may abuse the security vulnerabilities of network products to engage in activities that endanger network security, or to illegally collect, sell, or publish the information on such security vulnerabilities. Anyone who is aware of the aforesaid offences shall not provide technical support, advertising, payment settlement and other assistance to the relevant offenders. According to the Provisions, network product providers, network operators, and platforms collecting network product security vulnerabilities shall establish and improve channels for receiving network product security vulnerability information and keep such channels available, and retain network product security vulnerability information reception logs for at least six months. The Provisions also bans provision of undisclosed vulnerabilities to overseas organizations or individuals other than to the product providers.

On July 30, 2021, the State Council issued the Regulations on Protection of CII, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of CII, critical information infrastructure means key network facilities or information systems of critical industries or sectors, such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, the damage, malfunction or data leakage of which may endanger national security, people's livelihoods and the public interest. The competent government authorities and supervision and management authorities of the aforementioned important industries will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results. However, the exact scope of "critical information infrastructure operators" under the current regulatory regime still remains unclear, and the PRC government authorities may have discretion in the interpretation and enforcement of these laws, rules and regulations.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transmission, which came into effect on September 1, 2022. According to these measures, data processors shall be subject to security assessment conducted by the CAC prior to any cross-border transfer of data if the transfer involves (i) important data; (ii) personal information transferred overseas by operators of critical information infrastructure or a data processor that has processed personal data of more than one million persons; (iii) personal information transferred overseas by a data processor who has already provided personal data of 100,000 persons or sensitive personal data of 10,000 persons overseas since January 1 of last year; or (iv) other circumstances as requested by the CAC. According to the official interpretation of the CAC, the Measures for the Security Assessment of Cross-border Data Transmission cover (1) overseas transmission and storage by data processors of data generated during PRC domestic operations, and (2) access to or use of the data collected and generated by data processors and stored in the PRC by overseas institutions, organizations or individuals. Furthermore, any cross-border data transfer activities conducted in violation of the Measures for the Security Assessment of Cross-border Data Transmission before the effectiveness of these measures are required to be rectified by March 2023. As these measures took effect recently, substantial uncertainties still exist with respect to the interpretation and implementation of these measures in practice and how they will affect our business operation and the value of our securities. In addition, the State Secrecy Bureau has issued provisions authorizing the blocking access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets. As Nanjing Tuniu is an ICP operator, it is subject to the laws and regulations relating to information security. To comply with these laws and regulations, it has completed the mandatory security filing procedures with the local public security authorities, regularly updates its information security and content-filtering systems with newly issued content restrictions, and maintains records of users' information as required by the relevant laws and regulations. Nanjing Tuniu has also taken measures to delete or remove links to content that to its knowledge contains information violating PRC laws and regulations. The majority of the content posted on our online platform is first screened by our filtering systems. Content containing prohibited words or images is then manually screened by employees who are dedicated to screening and monitoring content published on our platform and removing prohibited content. We believe that with these measures in place, no material violations have arisen out of the public dissemination of prohibited content through our online platform under PRC information security laws and regulations in the past. However, there is a significant amount of content posted on our online platform by our users on a daily basis. If any prohibited content is publicly disseminated in the future and we become aware of it, we will report it to the relevant government authority. We believe these measures taken by us are generally in compliance with the relevant laws and regulations.

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

***Regulations on Internet Privacy***

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have promulgated laws and regulations on Internet use to protect personal information from any unauthorized disclosure. The Decisions on Strengthening Network Information Protection and the Regulation on Protection of Personal Information of Telecommunication and Internet Users provide that information that identifies a citizen, the time or location for his use of telecommunication and Internet services, or involves privacy of any citizen such as his birth date, ID card number, and address is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. ICP operators are also prohibited from collection and use of personal information after a user has stopped using the services. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss as well as conducting a self-examination of their protection of personal information at least once a year. The Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. The relevant telecommunications authorities are further authorized to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of the relevant websites, administrative punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on Internet privacy. Such requirements are reiterated by the Regulations on Protection of Personal Information of Telecommunications and Internet Users. If an ICP operator appoints an agent to undertake any marketing and technical services that involve the collection or use of personal information, the ICP operator is required to supervise and manage the protection of such information. Any violation may subject the ICP operators to warnings, fines, disclosure to the public and, in the most severe cases, criminal liability. The PRC government, however, has the power and authority to order ICP operators to turn over personal information if an Internet user posts any prohibited content or engages in illegal activities on the Internet.

Pursuant to the Cyber Security Law, personal information refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify a specific natural persons. Such information includes but not limited to a natural person's name, date of birth, ID number, biologically identified personal information, address and telephone numbers, etc. The Cyber Security Law also provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose their rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with the persons whose data is collected; and (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. However, exceptions may apply if the information has been processed and cannot be recovered and thus it is impossible to match such information with any specific persons. On September 12, 2022, the CAC released the Draft Amendments to the Cyber Security Law, which increases the legal liability for violations under the current Cyber Security Law, integrates and unifies the penalties for violation of network operation security protection obligations, violation of critical information infrastructure security protection obligations and violation of personal information protection obligations. Since the amendments was released only for soliciting public comments at this stage and their provisions and anticipated adoption or effective date are subject to changes, there still exists substantial uncertainties with respect to the interpretation and implementation of the Cyber Security Law.

## [Table of Contents](#)

In August 2019, the CAC promulgated Provisions on Online Protection of Children’s Personal Information, or the Children Personal Information Provisions, which came into effect in October 2019. The Children Personal Information Provisions provides that network operators’ collection, storage, transfer, and disclosure of children’s personal information must follow the principles of legitimacy and necessity, awareness and consent, clear purpose, protection of security and legal use. Network operators shall clearly inform children’s guardian and obtain his consent when collecting, storing, using, transferring and disclosing children’s personal information. According to the Children Personal Information Provisions, network operators must adopt personal information protection rules and user agreements specifically for children’s personal information and appoint persons dedicated to be responsible for the protection of children’s personal information. In addition, network operators must strictly limit the access authorization to children’s personal information within their staff members to the minimum. Furthermore, the access to children’s personal information by network operators’ staff must be subject to approval by the children personal information protection officer or the administrative personnel delegated by him, the access must be recorded, and technical measures must be adopted to prevent unauthorized duplication or download of children’s personal information. In April, 2021, the MIIT issued the Interim Administrative Provisions on Personal Information Protection in Internet Mobile Applications (Draft for Comment). The draft of the Interim Administrative Provisions on Personal Information Protection in Internet Mobile Applications sets forth two principles of collection and utilization of personal information, namely “informed and consent” and “minimum necessity.”

In November 2019, the CAC, together with the General Office of the MIIT, the General Office of the MPS and the General Office of the SAMR, published the Guidelines for Identifying Illegal Collection and Use of Personal Information via Apps, which describes six categories of prohibited behaviors on illegal collection or use of user’s personal information via Apps, and further broken down into 31 specific types, including (i) failure to publicly disclose rules of collecting and using personal information, (ii) failure to clearly express the purposes, means and scope of collecting and using personal information, (iii) collecting or using personal information without users’ consent, (iv) violating the principle of necessity and collecting personal information unrelated to services they provide, (v) providing personal information to others without the consent of the persons whose data is collected, and (vi) failure to provide functions of deleting or rectifying personal information as required by laws or failure to publicly disclose contact information for complaint or reporting. On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR jointly promulgated the Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications, which became effective on May 1, 2021, clarifying the scope of necessary information required for certain common mobile apps and stating that mobile apps operators may not deny users’ access to basic functions and services when the users opt out of the collection of unnecessary personal information.

In August 2021, the Standing Committee of the NPC promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. As the Personal Information Protection Law was recently promulgated and many specific requirements of this law remain to be clarified by the CAC, other regulatory authorities, and courts in practice, we may be required to make further adjustments to our business practices to comply with the requirements thereunder.

On June 27, 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users, effective from August 1, 2022, or the Account Information Provisions, which regulate the registration, use, and management of Internet users’ account information by Internet information service providers. The Account Information Provisions require Internet information service providers to formulate and disclose internet user account management rules and platform conventions, enter into service agreements with internet users, and clarify the rights and obligations related to account information registration, use, and management. The Internet information service providers shall protect and handle the internet users’ account information in accordance with laws, and take measures to prevent unauthorized access and leakage, tampering, and loss of personal information. The Internet information service providers are also required to set up convenient complaints and whistleblowing portals in prominent locations, publicly provide complaints and reporting channels, improve mechanisms for complaints and reporting acceptance, screening, handling, and feedback, clarify processing procedures and set feedback time limits, as well as promptly handle complaints and whistleblowing from users and the public.



### ***Regulations Relating to Online Transmission of Audio-Visual Programs***

On April 13, 2005, the State Council promulgated the Certain Decisions on the Entry of the Non-State-owned Capital into the Cultural Industry. On July 6, 2005, five PRC regulatory agencies, namely, the Ministry of Culture (which is the predecessor of the Ministry of Culture and Tourism, the MCT), the State Administration of Radio, Film and Television, or the SARFT (which is the predecessor of the National Radio and Television Administration, the NRTA), the General Administration of Press and Publication, or the GAPP, the NDRC and MOFCOM, jointly promulgated the Several Opinions on Introduction of Foreign Investment into the Cultural Sector. According to these regulations, non-state-owned capital and foreign investors are prohibited from conducting the business of transmitting audio-visual programs through information network.

According to the Administrative Provisions on Internet Audio-visual Program Service, or the Audio-visual Program Provisions, jointly promulgated by the SARFT and the Ministry of Information Industry, or the MII (which is the predecessor of MIIT), on December 20, 2007 and amended by the State Administration of Press, Publication, Radio, Film and Television, or the SAPPRFT, on August 28, 2015, internet audio-visual program service refers to activities of making, editing and integrating audio-visual programs, providing them to the general public via internet, and providing audio-visual programs uploading and transmission services and providers of internet audio-visual program services are required to obtain a Audio-visual License issued by the competent department of radio, film and television or complete certain registration procedures. Providers of internet audio-visual program services are generally required to be either state-owned or state-controlled by the PRC government, and the business to be carried out by such providers must satisfy the overall planning and guidance catalog for internet audio-visual program service determined by the competent department of radio, film and television.

In 2008, the SARFT issued the Notice on Relevant Issues Concerning Application and Approval of License for Online Transmission of Audio-visual Programs, amended on August 28, 2015, which further sets forth detailed provisions concerning the application and approval process regarding the Audio-visual License. The notice also provides that the internet audio-visual program services providers who had engaged in such services, complies with relevant laws and regulations of the state on the administration of internet websites, prior to the promulgation of the Audio-visual Program Provisions shall also be eligible to apply for the license so long as they has no violation of laws and regulations, or their violation of the laws and regulations is minor and can be rectified in a timely manner and they have no records of violation during the latest three months.

Further, on March 31, 2009, the SARFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-visual Programs, which reiterates the requirements for the internet audio-visual programs to be published to the public through information networks, including those on mobile network (if applicable), where applicable, and prohibits certain types of internet audio-visual programs containing violence, pornography, gambling, terrorism, superstitions or other prohibited elements.

On March 17, 2010, the SARFT issued the Internet Audio-visual Program Services Categories (Provisional), or the Provisional Categories, amended on March 10, 2017, which classified internet audio-visual program services into four categories. In addition, the Notice concerning Strengthening the Administration of the Streaming Service of Online Audio-Visual Programs promulgated by the SAPPRFT on September 2, 2016, or the Online Live Streaming Notice, emphasizes that, unless a specific Audio-visual License is granted, an audio-visual programs service provider is forbidden from engaging in live streaming on major political, military, economic, social, cultural and sports events. According to the Online Live Streaming Notice, online audio-visual live streaming service providers shall censor and tape such programs and retain them for at least 60 days for future check by the administrative departments; and they shall have an emergency plan in place to replace programs in violation of laws and regulations. Bullet-screen comments shall be forbidden in the live streaming of important political, military, economic, social, sports and cultural events. Special censor shall be appointed for bulletscreen comments in the live streaming of general cultural events of social communities and sports events. Hosts, guests and targets hired or invited by online audio-visual live streaming programs shall meet the following requirements: (i) patriotic and law-abiding; (ii) good public reputation and social image, no scandals and misdeeds; and (iii) dress, hairstyle, language and actions are consistent with public order and good morals, and not drawing topics with vulgar content or content inappropriate to discuss in public.

As of the date of this annual report, we have not obtained an Audio-visual License. For detailed analysis, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of internet and related business and companies.”

## [Table of Contents](#)

On November 4, 2016, the CAC promulgated the Administrative Provisions on Internet Live-Streaming Services, or Internet Live-Streaming Services Provisions. According to the Internet Live-Streaming Services Provisions, an internet live-streaming service provider shall take various measures during operation of live streaming services, including, but not limited to: (i) establish a live-streaming content review platform, conducting classification and grading management according to the online live streaming content categories, user scale and others, add tags to graphics, video, audio or broadcast tag information for platforms; (ii) conduct verification on online live streaming users with valid identification information (e.g., authentic mobile phone numbers) and authentication registration of internet live-streaming issuers based on their identification documents (such as their identity certificates, business licenses and organization code certificates); (iii) examine and verify the authenticity of the identification information of online live streaming service publishers, classify and file such identification information records with the Internet information offices at the provincial level where they are located and provide such information to relevant law enforcement departments upon legal request; and (iv) enter into a service agreement with internet live-streaming services user to specify both parties' rights and obligations and require them to comply with the laws, regulations and platform conventions; and (v) establish a credit-rating system and a blacklist system, to provide management and services according to such credit rating, prohibit re-registration of accounts by online live streaming service users on the black list and promptly report such users to relevant Internet information offices.

According to the Guidelines on Strengthening Supervision of Online Live Streaming Marketing Activities promulgated by the SAMR on November 5, 2020, any network platform shall assume the responsibility and obligation as an e-commerce platform operator according to the E-Commerce Law; provided that this platform provides operators, who sell goods or provide services via internet live streaming, with services such as internet operation place, transaction matchmaking and information publication in order for the transaction parties to independently complete their transaction activities.

According to the Notice on Strengthening the Management of Online Show Live Broadcasting and E-commerce Live Broadcasting promulgated by the NRTA on November 12, 2020, platforms providing online show live streaming or e-commerce live streaming services shall register their information and business operations by November 30, 2020 on the National Internet Audio-visual Platforms Information Management System. Live broadcasting platforms for online shows and e-commerce live broadcasting are requested to strengthen positive value guidance and prevent the spread of the trends of wealth flaunting, money worshiping and vulgarity. In addition, the number of content reviewers of a platform is required to keep must in principle be no less than 1:50 of the number of live broadcasting rooms and the platform shall report the number of its live streaming rooms, streamers and content reviewers to the provincial branch of the NRTA on a quarterly basis. Live broadcasting platforms for online shows need to manage the hosts and "reward" users based on the real-name registration system, and users who have not registered with real names or who are minors are prohibited from making rewards. The live broadcasting platforms are required to implement real-name registration system by real-name verification, face recognition, manual review and other measures to prevent who have not registered with real names or minors from making rewards. The platform shall limit the maximum amount of rewards each user may give per time, day and month. Live streaming platforms for e-commerce shall not illegally produce and broadcast, beyond their business scope of e-commerce, any commentary programs unrelated to sales of goods.

According to the Law of the PRC on the Protection of Minors (2020 Revision) effective from June 1, 2021, among others, live broadcasting service providers are not allowed to provide minors under age 16 with online live broadcasting publisher account registration service, and must obtain the consent from parents or guardians and verify the identity of the minors before allowing minors aged 16 or above to register live broadcasting publisher accounts.

According to the Notice on Strengthening the Administration of the Internet Live Streaming Service jointly promulgated by the MIIT, the MPS and other government agencies on August 1, 2018, internet live streaming service providers shall go through the procedures of filing with the competent department of telecommunications. The internet live streaming service providers engaged in telecommunications business and internet news information, network performances and internet live streaming of audio-visual programs shall apply to the relevant departments for licenses to operate such telecommunication business and shall perform the procedures of record-filing with the local public security department within 30 days after the live streaming service being operated.

Furthermore, pursuant to the Administrative Provisions on Online Audio and Video Information Services jointly promulgated by the CAC, MCT and NRTA on November 18, 2019 and effective on January 1, 2020, online audio and video information services providers shall obtain the relevant legally required qualifications and certificates. Online audio-visual information service providers shall authenticate user's real identity information based on organization code, identity card number, mobile phone number, etc. Online audio-visual information service providers shall not serve users who fail to provide their real identity information. They shall also fulfill their responsibilities as information content management entities, such as having in place professional staff commensurate with their service scale, and establishing the systems of user registration, information release review, information security management, intellectual property rights protection and minority protections and other mechanisms. Moreover, when the online audio and video information services provider produce, publish or spread untrue audio-visual information by way of utilizing new technologies such as deep learning or virtual reality, the disseminated information shall be identified in a noticeable way. If any user is found to produce, post or disseminate content prohibited by laws or regulations, the transmission of such information shall be ceased, and disposal measures such as deletion shall be taken to prevent the information from spreading, and such service providers shall save relevant records, and report to the CAC, the MCT, the NRTA, etc.

In order to further strengthen the standardized management of the online live streaming industry, the CAC, the MIIT, the MPS, the MCT, the SAMR, the NRTA and other government agencies jointly issued the Circular on the Guiding Opinions on Strengthening Standardized Management of Online Live Streaming on February 9, 2021, which further states that live streaming platforms which provide online audio-visual program services must obtain the Audio-Visual Licenses (or complete the registration on the National Internet Audio-visual Platforms Information Management System) and complete the ICP filing procedure. As of the date of this annual report, we have not completed registration for distributing publications and providing live streaming services on our platform, however, we also provide online live streaming services on third parties' platforms which have completed such registration.

On April 12, 2022, the NRTA and the Publicity Department of the China Communist Party Central Committee promulgated the Notice on Strengthening the Administration of Live Games on Online Audio and Video Program Platforms, specifying that online live streaming platforms shall discretely select the hosts and guests with political standpoint, moral character, artistic standard and social evaluation as the selection criteria, and resolutely refuse hosts and guests who are politically incorrect, or have committed any violations of laws, regulations, public order or good morals. The notice further specifies that online live streaming platforms shall establish and implement a mechanism for the protection of minors, implement the real-name registration system, prohibit minors from tipping, and establish a special channel for returning the tips of minors.

On May 7, 2022, the MCT, the NRTA and the CAC jointly promulgated the Opinions on Regulating Online Live Streaming Tipping to Strengthen the Protection of Minors, requiring, among others, online platforms to establish special customer service team for minors to prioritize the handling of complaints and disputes related to minors, and timely refund the tipping from minors using adults' accounts. Furthermore, on July 8, 2022, the NRTA and the MCT promulgated the Code of Conduct for Online Streamers, further providing that online streamers shall not use minors or minor characters to conduct non-advertising commercial promotions, performance or as gimmicks to obtain commercial or improper benefits, and shall protect the legitimate rights and interests of minors.

#### ***Regulations on Overseas Offering and Listing***

The M&A Rules, which were amended on June 22, 2009, with such amendments becoming effective as of the same date, require offshore SPVs formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. While the application of this regulation remains unclear, we believe, based on the advice of our PRC counsel, Fangda Partners, that CSRC approval was not required in the context of our initial public offering because (1) CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like our initial public offerings are subject to this regulation and (2) we established our PRC subsidiaries by means of direct investment other than by merger or acquisition of PRC domestic companies, and no explicit provision in the M&A Rules classifies the contractual arrangements between Beijing Tuniu, our PRC subsidiary, Nanjing Tuniu, our consolidated affiliated entity, and its shareholders as a type of acquisition transaction falling under the M&A Rules.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Intensifying Crack Down on Illegal Securities Activities. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On December 27, 2021, the NDRC and the MOC jointly issued the 2021 Negative List, which came into effect on January 1, 2022. Pursuant to the 2021 Negative List, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List

seeks an overseas offering and listing, it shall obtain the approval from the competent government authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and 5 supporting guidelines on the application of Regulatory Rules, which became effective on March 31, 2023, requiring Chinese domestic companies' overseas offerings and listings of equity securities be filed with the CSRC. The Overseas Listing Trial Measures clarify the scope of overseas offerings and listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder, and provide, among others, that Chinese domestic companies that have already directly or indirectly offered and listed securities in overseas markets prior to the effectiveness of the Overseas Listing Trial Measures shall fulfil their filing obligations and report relevant information to the CSRC within three working days after conducting securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going-private transactions, and follow the relevant reporting requirements within three working days upon the occurrence of any specified circumstances provided thereunder. Moreover, an overseas offering and listing is prohibited if (i) it is prohibited by PRC laws, regulations or other relevant rules, (ii) it may endanger national security as reviewed and determined by competent PRC authorities, (iii) in recent three years, the Chinese operating entities, or their controlling shareholders and actual controllers have committed any criminal act of corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order, (iv) the Chinese operating entities are currently under investigations for suspicion of criminal offenses or major violations, and no clear conclusion has been reached yet; or (v) there is material ownership disputes over the equity held by the controlling shareholder or the shareholder(s) under the control of the controlling shareholder or the actual controller.

According to the Overseas Listing Trial Measures, if we are deemed as an indirect overseas listed Chinese domestic company but fail to complete the filing procedures with the CSRC for any of our future securities offerings and listings outside of mainland China, including but not limited to follow-on offerings, secondary listings and going-private transactions, or follow any other reporting requirements required thereunder, we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council.

On February 24, 2023, the CSRC, together with certain other PRC governmental authorities, issued the Revised Confidentiality and Archives Administration Provisions, which became effective on March 31, 2023. According to the Revised Confidentiality and Archives Administration Provisions, Chinese companies that directly or indirectly conduct overseas offerings and listings, shall strictly abide by the relevant laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. In the event such documents or materials contain state secrets or working secrets of government agencies, the Chinese companies shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level with the approving authority; in the event that such documents or materials, if divulged, will jeopardize national security or public interest, the Chinese companies shall strictly fulfill relevant procedures stipulated by applicable national regulations. The Chinese companies shall also provide a written statement of the specific state secrets and sensitive information provided when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers shall properly retain such written statements for inspection. According to the Revised Confidentiality and Archives Administration Provisions, where overseas securities regulators or relevant competent authorities request to inspect, investigate or collect evidence from Chinese domestic companies concerning their overseas offering and listing or their securities firms and securities service providers that undertake securities business for such Chinese domestic companies, such inspection, investigation and evidence collection must be conducted under the cross-border regulatory cooperation mechanism, and the CSRC or competent authorities of the Chinese government will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanism. As the Revised Confidentiality and Archives Administration Provisions were recently promulgated, their interpretation and implementation remain substantially uncertain.

### ***Regulations on Air-ticketing***

The air-ticketing business is subject to the supervision of the China Aviation Transportation Association, or CATA, and its regional branches. Currently the principal regulation governing air-ticketing agencies in China is the Rules on Certification of Qualification for Civil Aviation Transport Sales Agencies, or the Air Ticketing Rules, issued by the CATA, which became effective on March 31, 2006. Under the Air Ticketing Rules and relevant foreign investment regulations, any company acting as an air-ticketing sale agency must obtain approval from the CATA, and a foreign investor cannot currently own 100% of an air-ticketing agency in China, except for qualified Hong Kong and Macau aviation marketing agencies. In addition, foreign-invested air-ticketing agencies are not permitted to sell passenger airline tickets for domestic flights in China, except for Hong Kong and Macau aviation marketing agencies. In addition, CATA issued the Supplementary Rules Regarding Sales via the Internet in 2008. These Supplementary Rules provide that, effective as of June 1, 2008, if an air-ticketing sales agency would like to engage in sales via the Internet, it must obtain an ICP license from the local counterpart of the MIIT and must complete a commercial website registration with the local counterpart of the SAMR. Although we request that travel suppliers provide their licenses or permits to us before entering into agreements with them, we cannot ensure that all of travel suppliers engaged in the air ticketing sales agency service obtained, and maintained, all necessary permits. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may not be able to adequately control and ensure the quality of travel products and services sourced from travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform.”

On March 3, 2021, the Ministry of Transport of the People’s Republic of China issued Administrative Provisions on Passenger Services for Public Air Transport, which took effect on September 1, 2021, requiring that operators of the aviation sales network platforms shall preserve the ticket-related information and ensure the completeness, confidentiality and availability of such information.

### ***Regulations on Hotel Operation***

In November 1987, the MPS issued the Measures for the Control of Security in the Hotel Industry, which has been most recently amended in April 2022. In June 2004, the PRC State Council promulgated the Decision of the PRC State Council on Establishing Administrative License for the Administrative Examination and Approval Items Really Necessary To Be Retained, which has been amended in 2016, 2019, 2020 and 2021, respectively. Under these two regulations, anyone who applies to operate a hotel is subject to examination and approval by the local public security authority and must obtain a special industry license. The Measures for the Control of Security in the Hotel Industry impose certain security control obligations on the operators. For example, the hotel must examine the identification card of any guest to whom accommodation is provided and make an accurate registration. The hotel must also report to the local public security authority if it discovers anyone violating the law or behaving suspiciously, or an offender wanted by the public security authority.

In April 1987, the PRC State Council promulgated the Public Area Hygiene Administration Regulation, which has been most recently amended in May 2021, requiring hotels to obtain a public area hygiene license before opening for business. In March 2011, the Ministry of Health promulgated the Implementation Rules of the Public Area Hygiene Administration Regulation, which has been amended in January 2016 and December 2017, respectively, requiring, starting from May 1, 2011, hotel operators to establish hygiene administration systems and keep records of hygiene administration. In February 2009, the Standing Committee of the NPC enacted the Food Safety Law, which has been amended in April 2015, December 2018 and April 2021, respectively, requiring any hotel that provides food to obtain a food service license.

The Fire Prevention Law, as most recently been amended by the Standing Committee of the NPC in April 2021, and the Provisions on Supervision and Inspection on Fire Prevention and Control, as amended by the MPS in July 2012, require that public gathering places such as hotels submit a fire prevention design plan in order to apply for completion acceptance of fire prevention facilities for their construction projects and to pass a fire prevention safety inspection by the local public security fire department, which is a prerequisite for opening business.

In January 2006, the PRC State Council promulgated the Regulations for Administration of Entertainment Places which has been most recently amended in November 2020. Under the regulations, hotels that provide entertainment facilities, such as discos or ballrooms, are required to obtain a license for entertainment business operations.

We cannot ensure that all of the hotels that we offer to our customers have obtained, and maintained, all necessary permits and licenses. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may not be able to adequately control and ensure the quality of travel products and services sourced from travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform.”

### ***Regulations on Travel Companies***

The travel industry is subject to the supervision of the MCT, formerly known as China National Tourism Administration, or the CNTA, and local culture and tourism administrations. The principal regulations governing travel companies in China include: (i) the Regulations on Travel Companies, or the Travel Company Regulations, issued by the PRC State Council in February 2009, and most recently amended in October 2021, which replaced the Administration of Travel Companies Regulations (1996), (ii) the Implementation Rules for the Regulation on Travel Companies (the “Travel Company Implementation Rules”), promulgated by the CNTA, the predecessor of MCT, in April 2009 and amended in December 2016, (iii) the Tourism Law issued by the Standing Committee of the NPC on April 25, 2013, and amended in November 2016 and October 2018, respectively, and (iv) Measures for the Administration of the Overseas Tours of Chinese Citizens, issued by the PRC State Council in May 2002, became effective as of July 2002 and was amended in March 2017. Under these regulations, a travel company must obtain a license from the MCT to conduct cross-border travel business and a license from the provincial-level culture and tourism administration to conduct domestic travel company business.

The Travel Company Regulations permit foreign investors to establish wholly foreign-owned travel companies, as well as joint ventures and cooperative travel companies. Foreign-owned travel companies are allowed to open branches nationwide, but are restricted from engaging in overseas travel business in China, unless otherwise determined by the PRC State Council, or provided under a bilateral free trade agreement between the country and China, or the closer economic partnership agreements between China, Hong Kong and Macau. However, according to regulations recently promulgated by the State Council and/or other authorities, qualified foreign-invested travel companies registered in certain areas of China are allowed to engage in overseas travel business, except in Taiwan area, for example, (i) on July 1, 2016, the PRC State Council issued the Decision of the State Council on Temporally Adjusting Relevant Provisions of Administrative Regulations, Documents of the State Council and Departmental Rules approved by the State Council in the Pilot Free Trade Zones, or Decision 41, pursuant to which qualified foreign-invested travel companies, registered in the Pilot Free Trade Zones of Shanghai, Guangdong, Tianjin and Fujian, may engage in overseas travel business, except in Taiwan area, (ii) the State Council Circular 16 promulgated in January 2019 allows foreign-invested travel companies, including Sino-foreign joint ventures and wholly foreign owned travel companies, registered in Beijing to engage in overseas travel business, except in Taiwan area, (iii) in August 2019, the PRC State Council issued Notice of the State Council on the Overall Plans for Six Newly Established Pilot Free Trade Zones, pursuant to which qualified foreign-invested travel companies, registered in the Pilot Free Trade Zones of Shandong and Heilongjiang provinces may engage in overseas travel business, except in Taiwan area, (iv) in August 2019, Shanghai Municipal People’s Government promulgated Several Measures of Shanghai Municipality for a New Round of Expanding the Opening up of the Service Sector, pursuant to which foreign-invested travel companies registered in Shanghai may engage in overseas travel business, except in Taiwan area, (v) in November 2019, MOC together with 17 other government authorities promulgated the Notice on Trial Implementation in China (Hainan) Pilot Free Trade Zone of the Policies Implemented in Other Pilot Free Trade Zones, pursuant to which qualified foreign-invested travel companies, registered in the Hainan Pilot Free Trade Zones may engage in overseas travel business, except in Taiwan area.

The Travel Company Implementation Rules define certain terms used in the Travel Company Regulations, for example, the definition of “domestic tourism business,” “inbound travel business” and “overseas travel business”, and set out detailed application requirements to establish a travel company. The Travel Company Implementation Rules also clarify certain aspects of legal liability for travel companies as prescribed in the Travel Company Regulations.

Pursuant to the Tourism Law, travel companies are prohibited from arranging for compulsory shopping or other activities which charge additional fees on top of the contract prices that tourists have already paid, unless it is agreed upon by both parties through consultation or requested by the tourists and does not affect the itinerary of other tourists. Travel companies are required to pay quality deposits for compensation for damage to tourists' rights and advance payment of expenses for emergency assistance when the tourists' personal safety is in danger. Travel companies are required to engage tour guides, who are required to strictly follow the itineraries and are prohibited from altering arrangements without the consent of customers, suspending the provision of services, requesting tips from tourists, and arranging for compulsory shopping or other activities which charge additional fees on top of the contract prices that tourists have already paid by way of induction, deception, coercion or in other illegal forms. The information that travel companies release to attract or organize tourists is required to be authentic and accurate, and no false publicity can be made to mislead tourists. In addition, travel companies conducting business via the Internet are required to present information of their travel company licenses on their websites, and ensure the truthfulness and accuracy of the travel-related information they release on their websites. Generally, travel companies soliciting tourists are required to take primary liabilities for any breach of travel contracts, including personal injury or property loss suffered by the tourists attributable to travel service providers and tour operators at destinations and their suppliers.

In 2010, CNTA released the Measures for Dealing with Tourism Complaints, which took effect as of July 1, 2010. Under these Measures, authorities which are responsible for dealing with tourist complaints are required to render a decision on the complaints within 60 days after the date of receipt thereof.

Although we take measures, such as requesting travel suppliers to provide their relevant permits and/or licenses, we cannot make sure that all of the travel suppliers maintained all necessary permits. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may not be able to adequately control and ensure the quality of travel products and services sourced from travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform."

In November 2010, CNTA and China Insurance Regulatory Commission, which has been merged into the China Banking and Insurance Regulatory, jointly promulgated the Measures for the Administration of the Liability Insurance of Travel Companies, or the Liability Insurance Measures, which became effective as of February 1, 2011. Travel companies are required to procure travel company liability insurance pursuant to the Liability Insurance Measures. The insurance companies are required to, subject to the liability limits provided under the insurance agreement, reimburse the travel companies for the compensation made by the travel companies for the personal injury or death and the loss of properties of tourists and the relevant tour guides or tour leaders. Pursuant to the Liability Insurance Measures, the liability limit for the personal injury or death of each person cannot be less than RMB200,000. Each of the relevant consolidated affiliated entities engaged in travel agent business has procured and is covered by valid travel company liability insurance.

On August 20, 2020, the MCT issued the Interim Measures on the Administration of Online Tourism Business Services, or the Measures on Online Tourism Business Services, which took effect on October 1, 2020. The Measures on Online Tourism Business Services provides that operators of online tourism business services shall, among other things, (i) formulate tourist security protection mechanisms, (ii) refrain from transmission of information prohibited by laws and regulations, keep relevant records and report to competent authorities, (iii) implement the classified protection system for cyber security and take management and technical measures for the protection of cyber security, (iv) provide true and accurate tourism service information and establish transparent and accessible reservation channels for transportation, accommodation and sightseeing for tourists; (v) protect the safety of tourists' personal information and privacy, and (vi) maintain travel agency liability insurance if they conduct travel agency business.

#### ***Regulations on Online Transaction Platform Operators***

In May 2014, the SAIC issued the Guidelines for the Performance of Social Responsibilities by Online Transaction Platform Operators, or the Online Transaction Platform Operators Guidelines. The Online Transaction Platform Operators Guidelines stipulate the qualification requirements for operators of online transaction platforms, and certain other obligations, such as examination and registration of any business operator using online transaction platforms, online transaction operators' contracts with suppliers and customers, and data protection for consumers, among others. Pursuant to the Online Transaction Platform Operators Guidelines, online transaction platform operators must (i) establish a consumer protection and consumer dispute settlement system, and (ii) ensure that their complaint and customer support channels are smooth.

In addition, online transaction platform operators must also preserve all relevant online transaction data for at least two years from the date of the transaction. Operators of online transaction platform must comply with the Consumer Protection Law, the Product Quality Law, the Anti-unfair Competition Law and other relevant laws and regulations. Furthermore, as required by Jiangsu Administration of Telecommunication, Nanjing Tuniu, our consolidated affiliated entity, has obtained a license of online data processing and transaction which will expire in October 2022. Subject to any clarifications or interpretations that may be issued in future as to the Online Transaction Platform Operators Guidelines, we might need to adjust our operational or contracting practices.

In August 2018, the Standing Committee of the NPC promulgated the PRC E-commerce Law, which became effective in January 2019. The E-commerce Law strengthens the regulation on E-commerce operators relating to consumer protection, personal data protection and intellectual property rights protection. As an e-commerce operator, we are required under the E-commerce Law, (1) to refrain from conducting false or misleading commercial promotion by fabricating transactions, making up user comments or otherwise, to defraud or mislead consumers, (2) to allow consumers to opt out of search results targeting his or her personal characteristics such as hobbies and shopping patterns and simultaneously show the consumers with options not targeting his or her personally characteristics, (3) to alert consumers of tie-in sales of commodities or services, and shall not set the tied-in commodities or services as a default option, (4) to obtain and maintain a business license and other applicable licenses as required, and disclose information of such licenses at our front-page, (5) to clearly detail the refund procedure for the deposit we received from customers, and not set any unreasonable conditions to refund, (6) to take the risks and responsibilities in the transportation of the products, unless the consumer chooses a courier logistics service provider other than the default service provider, etc.

On March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Trading, or the Online Trading Measures, which took effect and replace the Administrative Measures for Online Trading on May 1, 2021. The Online Trading Measures further strengthen the administration and supervision of online trading activities, and impose a series of regulatory requirements on new forms of online trading, such as online social networking e-commerce and online livestreaming e-commerce. The Online Trading Measures specify typical examples of unreasonable restrictions or conditions imposed by e-commerce platform operators on transactions concluded on their platforms, including prohibiting or restricting the merchants to operate on other e-commerce platforms by means of unfair practices, such as reducing their search exposure, removing their products or services, blocking their stores etc., or prohibiting or restricting the merchants from freely choosing supporting service providers for transactions, such as logistics services providers.

On March 1, 2022, the Supreme People's Court in China issued the Provisions on Issues Concerning the Application of Law for the Trial of Cases on Online Consumption Disputes, which came into effect as of March 15, 2022 and further clarify the responsibilities of online consumption platforms and improve the seven-day no-reason return rules. According to these judicial interpretations, standard terms provided by e-commerce operators that are unfair and unreasonable to consumers may be deemed invalid, and contracts signed between e-commerce operators and others for false publicity by means of fictitious deals, hits or user comments should also be null and void. Moreover, an operator on e-commerce platform shall bear the liability as a product seller or service provider: (1) where the e-commerce platform operator on an e-commerce platform guides the consumer to make a payment through a method other than that provided by the transaction platform (2) where prizes or gifts provided by the e-commerce operator during a promotion, or commodities bought by consumers for redemption, harm the consumers; (3) when the promised compensation standards are higher than the legal standards. In particular, even if the e-commerce platform does not carry out any self-operated business, but the marks made thereon are sufficient to mislead consumers, the e-commerce platform shall be liable as the product seller or service provider. Furthermore, operators of livestreaming platforms are responsible for verifying the qualification and license of livestreamers who sell food products.

#### ***Regulations on Consumer Rights Protection***

According to the PRC Consumer Protection Law, as amended on October 25, 2013 and became effective as of March 15, 2014, the rights and interests of consumers that purchase or use commodities or receive services for consumption purposes in daily life are required to be protected, which includes the right to personal safety and the safety of property, the right to be informed about goods and services offered for sale, the right to free choice when selecting goods or services and the right to enjoy fair dealings, respect for their personal dignity and ethnic customs, and compensation for damages suffered.



## [Table of Contents](#)

Correspondingly, a business operator providing a commodity or service to a consumer is subject to a number of requirements, which includes to ensure that commodities and services meet with certain safety requirements, to disclose serious defects of a commodity or a service and to adopt preventive measures against damage occurring, to provide consumers with accurate information and to refrain from conducting false advertising, and not to set unreasonable or unfair terms for consumers or alleviate or release itself from civil liability for harming the lawful rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or other means. A business operator may be subject to civil liabilities for failing to fulfill the obligations discussed above. These liabilities include restoring the consumer's reputation, eliminating the adverse effects suffered by the consumer, offering an apology and compensating for any losses incurred. The following penalties may also be imposed upon business operators for any infraction: issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operations, revocation of its business license or imposition of criminal liabilities under circumstances that are specified in laws and statutory regulations.

The amended Consumer Protection Law further strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on the business operators through the internet. The consumers whose interests are harmed due to their purchase of goods or acceptance of services on online marketplace platforms may claim damages from sellers or service providers. As to legal liabilities of the online marketplace platform provider, the Consumer Protection Law set forth that, where a consumer purchases products or accepts services via an online trading platform and his or her interests are prejudiced, if the online trading platform provider fails to provide the name, address and valid contact information of the seller, the manufacturer or the service provider, the consumer is entitled to demand compensation from the online trading platform provider. If the online trading platform provider gives an undertaking that is more favorable to consumers, it shall perform such undertaking. Once the online trading platform provider has paid compensation, it shall have a right of recourse against the seller, the manufacturer or the service provider. If an online trading platform provider is aware or ought to have been aware that a seller, manufacturer or service provider is using the online platform to infringe upon the lawful rights and interests of consumers and it fails to take necessary measures, it shall bear joint and several liabilities with the seller, the manufacturer or service provider for such infringement. The Civil Code of the PRC, which was enacted by the NPC on May 28, 2020 and took effect on January 1, 2021, also provides that if an online service provider is aware that an online user is committing infringing activities, such as selling counterfeit products, through its internet services and fails to take necessary measures, it shall be jointly and severally liable with said online user for such infringement. If the online service provider receives any notice from the infringed party on any infringing activities, the online service provider shall take necessary measures, including deleting, blocking and unlinking the infringing content, in a timely manner. Otherwise, it will be jointly and severally liable with the relevant online user for the extended damages.

The Interim Measures for No Reason Return of Online Purchased Commodities within Seven Days, which came into effect in March 2017 and was amended in October 2020, further clarifies the scope of consumers' rights to make returns without a reason, including the detailed rules on exceptions, return procedures and online marketplace platform providers' responsibility to formulate seven-day no-reason return rules, sets up the related consumer protection systems and supervision on merchants for compliance with the relevant rules.

In October 2010, the Supreme People's Court of China issued the Provisions on Issues Concerning the Application of Law for the Trial of Cases on Tourism-related Disputes, as amended in December 2020, which establish liabilities for tour operators and tourism support service providers in the event of contract disputes, personal injury and property damage involving tourists.

On March 1, 2022, the Supreme People's Court in China issued the Provisions on Issues Concerning the Application of Law for the Trial of Cases on Online Consumption Disputes, which took effect as of March 15, 2022 and further clarify the responsibilities of online consumption platforms. According to these judicial interpretations, the e-commerce platform shall be liable as the product seller or service provider if the marks made thereon mislead consumers to believe they are provided by the e-commerce platform, even if it does not actually carry out any self-operated business. Furthermore, according to these judicial interpretations, operators of livestreaming platforms are responsible for verifying the qualification and license of livestreamers who sell food products.

Therefore, although we take certain measures to monitor the qualities of the travel products and services provided by travel suppliers and handle customer complaints, we cannot ensure that these measures are sufficient to protect consumer rights, or that customer disputes can be handled and resolved in a timely fashion. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may not be able to adequately control and ensure the quality of travel products and services sourced from travel suppliers. If there is any deterioration in the quality of their performance, our customers may seek damages from us and not continue using our online platform."

### ***Regulations on Advertising Business***

The SAMR is the primary government authority regulating advertising activities, including online advertising, in China. Regulations that apply to advertising business primarily include:

- Advertisement Law of the People's Republic of China, promulgated by the Standing Committee of the NPC as most recently amended on April 29, 2021 and effective as of the same date;
- Administrative Regulations for Advertising, promulgated by the PRC State Council on October 26, 1987 and effective since December 1, 1987.
- Regulations on Internet Information Search Services, promulgated by the CAC on June 25, 2016 and effective on August 1, 2016 ;
- Interim Measures for Administration of Internet Advertising, promulgated by the SAIC on July 4, 2016 and effective on September 1, 2016 , which will be replaced by the Administrative Measures for Internet Advertising on May 1, 2023; and
- Administrative Measures for Internet Advertising, promulgated by the SAMR on February 25, 2023 and to be effective on May 1, 2023.

According to the above regulations, companies that engage in advertising activities must each obtain, from the SAMR or its local branches, a business license which specifically includes operating an advertising business in its business scope. An enterprise engaging in advertising business within the specifications in its business scope does not need to apply for the registration for advertisement publication, provided that such enterprise is not a radio station, television station, newspaper and periodical publishers.

Under the Rules for Administration of Foreign Invested Advertising Enterprises, which were jointly promulgated by the SAIC and the MOC on March 2, 2004 and amended on August 22, 2008, certain foreign investors are permitted to hold direct equity interests in PRC advertising companies. A foreign investor in a Chinese advertising company is required to have prior direct advertising operations as its main business outside China for two years if the Chinese advertising company is a joint venture, or three years if the Chinese advertising company is a wholly foreign-owned enterprise. Since we have not been involved in the advertising industry outside of China for the required number of years, we are not permitted to hold direct equity interests in PRC companies engaging in the advertising business. Therefore, we conduct our advertising business through Nanjing Tuniu, which holds a business license that covers advertising in its business scope. The Rules for Administration of Foreign Invested Advertising Enterprises has been abolished on June 29, 2015. PRC advertising laws and regulations set certain content requirements for advertisements in China, including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisers, advertising agencies, and advertising distributors are required to ensure that the content of the advertisements they prepare or distribute is true and in full compliance with applicable laws. In providing advertising services, advertising operators and advertising distributors must review the supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, advertising distributors are obligated to verify that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. Where serious violations occur, the SAMR or its local branches may revoke such offenders' licenses or permits for their advertising business operations.

On February 25, 2023, the SAMR released the Administrative Measures for Internet Advertising, which will come into effect from May 1, 2023 and replace the Interim Measures for Administration of Internet Advertising. The Administrative Measures for Internet Advertising set out, among other things, the following key requirements for Internet advertising activities:

- online advertisements for tobacco (including e-cigarettes) are not allowed, and online advertisements for prescription medicine are not allowed unless otherwise permitted by laws and regulations;

## [Table of Contents](#)

- online advertisements for special commodities and services such as medical treatments, pharmaceuticals, medical devices, agrochemicals, veterinary medicine, health foods and food for special medical purposes must be reviewed by competent authorities before online publication, and the advertisements for such commodities and services are not allowed to be published in the form of introducing health and wellness knowledge. In addition, when introducing health and wellness knowledge, information such as the address or contact information of commodity operators or service providers and shopping links related to these products must not appear on the same page or at the same time;
- advertisements for medical treatments, pharmaceuticals, health foods, special medical purpose formula foods, medical devices, cosmetics, alcohol, beauty advertisements, and online game advertisements that are detrimental to the physical and mental health of minors shall not be published on internet media targeted to minors;
- Internet advertisements must be visibly marked as “advertisement”, while paid-search results must be obviously distinguished from natural search results;
- when promoting commodities or services through knowledge introduction, experience sharing or consumer evaluation, and purchase methods such as shopping links are attached, the advertisements publishers shall visibly mark them as “advertisements”;
- “pop-up ads” must be clearly marked with a “close” sign and be closable with one click. Furthermore, the advertisers and publishers are prohibited from engaging in the following behaviors that affect one-click closure: (i) there is no “close” sign or the timing is over to close the advertisements; (ii) the “close” sign is false, not clearly identifiable or difficult to locate which set up obstacles to close the advertisements; (iii) closing the advertisements requires more than two clicks; (iv) during the process of browsing the same page or document, the advertisements continue to pop up after closing, which affect users’ normal use of the network. These requirements also apply to app-opening ads displayed when launching an internet application;
- if the Internet advertisements are published by means of algorithmic recommendation or other technologies, the rules related to algorithm recommendation services and advertising records shall be included in the advertising archives.

The advertisers are responsible for the authenticity of the content of Internet advertisements, while the Internet advertisement publishers and advertisement agencies are required to establish, improve, and implement registration, review, and archive management systems for Internet advertising businesses, which include verifying and registering advertiser information, verifying supporting documents and advertisements content, and allocating advertising review personnel familiar with advertising laws and regulations or establish advertising review bodies.

The Administrative Measures for Internet Advertising require Internet platform operators providing Internet information services to take measures to prevent and stop illegal advertisements, which include recording and storing the real identity information of users who publish advertisements for at least three years, monitoring and investigating the content of advertisements, and employing other measures to stop illegal advertisements. Internet platform operators are also required to establish effective complaint and reporting mechanisms, cooperate with market regulatory departments in investigating illegal conduct, and use measures such as warnings, suspending or terminating services for users who publish illegal advertisements. Furthermore, Internet platform operators are prohibited from using technical means or other methods to obstruct market regulatory departments’ advertising monitoring.

### ***Regulations on Small Credit Companies***

Under the Guiding Opinions on the Pilot Operation of Small Credit Companies which was promulgated by the CBIRC and the PBOC on May 4, 2008, or the Guiding Opinions on Small Credit Companies, a small credit company is a company which is specialized in operating a small credit business, established with investments from natural persons, legal-person enterprises or other social organizations, and does not accept any public deposits. Currently there is no regulatory authority at the national level with respect to the administration and supervision of small credit companies in the PRC. Pursuant to the Guiding Opinions on Small Credit Companies, if a provincial government determines a competent department (office of finance or relevant organizations) to be responsible for the supervision and administration of small credit companies and the regulation of risks associated with small credit companies, such provincial government may carry out the pilot operation of small credit companies within such province. The applicant is required to file an application with the competent department of the provincial government to apply for setting up a small credit company. Based on the Guiding Opinions on Small Credit Companies, many provincial governments, including that of Guangdong Province, where our small credit company is incorporated, promulgated local implementing rules on the administration of small credit companies. Our small credit company has obtained the approval issued by the competent authority to conduct small credit businesses through the internet.

In November 2020, the CBIRC and the PBOC published the Draft Online Small Credit Measures, for public comment. The Draft Online Small Credit Measures provide, among others, that:

- an online small credit company must obtain the CBIRC's approval before carrying out online small credit business across two or more provinces;
- an online micro-lending company shall provide at least 30% funding for any single co-lending loan and keep its overall debt financing amount within five times of its net assets; and
- the amount of the balance of the loan that an online small credit company may provide to an individual or entity shall not exceed, in the case of an individual, the lower of RMB300,000 or one-third of the individual's average annual income for the past three years, and, in the case of a legal person or organization, RMB1 million.

Under the Draft Online Small Credit Measures, existing online small credit companies with businesses across provinces will have a three-year transition period to obtain the required approval and adjust their businesses as necessary to be in compliance with these measures. The Draft Online Small Credit Measures, if enacted in substantially the form published for public comment, will change regulatory requirements for online small credit business in various respects.

### ***Regulations on Insurance Brokerage***

According to the Measures for the Regulations of the Internet Insurance Business issued by CBIRC on December 7, 2020 and effective on February 1, 2021, "Internet insurance business" means the insurance operations in which insurance institutions conclude insurance contracts and provide insurance services through the Internet, "insurance institutions" include insurance companies and insurance intermediary institutions such as insurance brokers. Internet insurance business shall only be carried out by legally established insurance institutions. No insurance institution may carry out the Internet insurance business beyond the permitted business scope. An insurance institution, including insurance broker, shall sell internet insurance products or provide insurance brokerage services via its self-operated network platform or the self-operated network platform of any other insurance institution, and the insurance application page shall belong to its self-operated network platform, except where any government department requires policyholders to complete the entry of insurance application information on the network platform prescribed by the government in the public interest. "Self-operated network platform" refers to any network platform being independently operated with complete data permission, which is legally established by an insurance institution for the purpose of internet insurance business operation; network platforms established by branches of insurance institutions and non-insurance institutions related to insurance institutions in terms of equity or personnel shall not be deemed as self-operated network platforms. An insurance institution shall continue to raise the level of risk prevention and control of internet insurance business, improve the risk monitoring, early warning and early intervention mechanism, and ensure the independent operation of its self-operated network platform.

## [Table of Contents](#)

According to the Provisions on the Supervision of Insurance Brokers, or the POSIB, promulgated by the China Insurance Regulatory Commission, which was merged into the CBIRC, on February 1, 2018 and effective on May 1, 2018, the Implementation Measures for Insurance Intermediary Business Administrative Licensing and Record-filing promulgated by CBIRC on October 28, 2021 and effective on February 1, 2022, the insurance brokerage company must obtain an insurance brokerage license from CBIRC before engaging in insurance brokerage business. One of the consolidated affiliated entities has obtained the insurance brokerage license to operate the following insurance brokerage businesses: (i) draft insurance plans for insurance applicants, select insurance companies and handle insurance application formalities nationwide; (ii) assist the insured parties or beneficiaries in making claims; (iii) reinsurance brokerage, (iv) provide disaster prevention, loss prevention, risk evaluation or risk management advisory services to entrusting parties; (v) other businesses approved by the CBIRC.

According to the Notice of the General Office of the CBIRC on Relevant Matters of Further Regulating the Internet Personal Insurance Businesses of Insurance Institutions promulgated on October 12, 2021, the insurance intermediary institution carrying out the Internet personal insurance business shall be a national institution and shall have corresponding technical capacity, operating capacity and service capacity, the customer service personnel of an insurance intermediary institution are not allowed to conduct proactive marketing and their salaries shall not be linked to the sales assessment indicators of the Internet personal insurance.

### ***Regulations on Fund Distribution***

According to the Administration Measures of Publicly Offered Securities Investment Funds Distribution Institutions, or the Fund Distribution Administrative Measures, promulgated by CSRC on August 28, 2020 and effective on October 1, 2020, fund distribution institutions include fund managers and other institutions shall be registered with the CSRC or its branches. Commercial banks, securities companies, futures companies, insurance institutions, securities investment consulting institutions and independent institutions are required to register with local CSRC branch and obtain the relevant fund distribution license before engaging in fund distribution service. Distribution services regulated under the Fund Distribution Administrative Measures refer to marketing and promotion, sales and distribution, and in particular, subscription and redemption services of mutual funds. One of the consolidated affiliated entities obtained the fund distribution license from the CSRC.

### ***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 State Intellectual Property Office, formerly the PRC Trademark Office of the SAIC is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. As of December 31, 2022, we had 495 registered trademarks in different applicable trademark categories and were in the process of applying to register 9 trademarks in China.

In addition, pursuant to the PRC Trademark Law, counterfeit or unauthorized production of the label of another person’s registered trademark, or sale of any label that is counterfeited or produced without authorization will be deemed as an infringement to the exclusive right to use a registered trademark. The infringing party will be ordered to stop the infringement immediately, a fine may be imposed and the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder’s damages, which will be equal to the gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement. If the gains or losses, or royalties are difficult to determine, the court may render a judgment awarding damages of up to RMB5,000,000.

### ***Domain Name***

Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the MIIT in August 2017 and effective on November 2017. The MIIT is the major regulatory body responsible for the administration of the PRC Internet domain names, under supervision of which the China Internet Network Information Center, or CNNIC, is responsible for the daily administration of .cn domain names and Chinese domain names. The MIIT issued Administrative Measures on Internet Domain Name on August 14, 2017 and then CNNIC issued Rules for the Implementations of the Registration of State Top-Level Domain Name on June 18, 2019, which set forth basic rules for registration of domain names. CNNIC adopts the “first to file” principle with respect to the registration of domain names. In November 2017, MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services to further regulate the use of domain names in internet information services. As of December 31, 2022, we had 89 registered domain names, including *www.tuniu.com*.

### ***Copyright***

Works are protected under the PRC Copyright Law adopted by the NPC in 1990, as amended in 2001, 2010 and 2020, as well as its implementation rules adopted by the State Council in 1991, as amended in 2002, 2011 and 2013. Whether such protected works are published or not, copyrights duly obtained and enjoyed by the author or other copyright owner remain unaffected. Copyright owners, however, could register such protected works on a voluntary basis with National Copyright Administration or its local counterparts. We have registered 27 artwork copyrights in China.

Pursuant to the PRC Copyright Law and its implementation rules, creators of protected works enjoy personal and property rights, including, among others, the right of disseminating the works through information network. Pursuant to the relevant PRC regulations, rules and interpretations, Internet service providers will be jointly liable with the infringer if they (i) participate in, assist in or abet infringing activities committed by any other person through the Internet, (ii) are or should be aware of the infringing activities committed by their website users through the Internet, or (iii) fail to remove infringing content or take other action to eliminate infringing consequences after receiving a warning with evidence of such infringing activities from the copyright holder. In addition, where an ICP service operator is clearly aware of the infringement of certain content against another’s copyright through the Internet, or fails to take measures to remove relevant contents upon receipt of the copyright owner’s notice, and as a result, it damages the public interest, the ICP service operator could be ordered to stop the tortious act and be subject to other administrative penalties such as confiscation of illegal income and fines. To comply with these laws and regulations, we have implemented internal procedures to monitor and review the content we have licensed from content providers before they are released on our website and remove any infringing content promptly after we receive notice of infringement from the legitimate rights holder.

### ***Software Copyrights***

Computer Software Protection Regulations promulgated by the PRC State Council in December 2001, amended in 2011 and 2013, provide that the rights and interests of computer software copyright owners are protected. A Chinese citizen, legal person, or other organization shall be entitled to the copyright in software developed thereby regardless of whether the software has been published or not. A foreigner’s or stateless person’s software shall enjoy copyright if it is first distributed in China.

In order to further implement the Computer Software Protection Regulations, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures in February 2002, amended in 2004, which apply to software copyright registration, license contract registration and transfer contract registration. As of December 31, 2022, we had 123 registered computer software copyrights in China.

### ***Patents***

Patents are protected under the PRC Patent Law adopted by the NPC in 1984, as amended in 1992, 2000, 2008 and 2020, as well as its implementation rules adopted by the State Council in 1985, as amended in 1992, 2001, 2002 and 2010. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent application. A patent is valid for a term of 20 years in the case of an invention and a term of 10 years in the case of utility models and designs. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights. As of December 31, 2022, we had 30 registered patents in China.

### ***Civil Code of the PRC***

In accordance with the Civil Code of the PRC promulgated by the NPC on May 28, 2020, which became effective as of January 1, 2021, Internet users and Internet service providers bear tortious liabilities in the event they infringe other persons' rights and interests through the Internet. Where an Internet user conducts tortious acts through Internet services, the infringed person has the right to request the Internet service provider to take necessary actions such as deleting contents, screening and delinking. The Internet service provider, failing to take necessary actions after being informed, will be subject to joint and several liabilities with the Internet user with regard to the additional damages incurred. If an Internet service provider knows an Internet user is infringing other persons' rights and interests through its Internet service but fails to take necessary action, it shall be jointly and severally liable with the Internet user. We have internal policies designed to reduce the likelihood that user content may be used without proper licenses or third-party consents. When we are approached and requested to remove content uploaded by users on the grounds of infringement, we investigate the claims and remove any uploads that appear to infringe the rights of a third party after our reasonable investigation and determination. However, such policy may not be effective in preventing the unauthorized listing of copyrighted materials or materials infringing other rights of third parties. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Claims by third parties that we infringe on their intellectual property rights could lead to government administrative actions and result in significant costs and have a material adverse effect on our business, financial condition and results of operations."

### ***Regulations on Foreign Currency Exchange***

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations. Under PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of mainland China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of mainland China.

In 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or Circular 59, which substantially amends and simplifies the current foreign exchange procedure. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity are allowed to be opened in different provinces, which was previously prohibited. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Circular 13, which became effective in June 2015 and was most recently amended in December 2019. Under SAFE Circular 13, foreign exchange registrations of direct investment will be handled by the banks designated by the foreign exchange authority instead of SAFE and its branches. We generally follow the regulations and apply to obtain the approval of or registration with SAFE and other relevant PRC government authorities or designated banks. However, we may not be able to obtain these registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to our PRC subsidiaries and the consolidated affiliated entities may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

## [Table of Contents](#)

In March 2015, SAFE promulgated the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign Invested Enterprises, or Circular 142, and the Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas, or Circular 36. Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments and removes certain other restrictions that had been provided in Circular 142. However, under Circular 19, foreign-invested enterprises are continued to be prohibited from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises. SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective June 2016, which reiterates some of the rules set forth in Circular 19. Circular 16 provides that discretionary settlement of foreign exchange applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay intercompany loans (including advances by third parties). However, there are substantial uncertainties with respect to the interpretation and implementation of Circular 16 in practice. Circular 19 or Circular 16 may delay or limit us from using the proceeds of offshore financing activities to make additional capital contributions to our PRC subsidiaries, and any violations of these circulars could result in severe monetary or other penalties.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements, and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE issued Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or the Circular 28, which took effect on the same day. Circular 28 allows foreign-invested enterprises of non-investment nature to use their capital funds to make equity investments in China, provided that such investments do not violate the effective special entry management measures for foreign investment (negative list) and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments with their income under capital accounts such as capital funds, foreign debts and proceeds from overseas listing without submitting evidence of genuineness to the banks in advance, provided the use of such funds is genuine and in compliance with administrative regulations on the use of income under capital accounts.



### ***Regulations on Dividend Distribution***

The principal regulations governing distribution of dividends of wholly foreign-owned enterprises include the PRC Company Law, which applies to both PRC domestic companies and foreign-invested companies, and the PRC Foreign Investment Law and its Implementation Rules, which apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

### ***Regulations on Offshore Financing***

Pursuant to a SAFE Circular 37 issued by SAFE on July 4, 2014, which replaced the former circular commonly known as “Safe Circular 75” issued by SAFE in October 2005, prior registration with the local SAFE branch is required for PRC residents in connection with their direct establish or indirect control of an offshore entity, for the purposes of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by such PRC residents, referred to in SAFE Circular 37 as a “special purpose vehicle.” The PRC residents are also required to amend the registration or filing with the local SAFE branch in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC residents, share transfer or exchange, merger, division or other material event.

Failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entities, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control our company from time to time are required to register with SAFE in connection with their investments in us. We requested PRC residents holding direct or indirect interests in our company to our knowledge to make the necessary applications, filings and amendments as required under SAFE Circular 75 and other related rules prior to our initial public offering. However, we might not be fully informed of the identities of all of our beneficial owners who are PRC citizens or residents, and we cannot compel our beneficial owners to comply with the requirements of SAFE Circular 37. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC citizens or residents have complied with and will in the future make or obtain any applicable registrations or approvals required by SAFE Circular 37 or other related regulations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, limit our ability to inject capital into our PRC subsidiaries, or otherwise expose us to liability and penalties under PRC laws.”

### ***Regulations on Employee Stock Option Plans***

In February 2012, SAFE promulgated the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plans in an overseas publicly-listed company, which includes employee stock ownership plans, stock option plans and other incentive plans permitted by relevant laws and regulations, are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan in an overseas publicly listed company who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents’ exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents.

## [Table of Contents](#)

We adopted the 2008 Plan, pursuant to which we may issue options or restricted shares to our qualified employees and consultants on a regular basis. We also adopted the 2014 Plan, which permits the granting of options to purchase our ordinary shares, restricted shares and restricted share units. The failure of the share options holders to complete their registration pursuant to the Stock Option Rules and other foreign exchange requirements may subject these PRC individuals to fines and legal sanctions, and may also limit our ability to contribute additional capital to our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us or otherwise materially adversely affect our business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Failure to comply with PRC regulations regarding the registration requirements for share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions."

In addition, the STA has issued circulars concerning employee share options, under which our employees working in the PRC who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or if we fail to withhold their income taxes as required by relevant laws and regulations, we may face sanctions imposed by the PRC tax authorities or other PRC government authorities.

### ***Regulations on Employment***

The PRC Labor Law, the PRC Labor Contract Law and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer would be deemed to have entered into a labor contract without a fixed term with such employee. In addition, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located.

### ***Regulations on Taxation***

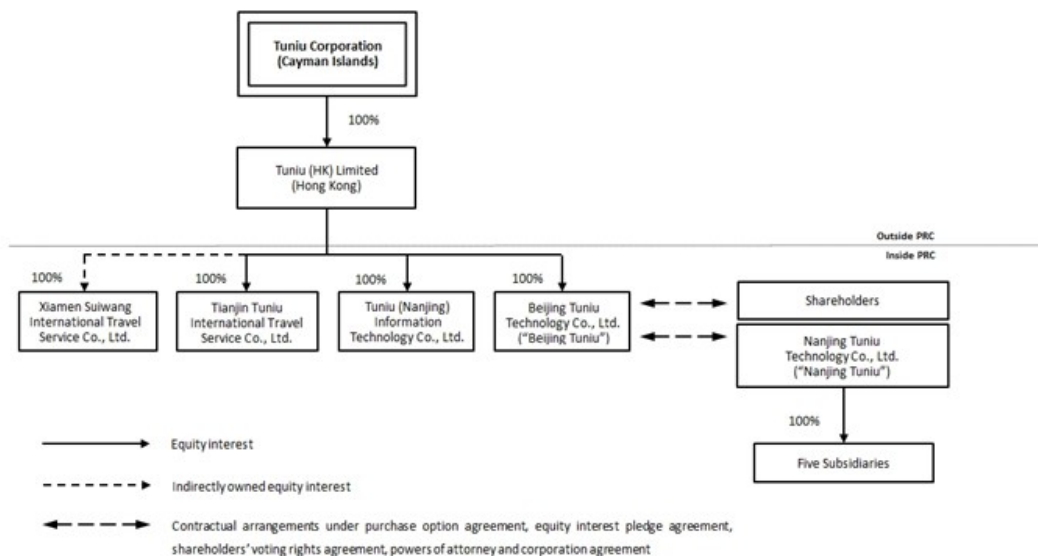
For a discussion of applicable PRC tax regulations, see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Taxation."

### **C. Organizational Structure**

We restructured the ownership structure of Nanjing Tuniu, the VIE, in February 2021, during which the shareholders of Nanjing Tuniu other than Messrs Dunde Yu transferred all of their equity interest in Nanjing Tuniu to Messrs Dunde Yu and Anqiang Chen. On February 19, 2021, Beijing Tuniu, Nanjing Tuniu and the then existing shareholders of Nanjing Tuniu, namely Dunde Yu, Haifeng Yan, Tong Wang, Jiping Wang, Xin Wen, Yongquan Tan and Haifeng Wang entered into a termination agreement to terminate the existing contractual arrangements and, on the same day, Beijing Tuniu, Nanjing Tuniu and the new shareholders of Nanjing Tuniu, namely Dunde Yu and Anqiang Chen, entered into new contractual arrangements which are substantially similar to the contractual arrangements we have historically adopted. See "Agreements that enable us to direct the activities of Nanjing Tuniu" below.

[Table of Contents](#)

The following diagram illustrates our corporate structure, including our principal subsidiaries, consolidated affiliated entity and its principal subsidiaries, as of the date of this annual report on Form 20-F:



- (1) Messrs. Dunde Yu and Anqiang Chen hold 80.89% and 19.11% equity interests in Nanjing Tuniu, respectively. Among the shareholders of Nanjing Tuniu, Mr. Dunde Yu is our founder, director and an ultimate shareholder of Tuniu Corporation. Mr. Anqiang Chen is our Financial Controller.

**Agreements that Enable us to Direct the Activities of Nanjing Tuniu**

**Purchase Option Agreement.** Pursuant to the purchase option agreement entered into on February 19, 2021, each of the shareholders of Nanjing Tuniu irrevocably and exclusively grants Beijing Tuniu an option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of such shareholder's equity interests in Nanjing Tuniu. The aggregate purchase price is RMB2.43 million. The shareholders of Nanjing Tuniu agree, without the prior written consent of Beijing Tuniu, not to transfer or otherwise dispose of their equity interests in Nanjing Tuniu, pledge their equity interests or create any encumbrance on their equity interests. The agreement remains effective until all equity interests held in Nanjing Tuniu by the shareholders of Nanjing Tuniu are transferred or assigned to Beijing Tuniu or its designated person or persons. The purchase price has been prepaid by Beijing Tuniu to the shareholders of Nanjing Tuniu.

**Equity Interest Pledge Agreement.** Pursuant to the equity interest pledge agreements entered into by and between Beijing Tuniu, Nanjin Tuniu and each shareholder of Nanjing Tuniu on February 19, 2021, each of the shareholders of Nanjing Tuniu pledge all of such shareholder's equity interests in Nanjing Tuniu to guarantee the performance of the obligations under the purchase option agreement. If the shareholders of Nanjing Tuniu breach their contractual obligations under the purchase option agreement and shareholders' voting rights agreement, Beijing Tuniu, as the pledgee, will have the right to either conclude an agreement with the pledger to obtain the pledged equity or seek payments from the proceeds of the auction or sell-off the pledged equity to any person pursuant to the PRC law. The shareholders of Nanjing Tuniu agree that, during the term of the equity interest pledge agreement, they will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests. During the equity pledge period, Beijing Tuniu is entitled to all dividends and other distributions made by Nanjing Tuniu. The equity interest pledge became effective on the date when the equity interest pledge was registered with the relevant local administration for market regulation, and remains effective until the shareholders of Nanjing Tuniu discharge all their obligations under the purchase option agreement, or Beijing Tuniu enforces the equity interest pledge, whichever is earlier. We have completed the registration of the equity interest pledge with Xuanwu Branch of Nanjing Administration for Market Regulation.

**Shareholders' Voting Rights Agreement.** Pursuant to the shareholders' voting rights agreement entered into on February 19, 2021, the shareholders of Nanjing Tuniu appointed Beijing Tuniu or its designated person as their attorney-in-fact to exercise all of their voting and related rights with respect to their equity interests in Nanjing Tuniu, including attending shareholders' meetings, voting on all matters of Nanjing Tuniu requiring shareholder approval, nominating and appointing directors, convening extraordinary shareholders' meetings, and other voting rights pursuant to the then-effective articles of association of Nanjing Tuniu. The shareholders' voting rights agreement will remain in force until all the parties to the agreement mutually agree to terminate the agreement in writing or cease to be shareholders of Nanjing Tuniu.

**Irrevocable Powers of Attorney.** Pursuant to the powers of attorney dated February 19, 2021, the shareholders of Nanjing Tuniu each irrevocably appointed Beijing Tuniu as the attorney-in-fact to exercise all of such shareholder's voting and related rights with respect to such shareholder's equity interests in Nanjing Tuniu, including but not limited to attending shareholders' meetings, voting on all matters of Nanjing Tuniu requiring shareholder approval, nominating and appointing directors, convening extraordinary shareholders' meetings, and other voting rights pursuant to the then-effective articles of association of Nanjing Tuniu. Each power of attorney will remain in force until the shareholders' voting rights agreement expires or is terminated.

#### **Agreement that Allows us to Receive Economic Benefits from Nanjing Tuniu**

**Cooperation Agreement.** Under the cooperation agreement entered into on February 19, 2021, Beijing Tuniu has the exclusive and irrevocable right to provide to Nanjing Tuniu business consulting, technical consulting and technical services related to the businesses of Nanjing Tuniu and its subsidiaries. Beijing Tuniu owns the exclusive intellectual property rights created by Nanjing Tuniu or its employees as a result of the performance of this agreement. Beijing Tuniu has the right to receive, or designate a person or persons to receive, a quarterly service fee, which equals the profits of each of Nanjing Tuniu and its subsidiaries, to which it provides such business consulting, technical consulting and technical services, provided that such amount of service fees can be adjusted by Beijing Tuniu at its sole discretion. This agreement shall be effective retroactive to 24 January 2014 and will remain effective until expiration of Beijing Tuniu's business term, unless Beijing Tuniu exercises its unilateral right to terminate the agreement, one of the parties is declared bankrupt or Beijing Tuniu is not able to provide consulting and services as agreed for more than three consecutive years because of force majeure. Nanjing Tuniu is not permitted to terminate the agreement in any other event.

In 2020, 2021 and 2022, we received service fees of RMB12.8 million, RMB16.3 million and RMB6.2 million (US\$0.9 million), respectively, from the consolidated affiliated entities, which were eliminated on consolidated financial statements.

#### **D. Property, Plant and Equipment**

Our principal executive offices, consisting of our administrative center, sales and marketing division, technical services department, and call center, are located on leased premises in Jiangsu. We lease these premises under lease agreements from unrelated third parties, and we plan to renew these leases from time to time as needed.

#### **Item 4A. Unresolved Staff Comments**

Not applicable.

## **Item 5. Operating and Financial Review and Prospects**

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

### **A. Operating Results**

#### **Overview**

We are a leading online leisure travel company in China. We offer integrated travel service with a large selection of packaged tours, including organized tours and self-guided tours, as well as travel-related services for leisure travellers on our platform. Our platform offers product portfolio consisting of organized tours, self-guided tours, and tickets for all popular domestic and overseas tourist attractions.

We generated net revenues of RMB450.3 million, RMB426.3 million and RMB183.6 million (US\$26.6 million) in 2020, 2021 and 2022, respectively. We recognized revenues from most of the organized tours on a net basis as a result of changes in our role in the organized tour arrangements since the beginning of 2017 (except for certain business arrangements under which we take substantive inventory risks and the self-operated local tour operators in which we act as a principal, for which revenues are recognized on gross basis). We had a net loss of RMB1,343.6 million, RMB128.5 million and RMB203.0 million (US\$29.4 million) in 2020, 2021 and 2022, respectively. We generally collect payments from our customers upon contract confirmation before we pay travel suppliers. Our net cash used in operating activities was RMB1,313.1 million, RMB226.3 million and RMB143.0 million (US\$20.7 million) in 2020, 2021 and 2022, respectively.

Our ability to achieve and maintain profitability depends on our ability to effectively reduce our costs and expenses as a percentage of our net revenues. Our cost of revenues were RMB237.1 million, RMB254.8 million and RMB94.1 million (US\$13.6 million) in 2020, 2021 and 2022, respectively, representing 56%, 60% and 51% of our revenues, respectively. Our operating expenses were RMB1,554.0 million, RMB353.1 million and RMB299.8 million (US\$43.5 million) in 2020, 2021 and 2022, respectively, representing 345%, 83% and 163% of our revenues, respectively. The costs and expenses were affected by the level of spending associated with our business operations, including expenses related to regional expansion, branding and advertising campaigns, mobile related initiatives and expenses related to technology, product development and administrative personnel such as share-based compensation. The percentage of our costs and expenses compared to our revenues were greatly impacted by the sharp reduction in revenues caused by COVID-19 related travel restrictions in China – see “Impact of COVID-19 on Our Operations”. Our past results of operations should not be taken as indicative of our future performance. Our sales and marketing expenses were RMB372.0 million, RMB150.5 million and RMB103.6 million (US\$15.0 million) in 2020, 2021 and 2022, respectively. Upon resuming normalized operations, we aim to maintain these expenses as a percentage of net revenues at a stable or lower level over time by focusing on operational scalability and efficiency improvements. If we fail to effectively reduce our costs and expenses as a percentage of our net revenues, we may not be able to achieve and maintain profitability.

#### **Impact of COVID-19 on Our Operations**

The travel industry was hit particularly hard by the COVID-19 pandemic. Government authorities in major countries across the world have implemented strict travel bans and adopted different control measures to curb the spread of COVID 19. In connection with intensifying efforts to contain the spread of COVID 19, the Chinese government has taken a number of actions, such as temporarily suspending the operation of organized tours in certain regions, quarantining individuals infected with or suspected of having COVID 19, restricting residents from unnecessary travel, encouraging corporate employees to work remotely from home, cancelling public activities and limiting the number of tourists allowed by tourism sites, among others. In addition, the spread or fear of spread of COVID 19 has caused a significant decline in the level of business and leisure travel both in certain regions and as a whole, and a significant decrease in the demand for our products and services, resulting in customer cancellations, refund requests and reduced new orders relating to our services. In addition, allowances for doubtful accounts and impairment provisions against our long-term assets both increased. As a result, our results of operations for the years ended December 31, 2020, 2021 and 2022 have been significantly and negatively affected by the COVID-19 pandemic. In response to the COVID 19 pandemic, we have quickly adopted cost control measures to mitigate a significant slowdown in customer demand.

[Table of Contents](#)

For the year ended December 31, 2022, our financial performance was materially and adversely affected as a result of the domestic and international travel restrictions and significant incremental costs and expenses incurred to facilitate our customers' cancellations and refund requests. Our net revenues for the year ended December 31, 2022 decreased by 57% from 2021.

China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. There were surges of cases in many cities during this time which caused disruptions to our, our business partners' and travel suppliers' operations, and there remains uncertainty as to the future impact of the virus, especially in light of this change in policy. The extent of the impact of the COVID 19 pandemic on our business and financial results will depend largely on future developments, including the duration and extent of the spread of COVID 19 around the world, and the prevalence of local, national and international travel restrictions which are highly uncertain and cannot be predicted. China may experience lower domestic consumption, higher unemployment, severe disruptions to exporting of goods to other countries and greater economic uncertainty, which may materially impact our business in a negative way, as demand for leisure travel drops and we incur incremental costs in response to travelers' cancellations and refund requests. Consequently, the COVID-19 pandemic may continue to materially and adversely affect our business, financial condition and results of operations in the current and future years. As the COVID 19 pandemic is still evolving, we will continue to monitor and evaluate the financial impacts to our financial condition, results of operations, and cash flows and make adjustments accordingly.

See also "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Industry — Our business operation, financial condition, results of operations and cash flows have been and may continue to be materially and adversely affected by the COVID -19 outbreak and spread."

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

### Selected Income Statement Items

#### Revenues

We generate revenues primarily from sales of packaged tours, which consist of organized tours and self-guided tours. The following table sets forth the components of our revenues in absolute amounts and as percentages of our net revenues for the periods presented.

	For the Years Ended December 31,						
	2020		2021		2022		
	RMB	%	RMB	%	RMB	US\$	%
<b>Revenues:</b>							
Packaged tours	302,359	67.2	305,333	71.6	70,314	10,195	38.3
Others	147,900	32.8	121,015	28.4	113,306	16,428	61.7
<b>Net revenues</b>	<b>450,259</b>	<b>100.0</b>	<b>426,348</b>	<b>100.0</b>	<b>183,620</b>	<b>26,623</b>	<b>100.0</b>

*Packaged tours.* Packaged tours consist of organized tours and self-guided tours. In 2020, 2021 and 2022, revenues from sales of packaged-tours were RMB302.4 million, RMB305.3 million and RMB70.3 million (US\$10.2 million), respectively. Since the beginning of 2017, we have implemented certain changes in our arrangements with the tour operators. Under the organized tour arrangements with the tour operators, our role is an agent that provides tour booking services to the tour operators and travellers. Among the organized tours, revenues under arrangements for which we undertake substantive inventory risk were RMB1.6 million, nil and nil, respectively, and revenues for the self-operated local tour operator business were RMB122.7 million, RMB169.4 million and RMB32.3 million (US\$4.7 million) for the years ended December 31, 2020, 2021 and 2022, respectively. Revenues from packaged tours were recognized when the tours depart, except for revenues from the self-operated local tour operator business in which we act as principal, which were recognized over time during the period of packaged tours. Our revenues from packaged tours increased by 1.0% from RMB302.4 million in 2020 to RMB305.3 million in 2021, and decreased by 77.0% to RMB70.3 million (US\$10.2 million) in 2022.

[Table of Contents](#)

*Others.* Other revenues were RMB147.9 million, RMB121.0 million and RMB113.3 million (US\$16.4 million) in 2020, 2021 and 2022, respectively. Our other revenues are primarily generated from (i) service fees received from insurance companies, (ii) commission fees from other travel-related products and services, such as tourist attraction tickets, visa application services, accommodation reservation and transportation ticketing, with revenue recognized of RMB35.3 million, RMB38.4 million and RMB46.3 million (US\$6.7 million) for the years ended December 31, 2020, 2021 and 2022, respectively, (iii) fees for advertising services that we provide primarily to domestic and foreign tourism boards and bureaus, with revenue recognized of RMB26.3 million, RMB21.0 million and RMB12.2 million (US\$1.8 million) for the years ended December 31, 2020, 2021 and 2022, respectively, (iv) sales of merchandises, whereas we are acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified merchandises, for which revenue is recognized on gross basis with revenue recognized of RMB23.5 million, RMB17.8 million and RMB15.2 million (US\$2.2 million) for the years ended December 31, 2020, 2021 and 2022, respectively, and (v) service fees for financial services. The amount of such service revenue for the years ended December 31, 2020, 2021 and 2022 were RMB43.1 million, RMB20.3 million and RMB19.2 million (US\$2.8 million), respectively.

**Cost of Revenues**

Our cost of revenues accounted for 52.7%, 59.8% and 51.2% as percentages of our net revenues in 2020, 2021 and 2022, respectively.

Revenues from packaged tours are mainly recognized on net basis (except for certain business arrangements under which we take substantive inventory risks, and except for the self-operated local tour operator business in which we act as a principal, for which revenues are recognized on gross basis). Accordingly, the amounts we pay to travel suppliers for packaged tours are mainly recorded as a reduction to revenues, rather than cost of revenues.

Our cost of revenues mainly consists of salaries and other compensation-related expenses related to our tour advisors, customer services representatives, and other personnel related to tour transactions, and other expenses directly attributable to our principal operations, primarily including payment processing fees, telecommunication expenses, rental expenses, depreciation expenses, cost of merchandises, and other service fees for financial service. For the arrangements where we secure availabilities of tours and bear substantive inventory risks, and for the self-operated local tour operator business, from which revenues are recognized on a gross basis, cost of revenues also includes the amount paid to tour operators or suppliers.

**Operating Expenses**

Our operating expenses were RMB1,554.0 million, RMB353.1 million and RMB299.8 million (US\$43.5 million) in 2020, 2021 and 2022, respectively. The following table sets forth the components of our operating expenses in absolute amounts and as percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						
	2020		2021		2022		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Operating expenses:</b>							
Research and product development	(100,514)	(22.3)	(54,622)	(12.8)	(50,799)	(7,365)	(27.7)
Sales and marketing	(371,984)	(82.6)	(150,493)	(35.3)	(103,617)	(15,023)	(56.4)
General and administrative	(1,109,340)	(246.4)	(174,021)	(40.8)	(108,935)	(15,794)	(59.3)
Impairment of goodwill	—	—	—	—	(112,102)	(16,253)	(61.0)
Other operating income	27,849	6.2	26,064	6.1	75,685	10,973	41.2
<b>Total operating expenses</b>	<b>(1,553,989)</b>	<b>(345.1)</b>	<b>(353,072)</b>	<b>(82.8)</b>	<b>(299,768)</b>	<b>(43,462)</b>	<b>(163.2)</b>

*Research and product development expenses.* Research and product development expenses primarily comprise of salaries and other compensation expenses for our research and product development personnel as well as office rental, depreciation and other expenses related to our research and product development function. Research and product development expenses also include expenses that are incurred in connection with the planning and implementation phases of development and costs that are associated with the maintenance of our online platform or software for internal use. Research and product development expenses were RMB100.5 million, RMB54.6 million and RMB50.8 million (US\$7.4 million) in 2020, 2021 and 2022, respectively.

## [Table of Contents](#)

*Sales and marketing expenses.* Sales and marketing expenses primarily comprise of marketing and promotional expenses, salaries and other compensation expenses for our sales and marketing personnel and office rental, depreciation and other expenses related to our sales and marketing function. Our sales and marketing expenses were RMB372.0 million, RMB150.5 million and RMB103.6 million (US\$15.0 million) in 2020, 2021 and 2022, respectively.

*General and administrative expenses.* General and administrative expenses primarily comprise of salaries and other compensation expenses for our administrative personnel, professional service fees, office rental, depreciation, bad debt and other expenses related to our administrative function. General and administrative expenses were RMB1,109.3 million, RMB174.0 million and RMB108.9 million (US\$15.8 million) in 2020, 2021 and 2022, respectively.

*Impairment of goodwill.* Impairment of goodwill is recognized for the amount by which the carrying amount of our net assets exceeds the fair value of reporting unit. Impairment of goodwill was nil, nil and RMB112.1 million (US\$16.3 million) in 2020, 2021 and 2022, respectively.

*Other operating income.* Other operating income relates primarily to gain on disposals of subsidiaries, government subsidies and tax refunds that we receive from provincial and local governments. Government subsidies are granted from time to time at the discretion of the relevant government authorities. These subsidies are granted for general corporate purposes and to support our ongoing operations in the region. Other operating income accounted for 6.2%, 6.1% and 41.2% of our net revenues in 2020, 2021 and 2022, respectively.

## **Taxation**

### ***Cayman Islands***

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

### ***Hong Kong***

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

### ***PRC***

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



Under the EIT Law, an enterprise established outside the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the Implementation Rules, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, STA Circular 82, which was issued in April 2009 by the STA and amended in 2013 and in December 2017, specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board’s and shareholders’ meetings are located or kept in the PRC; and (d) half or more of the enterprises’ directors or senior management personnel with voting rights habitually reside in the PRC. Further to STA Circular 82, the STA issued STA Bulletin 45, which took effect on September 1, 2011 and was amended in 2015 and 2016, to provide more guidance on the implementation of STA Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore-incorporated resident enterprises.” STA Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on post-determination matters. Although both STA Circular 82 and STA Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals like us, the determining criteria set forth in STA Circular 82 and STA Bulletin 45 may reflect the STA’s general position on how the “de facto management body” test should be applied in determining the PRC resident enterprise status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

Nanjing Tuniu qualified for an HNTE since 2010 and was able to renew its HNTE certificate upon expiration of the 3-year period. In 2022, Nanjing Tuniu obtained a new HNTE certificate, which will expire in 2025. Therefore, Nanjing Tuniu is eligible to enjoy a preferential tax rate of 15% from 2022 to 2025 to the extent it has taxable income under the EIT Law, as long as it maintains the HNTE qualification and duly conducts relevant EIT filing procedures with the relevant tax authority. Tuniu Nanjing Information Technology qualified for an HNTE since 2017 and was able to renew its HNTE certificate upon expiration of the 3-year period. In 2020, Tuniu Nanjing Information Technology obtained a new HNTE certificate, which will expire in 2023. Therefore, Tuniu Nanjing Information Technology is eligible to enjoy a preferential tax rate of 15% from 2020 to 2023 to the extent it has taxable income under the EIT Law, as long as it maintains the HNTE qualification and duly conducts relevant EIT filing procedures with the relevant tax authority. Beijing Tuniu obtained the HNTE certificate as well in 2018 and expired in 2020. As a result, the applicable enterprise tax rate for Beijing Tuniu has been restored to 25% since 2021. However, since Beijing Tuniu has a large amount of accumulated loss in previous years, the increased EIT rate would not result in an immediate adverse effect on our financial condition.

Under the EIT Law and its Implementation Rules, subject to any applicable tax treaty or similar arrangement between the PRC and our shareholders’ jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of American depository shares or shares by such non-PRC resident enterprise investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a tax treaty or similar arrangement provides otherwise. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of American depository shares or shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although substantially all of our business operations are based in China, it is unclear whether dividends we pay with respect to our ordinary shares or ADSs, or the gain realized from the transfer of our ordinary shares or ADSs, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we were considered a PRC resident enterprise, as described above. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Under the PRC Enterprise Income Tax Law, we may be classified as a PRC resident enterprise for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and would have a material adverse effect on our results of operations and the value of your investment.”

Pursuant to the applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay value-added tax, or VAT at the rate of 6% on the revenues generated from providing such services. Entities engaging in the travel business can deduct certain approved costs from their revenues in calculating VAT. However, if the services provided are related to technology development and transfer, such entities may be exempted from VAT and related taxes arising from such services subject to approval by the relevant tax authorities. In our consolidated financial statements included elsewhere in this annual report, VAT is deducted from gross revenues to arrive at net revenues.

[Table of Contents](#)

On March 23, 2016, the PRC Ministry of Finance and the STA jointly issued the Circular on the Nationwide Implementation of Pilot Program for the Collection of Value Added-Tax Instead of Business Tax, or Circular 36, pursuant to which the VAT reforms will be implemented comprehensively across the country and extended to the construction, real estate, financial and consumer services industries. Circular 36 became effective on May 1, 2016 and was amended as of January 1, 2018 and March 20, 2019. As a result, the majority of our business will be subject to VAT at a rate of 6%, which is higher than the business tax rate previously applied to us. We would be permitted to offset input VAT by providing valid VAT invoices received from vendors against our output VAT liability. Alternatively, the taxable income of tourism business could be calculated on net basis by deducting relevant expenses (including expenses for accommodation, catering, transportation, visa, ticket and tourism fee paid to other entities/ individuals) if valid invoices could be obtained.

On May 6, 2016, the STA issued the Administrative Measures for Value Added Tax Exemption on Cross-border Taxable Activities under the Program for the Collection of Value Added-Tax Instead of Business Tax, which was most recently amended on June 15, 2018, or Circular 29, pursuant to which the tourism services provided overseas are exempted from VAT.

On March 20, 2019, The PRC Ministry of Finance, STA and GAC (General Administration of Customs) jointly issued the Circular on Measures to Further Implement the VAT reform, pursuant to which entities in the producer service sector (including technology consulting service) and consumer service sector can additionally deduct 10% of the creditable input VAT against their output VAT liability from April 2019 to December 2021. On September 30, 2019, The PRC Ministry of Finance and STA increased the input super deduction portion from 10% to 15% for consumer service sector, effective from September 30, 2019, which expired in 2022.

In December, 2022, the NPC released the draft version of the Value Added Tax Law of the People's Republic of China, or the Draft VAT Law. If passed, the Draft VAT Law will consolidate China's current VAT regulations into one overarching piece of legislation. The Draft VAT Law was released only for soliciting public comments at this stage and its provisions and anticipated adoption or effective date are subject to changes and thus its interpretation and implementation remain substantially uncertain.

In addition, on February 6, 2020, the Ministry of Finance and the STA jointly issued Announcement on Relevant Tax Policies in Support of Prevention and Control of COVID-19, or Circular 8, pursuant to which the income obtained from public transportation services, daily life services including tourism services and express delivery services shall be exempt from VAT. And on May 15, 2020, the Ministry of Finance and the STA issued Circular [2020] 28, which provided the preferential tax treatments according to Circular 8 would be expired on December 31, 2020. And on March 17, 2021, the Ministry of Finance and the STA further issued Announcement [2021] 7. According to the Announcement, the expiration date for the above mentioned VAT exemption treatments was extended to March 31, 2021.

## Results of Operations

The following table sets forth a summary of our consolidated results of operations in absolute amounts and as percentages of our net revenues for the periods indicated. The period-to-period comparisons of results of operations should not be relied upon as indicative of future performance.

	2020		For the Years Ended December 31,				
	RMB	%	2021		2022		
			RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Revenues:</b>							
Packaged tours	302,359	67.2	305,333	71.6	70,314	10,195	38.3
Others	147,900	32.8	121,015	28.4	113,306	16,428	61.7
<b>Net revenues</b>	<b>450,259</b>	<b>100.0</b>	<b>426,348</b>	<b>100.0</b>	<b>183,620</b>	<b>26,623</b>	<b>100.0</b>
Cost of revenues	(237,065)	(52.7)	(254,815)	(59.8)	(94,066)	(13,638)	(51.2)
<b>Gross profit</b>	<b>213,194</b>	<b>47.3</b>	<b>171,533</b>	<b>40.2</b>	<b>89,554</b>	<b>12,985</b>	<b>48.8</b>
<b>Operating expenses:</b>							
Research and product development	(100,514)	(22.3)	(54,622)	(12.8)	(50,799)	(7,365)	(27.7)
Sales and marketing	(371,984)	(82.6)	(150,493)	(35.3)	(103,617)	(15,023)	(56.4)
General and administrative	(1,109,340)	(246.4)	(174,021)	(40.8)	(108,935)	(15,794)	(59.3)
Impairment of goodwill	—	—	—	—	(112,102)	(16,253)	(61.0)
Other operating income	27,849	6.2	26,064	6.1	75,685	10,973	41.2
<b>Loss from operations</b>	<b>(1,340,795)</b>	<b>(297.8)</b>	<b>(181,539)</b>	<b>(42.6)</b>	<b>(210,214)</b>	<b>(30,477)</b>	<b>(114.4)</b>
<b>Other income/(expenses):</b>							
Interest and investment income	3,526	0.8	50,041	11.7	27,181	3,941	14.8
Interest expense	(32,266)	(7.2)	(7,491)	(1.8)	(4,912)	(712)	(2.7)
Foreign exchange gains/(losses), net	18,720	4.2	7,030	1.6	(22,210)	(3,220)	(12.1)
Other (loss)/income, net	(253)	(0.1)	2,895	0.7	6,136	890	3.3
Loss before income tax expense	(1,351,068)	(300.1)	(129,064)	(30.4)	(204,019)	(29,578)	(111.1)
Income tax expense	6,641	1.5	(130)	0.0	731	106	0.4
Equity in income of affiliates	797	0.2	726	0.2	292	42	0.2
<b>Net loss</b>	<b>(1,343,630)</b>	<b>(298.4)</b>	<b>(128,468)</b>	<b>(30.2)</b>	<b>(202,996)</b>	<b>(29,430)</b>	<b>(110.5)</b>

#### Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

**Net Revenues.** Net revenues were RMB426.3 million and RMB183.6 million (US\$26.6 million) in 2021 and 2022, respectively.

- *Revenues from packaged tours.* Revenues from packaged tours decreased by 77% from RMB305.3 million in 2021 to RMB70.3 million (US\$10.2 million) in 2022, primarily due to the resurgence of COVID-19 in certain regions in China.
- *Other revenues.* Other revenues decreased by 6.4% from 121.0 million in 2021 to 113.3 million (US\$16.4 million) in 2022, primarily due to the decrease in the fees for advertising services provided to tourism boards and bureaus.

**Cost of Revenues.** Our cost of revenues decreased by 63.1% from RMB254.8 million in 2021 to RMB94.1 million (US\$13.6 million) in 2022. As a percentage of net revenues, cost of revenues was 51.2% in 2022 compared to 59.8% in 2021.

**Operating Expenses.** Operating expenses decreased by 15.1% from RMB353.1 million in 2021 to RMB299.8 million (US\$43.5 million) in 2022, primarily due to the increase in gain on disposals of subsidiaries.

- *Research and product development.* Research and product development expenses decreased by 7.0% from 54.6 million in 2021 to 50.8 million (US\$7.4 million) in 2022, primarily due to the decrease in research and product development personnel related expenses.
- *Sales and marketing.* Sales and marketing expenses decreased by 31.1% from RMB150.5 million in 2021 to RMB103.6 million (US\$15.0 million) in 2022, primarily due to the decrease in promotion expenses and sales and marketing personnel related expenses.
- *General and administrative.* General and administrative expenses decreased by 37.4% from RMB174.0 million in 2021 to RMB108.9 million (US\$15.8 million) in 2022, primarily due to the decreases in general and administrative personnel related expenses and allowance for expected credit losses.
- *Impairment of goodwill.* Impairment of goodwill of RMB112.1 million (US\$16.3 million) was recognized during the second quarter of 2022, primarily due to the more severe impact of COVID-19 than before, continuous loss-making situation and prolonged low market capitalization.
- *Other operating income.* Other operating income increased from RMB26.1 million in 2021 to RMB75.7 million (US\$11.0 million) in 2022, primarily due to the increase in gain on disposals of subsidiaries.

**Net Loss.** As a result of the foregoing, net loss increased from RMB128.5 million in 2021 to RMB203.0 million (US\$29.4 million) in 2022.

#### Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

**Net Revenues.** Net revenues were RMB450.3 million and RMB426.3 million in 2020 and 2021, respectively.

- *Revenues from packaged tours.* Revenues from packaged tours increased by 1.0% from RMB302.4 million in 2020 to RMB305.3 million in 2021 primarily due to the growth in revenues from self-operated products.
- *Other revenues.* Other revenues decreased by 18.2% from RMB147.9 million in 2020 to 121.0 million in 2021, primarily due to the decline in revenues generated from financial services.

**Cost of Revenues.** Our cost of revenues increased by 7.5% from RMB237.1 million in 2020 to RMB254.8 million in 2021. As a percentage of net revenues, cost of revenues was 59.8% in 2021 compared to 52.7% in 2020.

**Operating Expenses.** Operating expenses decreased by 77.3% from RMB1.6 billion in 2020 to RMB353.1 million in 2021, primarily due to the decrease in allowance for doubtful accounts.

## [Table of Contents](#)

- *Research and product development.* Research and product development expenses decreased by 45.7% from RMB100.5 million in 2020 to 54.6 million in 2021, primarily due to the decrease in research and product development personnel related expenses.
- *Sales and marketing.* Sales and marketing expenses decreased by 59.5% from RMB372.0 million in 2020 to RMB150.5 million in 2021. The decrease was primarily due to the decreases in sales and marketing personnel related expenses and amortization of acquired intangible assets.
- *General and administrative.* General and administrative expenses decreased by 84.3% from RMB1,109.3 million in 2020 to RMB174.0 million in 2021. The decrease was primarily due to the decreases in general and administrative personnel related expenses and allowance for doubtful accounts.
- *Other operating income.* Other operating income decreased from RMB27.8 million in 2020 to RMB26.1 million in 2021.

**Net Loss.** As a result of the foregoing, net loss decreased from RMB1,343.6 million in 2020 to RMB128.5 million in 2021.

### **Inflation**

To date, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2020, 2021 and 2022 were increases of 0.2%, 1.5% and 1.8%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected by higher rates of inflation in China in the future. For example, certain operating costs and expenses, such as employee compensation and office operating expenses may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consist of cash and cash equivalents and short-term investments, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposure to higher inflation in China.

### **Foreign Currency**

The average exchange rate between U.S. dollar and Renminbi has declined from RMB8.2264 per U.S. dollar in July 2005 to RMB6.8972 per U.S. dollar as of December 30, 2022. For the year ended December 31, 2022, we recorded RMB27.2 million (US\$3.9 million) of net foreign currency translation gain in accumulated other comprehensive income as a component of shareholders' equity. To date, we have not entered into any material hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment" and "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Exchange Risk."

### **Recent Accounting Pronouncements**

See Note 2(ag) to our consolidated financial statements included elsewhere in this annual report for discussion on recent issued accounting pronouncements.

### **B.Liquidity and Capital Resources**

Our primary sources of liquidity have been proceeds from operating activities, borrowings from banks, private issuances of ordinary and preferred shares, and our initial public offering.

Prior to the completion of our initial public offering in May 2014, we financed our operations primarily through cash generated from our operating activities, private issuances and sales of preferred shares. In May 2014, we completed our initial public offering in which we issued and sold 8,580,000 ADSs representing 25,740,000 Class A ordinary shares. Concurrently with our initial public offering, we issued and sold 5,000,000, 5,000,000 and 1,666,666 Class A ordinary shares to each of DCM Hybrid RMB Fund, L.P., Ctrip Investment Holding Ltd. and Qihoo 360 Technology Co. Ltd., respectively. As a result of our initial public offering and such concurrent private placements, we raised an aggregate of approximately US\$106.3 million (RMB659.5 million) in proceeds, net of underwriting commissions.

## [Table of Contents](#)

In December 2014, we raised an aggregate of approximately US\$148.0 million in proceeds through issuance of 36,812,868 Class A ordinary shares to certain investors. In May 2015, we raised an aggregate of approximately US\$400.0 million in proceeds through issuance of 93,750,000 Class A ordinary shares to certain investors.

Generally, our customers pay us upon contract confirmation, which is usually more than one month before the departure dates, and we pay the travel suppliers at a later date, such as at the end of each month. The timing difference between when the cash is collected from our customers and when payments are made to travel suppliers increases our operating cash inflow and provides us with a source of liquidity to fund our settlement of outstanding accounts payable to travel suppliers and our prepayment to travel suppliers to secure packaged tours during peak seasons.

Our advances from customers decreased from RMB208.8 million as of December 31, 2020 to RMB139.8 million as of December 31, 2021 and further decreased to RMB98.9 million (US\$14.3 million) as of December 31, 2022. Accounts and notes payable decreased from RMB705.8 million as of December 31, 2020 to RMB383.6 million as of December 31, 2021 and further decreased to RMB261.9 million (US\$38.0 million) as of December 31, 2022. Furthermore, prepayments and other current assets decreased from RMB378.7 million as of December 31, 2020 to RMB337.0 million as of December 31, 2021 and further decreased to RMB243.0 million (US\$35.2 million) as of December 31, 2022. The decreases in the balance of advances from customer, accounts and notes payable and prepayments and other current assets as of December 31, 2022 compared to the same as of December 31, 2021 and as of December 31, 2021 compared to the same as of December 31, 2020 were primarily due to the decline in the sales of our travel products and services impacted by COVID-19. Moreover, our sales and marketing expenses decreased from RMB372.0 million in 2020 to RMB150.5 million in 2021 which was primarily due to the decreases in promotion expenses and amortization of acquired intangible assets, and decreased to RMB103.6 million (US\$15.0 million) in 2022 which was primarily due to the decreases in promotion expenses and marketing personnel related expenses. As a result, our net cash used in operating activities was RMB1,313.1 million, RMB226.3 million and RMB143.0 million (US\$20.7 million) in 2020, 2021 and 2022.

Our principal uses of cash for the years ended December 31, 2020, 2021 and 2022 were for operating activities, primarily refunds paid to customers (including as a result of COVID-19 related cancellations), marketing and brand promotion expenses, salaries and other compensation expenses as well as office rental and professional service fees. Our cash and cash equivalents consist of cash on hand and cash in bank, including demand bank deposits. Our short-term investments comprise financial products issued by banks or other financial institutions. As of December 31, 2021 and 2022, we had RMB1,011.5 million and RMB922.3 million (US\$133.7 million) in cash and cash equivalents, restricted cash and short-term investments, respectively. We had credit from several Chinese commercial banks. As of December 31, 2021 and 2022, our outstanding short-term borrowings were RMB10.0 million and RMB7.5 million (US\$1.1 million) and our outstanding long-term borrowings were RMB14.3 million and RMB12.0 million (US\$1.7 million), respectively.

As of December 31, 2021 and 2022, we had short-term borrowings from banks which were repayable within one year, with interests charged at rates ranging from 0.2% to 5.0% and 0.2% to 8.0% per annum, as of RMB10.0 million and RMB7.5 million (US\$1.1 million), respectively. As of December 31, 2021 and 2022, we had long-term borrowings from banks which were repayable over one year, with interests charged at rates ranging from 0.2% to 4.3% and 0.2% to 1.3% per annum, as of RMB14.3 million and RMB12.0 million (US\$1.7 million), respectively. In addition, as of December 31, 2021 and 2022, we obtained received cash from from banks by discounting of bank acceptance notes with the amount of RMB197.9 million and RMB200.0 million (US\$29.0 million), respectively, which are repayable within one year with interest ranging from 2.0% to 2.4%. The issuance of notes payable is pledged by the Group's bank deposits of RMB197.9 million and RMB200.0 million as of December 31, 2021 and 2022, which were recorded in short-term investments.

[Table of Contents](#)

We had net losses of RMB1,343.6 million, RMB128.5 million and RMB203.0 million (US\$29.4 million), for the years ended December 31, 2020, 2021 and 2022, respectively. Our net cash used in operating activities was RMB1,313.1 million, RMB226.3 million and RMB143.0 million (US\$20.7 million) in 2020, 2021 and 2022, respectively. As of December 31, 2022, our accumulated deficit was RMB8,028.3 million (US\$1,164.0 million) and we had cash and cash equivalents and short-term investments of RMB878.2 million (US\$127.3 million) and working capital of RMB425.7 million (US\$61.7 million). In particular, the COVID-19 pandemic has had material adverse impacts on our business operations for past three years. Despite the relaxation of COVID-19 related travel restrictions in mainland China in December 2022, there is still a degree of uncertainty as to how COVID-19 pandemic will continue to impact our results of operations and cash flows for subsequent periods. Such adverse conditions and events, before consideration of management’s plan, raised a substantial doubt about our ability to continue as a going concern. In response to the COVID-19 pandemic, in 2022, we continued to take actions to improve our liquidity, including scaling down our business operations by reducing capital expenditures and operational expenses that were discretionary in nature and obtaining funding from the maturity of certain short-term and long-term investments. Management has developed a plan to mitigate these adverse conditions and events, including a business plan with forecasted cash flows covering the next twelve months from the date of issuance of the consolidated financial statements. Moving forward, we plan to maintain adequate funds to provide a sufficient flexibility in adjusting the Group’s operation scale to cope with the development of the COVID-19 pandemic, and management will continue to manage the Group’s capital expenditures, operational expenses and investments based on the Group’s liquidity position and working capital needs. Based on our liquidity assessment, which has considered our operations at the current business scale, the latest development of COVID-19 pandemic and its possible continuous impact on our business operations, the available funding from maturity of our short-term and long-term investments, and the available cash and cash equivalents, we will be able to meet our working capital requirements and capital expenditures in the ordinary course of business for the next twelve months subsequent to the filing of this annual report. Key assumptions and judgments were made us related to future sales proceeds, capital expenditures, operational expenses and investments when developing the business plan with forecasted cash flows. As a result, we concluded that business plan, when implemented effectively, will alleviate the substantial doubt on our ability to continue as a going concern. We may require additional cash resources due to unanticipated business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. See also “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—We may need additional capital, and financing, may not be available on terms acceptable to us, or at all.”

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

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$
	(in thousands, except percentages)			
Net cash used in operating activities	(1,313,115)	(226,342)	(142,991)	(20,732)
Net cash provided/(used in) by investing activities	1,159,063	703,826	(51,828)	(7,514)
Net cash used in by financing activities	(209,546)	(344,562)	(486)	(70)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5,187	(1,428)	(2,406)	(349)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(358,411)	131,494	(197,711)	(28,665)
Cash, cash equivalents and restricted cash at the beginning of year	622,515	264,104	395,598	57,356
Cash, cash equivalents and restricted cash at the end of year	264,104	395,598	197,887	28,691

**Operating Activities**

Our net cash used in operating activities was RMB143.0 million (US\$20.7 million) in 2022, primarily attributable to cash inflows from sales of our travel products and services of RMB2,180.1 million (US\$316.2 million) and cash inflows from other operating activities such as deposits, interest income and government subsidies of RMB89.3 million (US\$12.9 million), that were offset by cash outflows due to payments to travel suppliers of RMB2,080.8 million (US\$301.7 million), payments relating to other operating activities, which include payments to employees and for employees’ benefits of RMB200.4 million (US\$29.1 million), payments for marketing and promotional activities, office rental and utilities and professional services of RMB121.4 million (US\$17.6 million), and payments of taxes and levies of RMB9.8 million (US\$1.4 million).

[Table of Contents](#)

Our net cash used in operating activities was RMB226.3 million in 2021, primarily attributable to cash inflows from sales of our travel products and services of RMB2,539.0 million and cash inflows from other operating activities such as deposits, interest income and government subsidies of RMB70.0 million, that were offset by cash outflows due to payments to travel suppliers of RMB2,386.6 million, payments relating to other operating activities, which include payments to employees and for employees' benefits of RMB247.4 million, payments for marketing and promotional activities, office rental and utilities and professional services of RMB186.4 million, and payments of taxes and levies of RMB14.9 million.

Our net cash used in operating activities was RMB1,313.1 million in 2020, primarily attributable to cash inflows from sales of our travel products and services of RMB2,896.3 million and cash inflows from other operating activities such as deposits, interest income and government subsidies of RMB219.3 million, that were offset by cash outflows due to payments to travel suppliers of RMB3,514.2 million, payments relating to other operating activities, which include payments to employees and for employees' benefits of RMB428.9 million, payments for marketing and promotional activities, office rental and utilities and professional services of RMB472.2 million, and payments of taxes and levies of RMB13.4 million.

***Investing Activities***

Our net cash used in investing activities was RMB51.8 million (US\$7.5 million) in 2022, primarily attributable to the purchase of short-term investments of RMB462.5 million (US\$67.1 million), the decrease in cash from disposals of subsidiaries of RMB16.1 million (US\$2.3 million) and the purchase of property and equipment and intangible assets of RMB6.5 million (US\$0.9 million), which were offset by the decrease in loan receivable of RMB51.3 million (US\$7.4 million), the proceeds from maturity of short-term investments of RMB381.9 million (US\$55.4 million) and cash received from dividend of equity investment of RMB0.1 million (US\$0.01 million).

Our net cash provided by investing activities was RMB703.8 million in 2021, primarily attributable to the proceeds from maturity of short-term investments of RMB1,096.5 million, the proceeds from maturity of long-term investments of RMB86.8 million and cash received from dividend of equity investment of RMB6.0 million, which were offset by the increase in loan receivable of RMB134.3 million, the purchase of short-term investments of RMB336.5 million, and the purchase of property and equipment and intangible assets of RMB14.7 million.

Our net cash provided by investing activities was RMB1,159.1 million in 2020, primarily attributable to the proceeds from maturity of short-term investments of RMB1,445.4 million, the decrease in loan receivable of RMB241.0 million, the proceeds from maturity of long-term investments of RMB904.8 million and cash received from disposal of equity investment of RMB56.6 million, which were offset by the purchase of short-term investments of RMB1,460.1 million, the purchase of property and equipment and intangible assets of RMB28.3 million and cash paid for acquisition (net of cash received) of RMB0.3 million.

***Financing Activities***

Our net cash used in financing activities in 2022 was RMB0.5 million (US\$0.1 million), primarily attributable to RMB240.5 million (US\$34.9 million) for repayments of short-term and long-term borrowings, which were partially offset by RMB46,404.0 (US\$6,728) of proceeds from employees exercising stock options and RMB240.0 million (US\$34.8 million) of proceeds from short-term and long-term borrowings.

Our net cash used in financing activities in 2021 was RMB344.6 million, primarily attributable to RMB621.0 million for repayments of short-term and long-term borrowings and RMB1.9 million for acquisition of noncontrolling interests of subsidiaries, which were partially offset by RMB0.4 million of proceeds from employees exercising stock options and RMB277.9 million of proceeds from short-term and long-term borrowings.

Our net cash used in financing activities in 2020 was RMB209.5 million, primarily attributable to RMB918.5 million for repayments of short-term and long-term borrowings, RMB0.3 million for share repurchase, RMB14.0 million for deferred and contingent consideration of business acquisitions made in previous years and RMB10.0 million we paid to redeem non-controlling interests, which were offset by RMB733.3 million of proceeds from short-term and long-term borrowings, RMB57,731.0 of proceeds from employees exercising stock options.



## Material Cash requirements

Our material cash requirements as of December 31, 2022 mainly include debt obligations, operating lease obligations and capital expenditure commitments, as below:

	Payment Due by Period				
	Total	Less Than 1 Year	1-3 Years (In RMB thousands)	3-5 Years	More Than 5 Years
Operating Lease Obligations	49,257	15,654	9,949	6,904	16,750
Bank Borrowings	19,476	7,517	7,771	2,814	1,374
Capital Commitments	826	826	—	—	—

Our operating lease obligations represent our obligations for the leased premises of our headquarter and offline retail stores.

Our capital commitments are commitments in relation to the purchase of property and equipment including leasehold improvements.

Our short-term and long-term bank borrowings represent borrowings from banks with maturity from six months to six years.

We intend to fund our existing and future material cash requirements for at least the next twelve months after the issuance of this report using our existing cash balance, and these commitments have been considered in our assessment that we will be able to meet our obligations as they become due over that period. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any off-balance sheet derivative instruments. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Other than as shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2022. As of December 31, 2022, for the purpose of indebtedness, save as disclosed in our consolidated financial statements included elsewhere in this annual report, we did not have significant contingent liabilities.

## Holding Company Structure

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

### **C. Research and Development**

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

Research and product development expenses primarily comprise salaries and other compensation expenses for our research and product development personnel as well as office rental, depreciation and other expenses related to our research and product development function. Research and product development expenses also include expenses that are incurred in connection with the planning and implementation phases of development and costs that are associated with the maintenance of our online platform or software for internal use. Our research and product development expenses decreased from RMB100.5 million in 2020 to RMB54.6 million in 2021 and further decreased to RMB50.8 (US\$7.4) million in 2022, which was primarily due to the decrease in research and development personnel related expenses.

### **D. Trend Information**

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2022 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

### **E. Critical Accounting Estimates**

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, see “Notes to Consolidated Financial Statements – Note 2 Significant Accounting Policies”.

#### ***Long-term investments***

Long-term investments include equity investments and other long-term investments, which involve significant accounting estimates.

##### ***Equity investments***

We adopted the ASU 2016-01 at January 1, 2018. Upon adoption of the ASU 2016-01, we elect a measurement alternative for equity investments that do not have readily determinable fair values and where we do not have the ability to exercise significant influence over operating and financial policies of the entity. Under the measurement alternative, we measured these investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. An impairment loss is recognized in the consolidated statements of comprehensive loss equal to the excess of the investment’s cost over its fair value when the impairment is deemed other-than-temporary.

[Table of Contents](#)

*Other long-term investments*

Other long-term investments include financial products with maturities over one year, which are carried at their fair value at each balance sheet date and changes in fair value are reflected in the consolidated statements of operations and comprehensive income.

When our assumptions related to the estimates of the fair value of the investments decreased/increased by 5% while holding all other estimates constant, there would be no significant impact to our consolidated results of operations.

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of identifiable assets and liabilities acquired in business combinations. Goodwill is not amortized, but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

We adopted ASU No. 2017-04, “*Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*” (“ASU 2017-04”), which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. We conduct our goodwill impairment assessment as of December 31 annually or more frequently if events or changes in circumstances indicate that it may be impaired. We first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, so as to perform the quantitative goodwill impairment test. If determined to be necessary, the quantitative impairment test is used to identify goodwill impairment by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

There is only one reporting unit as Chief Operating Decision Maker (“CODM”) only reviews the operating results on the consolidation level, and our business substance and economic characteristics of entities and components are similar. Therefore, the goodwill assessment was performed on consolidated level as one reporting unit.

During the second quarter of 2022, since the COVID-related travel policies and measures underwent an abruptly and broadly heightened implementation phase, the impact of COVID-19 pandemic was more severe than before and it was uncertain how much longer the pandemic would continue to impact our business. As a result of the continued implementation of various travel restrictions in mainland China due to COVID-19 pandemic, the travel industry plunged and the situation has become even more challenging compared to the first wave of pandemic in 2020 in mainland China, resulting in a pessimistic market sentiment in the second quarter of 2022. Together with other indicators such as history of net losses and low market capitalization of us, as a result, in the second quarter of 2022, management concluded the existence of the triggering events which required us to perform an interim quantitative goodwill impairment test as of June 30, 2022. Management performed an interim quantitative goodwill impairment test by using the income approach, using a discounted cash flow model, with cashflow forecast reflecting management’s best estimate at that time of the outlook of the business. Based on quantitative goodwill impairment test, the fair value of the reporting unit was RMB1,092.9 million (US\$158.5 million), which was lower than the carrying value of our net assets of RMB1,205.0 million (US\$174.7 million) as of June 30, 2022, hence an impairment charge of RMB112.1 million (US\$16.3 million) was recognized to reduce the carrying value of the goodwill to its fair value in the second quarter of 2022. Certain key assumptions used in management’s impairment assessment related to revenue growth, gross margin, operating expenses, working capital requirements and discount rate by considering the historical performance of the reporting unit, relevant industry forecasts and market developments. After the impairment provision, the goodwill balance was reduced to RMB119.9 million (US\$17.4 million) as of June 30, 2022.

When one of our assumptions relating to these factors decreased/increased by 5% while holding all other assumptions constant, there would be no significant impact to our consolidated results of operations.

In December 2022, COVID-19 related restrictions were released in mainland China, which was a positive sign for travelling industry and the Group. In addition, the capital market responded quickly with market capitalization of us increased to US\$186.9 million (RMB1,289.1 million) as of December 31, 2022, which was higher than our carrying value of RMB1,058.3 million (US\$153.4 million) and the share price kept increasing subsequently in 2023, which reflects an improved market sentiment to the travel industry. As a result, we concluded there was no impairment indicators for our goodwill as of December 31, 2022, and hence no further impairment is required.

No impairment loss was recognized for the years ended December 31, 2020 and 2021 based on management’s impairment test.

### ***Impairment of non-financial assets***

We evaluate our non-financial assets including property and equipment, intangible assets, land use rights and operating lease rights-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The asset group is the unit of account for a non-financial asset or assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. When these events occur, we measure impairment by comparing the carrying amount of the asset group to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, we recognize an impairment loss equal to the difference between the carrying amount and fair value of these assets.

All of our non-financial assets are considered one asset group which represents the lowest level to independently generate identifiable cash flows. COVID-19 related travel restrictions were relaxed in mainland China in December 2022, which was a positive sign for travelling industry and us. In addition, as of December 31, 2022, our market capitalization increased to RMB1,289.1 million, which was higher than our carrying value of RMB1,058.3 million and our share price kept increasing subsequently in 2023, which reflects an improved market sentiment to the travel industry. As a result, we concluded that there was no impairment for non-financial assets for the year ended December 31, 2022. No additional impairment of non-financial assets was recognized during the years ended December 31, 2020 and 2021, except for provision for certain intangible assets.

When one of our assumptions relating to these factors decreased/increased by 5% while holding all other assumptions constant, the result of the non-financial assets impairment assessment would not be impacted and the fair value of the asset group would still be above its carrying value.

### ***Current expected credit losses***

In 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”), which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. On January 1, 2020, we adopted this ASC Topic 326 and several associated ASUs on the measurement of credit losses, which requires us to estimate lifetime expected credit losses upon recognition of the financial assets. We adopted the accounting standards update using a modified retrospective approach. Upon adoption of the new standard on January 1, 2020, we recorded a net decrease to its retained earnings of RMB19.4 million.

Our accounts receivable, held-to-maturity investments, prepayments and other current assets, amounts due from related parties and long-term amounts due from related parties are within the scope of ASC Topic 326. We have identified the relevant risk characteristics of its customers and the related receivables and prepayments, which include nature, size and types of the services we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, expected impact of COVID-19 and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on our specific facts and circumstances.

When our assumptions related to the estimates of loss severity and recoveries and macroeconomic factors decreased/increased by 5% while holding all other estimates constant, there would be no significant impact to our consolidated results of operations.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Dunde Yu	42	Founder, Chairman and Chief Executive Officer
Kan Wang	38	Director
Kun Li	35	Director
Haifeng Yan	41	Independent Director
Frank Lin	58	Independent Director
Onward Choi	52	Independent Director
Jack Xu	55	Independent Director
Jie Chen	43	Independent Director
Haijin Cheng	52	Independent Director
Anqiang Chen	47	Financial Controller

*Mr. Dunde Yu* is our founder and has served as chairman of our board of directors and chief executive officer since our inception. Prior to founding our company, Mr. Yu was the chief technology officer of *ci123.com* in 2006, where he helped *ci123.com* become a leading Chinese childcare website. From 2004 to 2006, Mr. Yu served as the technical director of *Bokee.com*. Mr. Yu received a bachelor's degree in mathematics from Southeast University in China in 2003.

*Mr. Kan Wang* has served as Tuniu's director since June 2022. Mr. Wang currently serves as an executive deputy general manager of the asset operation department at HNA Group Co., Limited ("HNA Group"). Mr. Wang joined HNA Group in August 2017 and had served as vice president of Yangtze Air Cargo Holding Co., Ltd., chief investment officer of HNA Modern Logistics Group Co., Ltd. and president assistant in non-aviation asset management division of HNA Group. Prior to joining HNA Group, Mr. Wang served as a vice manager at Deloitte, a chief investment officer at Hung To Capital Management Co., Ltd. and an overseas investment and operations director at Qingdao Haier Co., Ltd. Mr. Wang currently serves as the chairman, executive director and chief executive officer of CWT International Limited (HKEX: 0521), chairman of E-Life Financial Services Holding Group Co., Ltd. and director of HY Energy Group Co., Ltd. (SSE: 600387). Mr. Wang is certified as an association chartered accountant and a Hong Kong institute of certified public accountant. Mr. Wang received his master's degree in politics and economy simultaneous interpretation from University of Bath in 2008.

*Mr. Kun Li* has served as Tuniu's director since April 21, 2020. Mr. Kun Li currently serves as the vice general manager of asset management in HNA Tourism & Hospitality Business Unit. Mr. Li joined HNA Group in July 2013 and has previously served as president of HNA Tourism Innovation Ventures, deputy director of the investment committee in HNA's Travel Innovation Platform, general manager of strategic coordination in HNA Hotels and Resorts and general manager assistant of enterprise management division in E-Life Financial Services Holding Group Co., Ltd. Mr. Li has extensive experience in the fields of tourism and investment. Mr. Li received a master's degree in financial modeling from University of Glasgow in November 2012.

*Mr. Haifeng Yan* has served as Tuniu's director since our inception and is now our independent director. Mr. Yan is the founder and Chief Executive Officer of Black Fish Group Limited. Mr. Yan co-founded Tuniu in 2006 and previously served as our Chief Operating Officer and President until November 2017. Prior to founding Tuniu, Mr. Yan was one of the founding members and Chief Operating Officer of *ci123.com*, a leading childcare website in China, from 2005 to 2006. Prior to that, Mr. Yan served as an analyst of iTech Holdings Limited in 2004.

## [Table of Contents](#)

*Mr. Frank Lin* has served as Tuniu’s independent director since December 2009. Mr. Lin is a general partner of DCM, a technology venture capital firm and a director of Kuaishou Technology, a leading content community and social platform in China listed on the Hong Kong Stock Exchange. Prior to joining DCM in 2006, Mr. Lin was the chief operating officer of SINA Corporation, a Nasdaq-listed company. He co-founded SINA’s predecessor, SinaNet, in 1995 and later guided SINA through its listing on Nasdaq. Mr. Lin had also held various marketing, engineering and managerial positions at Octel Communication Inc. and NYNEX. Mr. Lin currently serves on the board of directors of various DCM portfolio companies, including GigaCloud Technology Inc. and Quantasing Group Limited, which are Nasdaq-listed companies and Vipshop Holdings Limited, a NYSE-listed company and Kuaishou Technology, a Hong Kong Stock Exchange listed company. Mr. Lin received an MBA degree from Stanford University and a bachelor’s degree in engineering from Dartmouth College.

*Mr. Onward Choi* has served as Tuniu’s independent director since May 2014. Mr. Choi was the acting chief financial officer of NetEase Inc., a Nasdaq-listed company, from July 2007 to June 2017. Mr. Choi currently serves as the independent director and the chairman of the audit committee of Smart Share Global Limited and Ucloudlink Group Inc., both are Nasdaq-listed companies. Mr. Choi also serves as an independent non-executive director and the chairman of the audit committee of Beijing Jingkelong Company Limited (HKEX: 0814) and Tongdao Liepin Group (HKEX: 6100), both of which are listed on the Hong Kong Stock Exchange. Mr. Choi is a fellow member of the Association of Chartered Certified Accountants, CPA Australia, and the Hong Kong Institute of Certified Public Accountants. Mr. Choi received a bachelor’s degree in accountancy with honors from the Hong Kong Polytechnic University.

*Mr. Jack Xu* has served as Tuniu’s independent director since May 2014. Mr. Xu is the managing partner at Seven Seas Venture Partners. Mr. Xu served as Co-President and Chief Technology Officer of Sina Corporation, a Nasdaq-listed company, from January 2013 to February 2015. Prior to joining Sina Corporation, Mr. Xu worked at Cisco as the Corporate Vice President of the Communications and Collaboration business unit. Previously, Mr. Xu served as Vice President of Engineering and Research at eBay from October 2002 to April 2008 and Chief Technology Officer at NetEase from May 2000 to July 2002. He led Excite’s search engine development in 1996, while pursuing a Ph.D. at the University of California at Berkeley. Mr. Xu received a bachelor’s degree and a master’s degree in information management from Sun Yat-Sen University in China.

*Mr. Jie Chen* has served as Tuniu’s independent director since December 2022. Mr. Chen currently serves as Chairman of the Board of Caissa Tourism (000796.SZ), an A-share company listed on the Shenzhen Stock Exchange. Mr. Chen joined Caissa Tourism Group in 2002 and previously served as the vice president of Caissa Tosun Development Co. Ltd. and general manager of domestic operation business group, vacation business group and product research and development center for group tours. Mr. Chen graduated from Beijing Science Technology and Management College in 2002.

*Mr. Haijin Cheng* has served as Tuniu’s independent director since March 2021. Mr. Cheng has extensive experience in internal auditing, financial management and strategic M&A with companies in a range of industries and countries. Mr. Cheng is the founder and president of Shanghai Huan Pu Management Consulting Co., which provides management advisory services to domestic and foreign companies. Prior to founding Huan Pu, Mr. Cheng served as the leader of the business development department in General Electric (China) Ltd, director of the business development department in Honeywell (China) Ltd., senior officer of the audit department in Bank of China (Hong Kong) and corporate accountant in C. P. Group of Thailand. Mr. Cheng currently serves as an independent director of Centre Testing International Group Co., Ltd. (300012.SZ), an A-share company listed on the Shenzhen Stock Exchange. Mr. Cheng is a Certified Public Accountant USA and received an MBA degree from Cornell University.

*Mr. Anqiang Chen* has served as Tuniu’s financial controller since May 2020. Mr. Chen joined Tuniu in March 2010. Prior to the financial controller appointment, Mr. Chen previously served as associate vice president in charge of budgeting and working capital management at Tuniu. Mr. Chen has over 25 years of experience in finance and management across various industries. Mr. Chen holds an MBA from Xi’an University of Technology.

## **B.Compensation**

For the fiscal year ended December 31, 2022, we paid an aggregate of approximately RMB1.3 million (US\$0.2 million) in cash to our executive officers and RMB1.2 million (US\$0.2 million) to our non-executive directors and officers. For share incentive grants to our directors and executive officers and the vesting conditions of such share incentive grants, see “—Share Incentive Plans.”

## Share Incentive Plans

### *2008 Incentive Compensation Plan*

We adopted an incentive compensation plan, or the 2008 Plan, in 2008. The purposes of the 2008 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants, and to promote the success of our business by offering these individuals an opportunity to acquire a proprietary interest in our company. In 2012, we increased the maximum aggregate number of shares which may be issued under the 2008 Plan from 11,500,000 to 18,375,140. As of February 28, 2023, options to purchase 3,242,208 Class A ordinary shares were outstanding under the 2008 Plan. The 2008 Plan terminated automatically in 2018.

The following paragraphs summarize the terms of the 2008 Plan.

**Types of Awards.** The 2008 Plan permits the awards of options and restricted shares.

**Plan Administration.** Our board of directors or a committee appointed by our board will administer the 2008 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant, among other things. Our board of directors may authorize one or more officers of us to grant awards under the 2008 Plan, subject to parameters specified by the board of directors.

**Award Agreement.** Awards granted under the 2008 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award, among other things. Pursuant to the form award agreement under the 2008 Plan, 1/4 of the ordinary shares underlying the option shall vest on the first anniversary of the date of grant, and 1/48 of the remaining ordinary shares underlying the option shall vest on a monthly basis in the following three years. However, the option may be exercised, to the extent vested, only (a) in connection with or after certain triggering events if the option is assumed by a company whose shares are listed on a securities exchange, or (b) unless otherwise allowed by the plan administrator in its sole discretion, if the option holder obtains all the necessary governmental approvals and consents required for the issuance of such shares.

**Eligibility.** We may grant awards to our employees and consultants of our company. However, we may grant options that are intended to qualify as incentive options only to our employees.

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

**Exercise of Options.** The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of a grant.

**Transfer Restrictions.** Options may not be transferred in any manner by the recipient other than by will or by the laws of descent or distribution, except as otherwise provided by the plan administrator.

**Termination of the 2008 Plan.** The 2008 Plan terminated automatically in 2018.

#### **2014 Share Incentive Plan**

We adopted the 2014 Share Incentive Plan, or the 2014 Plan, in 2014. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2014 Plan was initially 5,500,000 ordinary shares as of the date of its approval. The number of shares reserved for future issuances under the 2014 Plan will be increased automatically if and whenever the ordinary shares reserved under the 2014 Plan account for less than 1% of the total then-issued and outstanding ordinary shares on an as-converted basis, as a result of which increase, the ordinary shares reserved under the 2014 Plan immediately after each such increase shall equal to 5% of the then-issued and outstanding ordinary shares on an as-converted basis (the “Evergreen Provision”). Pursuant to the Evergreen Provision, the maximum aggregate number of shares which may be issued under the 2014 Plan increased automatically by an aggregate of 54,006,703 Class A ordinary shares in December 2014, August 2015, December 2016 and April 2023, respectively, reaching to a total of 59,506,703 Class A ordinary shares. As of February 28, 2023, options to purchase 22,369,488 Class A ordinary shares and 219,402 restricted shares were outstanding under the 2014 Plan.

The following paragraphs summarize the terms of the 2014 Plan.

**Types of Awards.** The 2014 Plan permits the awards of options, restricted shares and restricted share units.

**Plan Administration.** Our board of directors or a committee designated by our board administers the 2014 Plan. The committee or the full board of directors, as applicable, determines the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

**Award Agreement.** Awards granted under the 2014 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee’s employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

**Eligibility.** We may grant awards to our employees, directors and consultants of our company. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our parent companies and subsidiaries.

**Acceleration of Awards upon Change in Control.** If a change in control of our company occurs, the plan administrator may, in its sole discretion, provide for (i) all awards outstanding to terminate at a specific time in the future and give each participant the right to exercise the vested portion of such awards during a specific period of time, or (ii) the purchase of any award for an amount of cash equal to the amount that could have been attained upon the exercise of such award, or (iii) the replacement of such award with other rights or property selected by the plan administrator in its sole discretion, or (iv) payment of award in cash based on the value of ordinary shares on the date of the change-in-control transaction plus reasonable interest.

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

**Exercise of Options.** The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of a grant.

**Transfer Restrictions.** Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

**Termination of the 2014 Plan.** Unless terminated earlier, the 2014 Plan will terminate automatically in 2024. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval or home country practice.



[Table of Contents](#)

The following table summarizes, as of February 28, 2023, the outstanding options and restricted shares granted to our directors and executive officers under the 2008 Plan and 2014 Plan.

Name	Ordinary Shares Underlying Options Awarded/ Restricted Shares	Exercise Price		Date of Grant	Vesting Schedule	Date of Expiration
		(US\$/ Share)	(RMB/ Share) <sup>(4)</sup>			
Dunde Yu	630,814	0.100	0.690	November 5, 2009	4 years <sup>(1)</sup>	November 4, 2029
	1,100,000	0.226	1.559	March 11, 2011	4 years <sup>(1)</sup>	March 10, 2031
	1,269,995	0.0001	0.001	August 1, 2013	4 years <sup>(1)</sup>	July 31, 2029
	900,000	3.000	20.692	June 13, 2014	4 years <sup>(1)</sup>	June 12, 2024
	760,000	3.090	21.312	March 6, 2015	4 years <sup>(1)</sup>	March 5, 2025
	1,981,000	3.090	21.312	August 20, 2015	4 years <sup>(1)</sup>	August 19, 2025
	1,420,000	2.683	18.505	December 2, 2016	4 years <sup>(1)</sup>	December 1, 2026
	17,256	0.0001	0.001	January 1, 2017	1 years <sup>(2)</sup>	December 31, 2026
	3	1.670	11.518	May 8, 2018	4 years <sup>(1)</sup>	May 7, 2028
	12,564	0.0033	0.023	January 30, 2019	1 years <sup>(2)</sup>	January 29, 2029
	6,681,434	0.333	2.297	August 10, 2022	4 years <sup>(1)</sup>	August 9, 2032
Anqiang Chen	*	0.226	1.559	March 11, 2011	4 years <sup>(1)</sup>	March 10, 2031
	*	1.135	7.828	March 19, 2012	4 years <sup>(1)</sup>	March 18, 2032
	*	0.0001	0.001	March 6, 2015	4 years <sup>(1)</sup>	March 5, 2025
	*	2.683	18.505	December 2, 2016	4 years <sup>(1)</sup>	December 1, 2026
	*	1.670	11.518	May 8, 2018	4 years <sup>(1)</sup>	May 7, 2028
	*	0.0033	0.023	January 30, 2019	1 years <sup>(2)</sup>	January 29, 2029
	*	0.333	2.297	August 10, 2022	4 years <sup>(1)</sup>	August 9, 2032
Jack Xu	*†	N/A		May 9, 2022	4 years <sup>(3)</sup>	May 9, 2032
Onward Choi	*†	N/A		May 9, 2022	4 years <sup>(3)</sup>	May 9, 2032
Haijin Cheng	*†	N/A		May 9, 2022	4 years <sup>(3)</sup>	May 9, 2032
Directors and officers as a group	18,048,304	—	—	—	—	—

\* Shares underlying vested options less than 1% of our total outstanding shares.

† Denotes restricted share award; all other awards in this table are option awards.

- (1) Pursuant to the relevant award agreement, 1/4 of the ordinary shares underlying the option or restricted shares shall vest on the first anniversary of the date of grant, and 1/48 of the remaining ordinary shares underlying the option or restricted shares shall vest on a monthly basis in the following three years. However, the option or restricted shares may be exercised, to the extent vested, only (a) in connection with or after certain triggering events if the option is assumed by a company whose shares are listed on a securities exchange, or (b) unless otherwise allowed by the plan administrator in its sole discretion, if the option holder or holder of restricted shares obtains all the necessary governmental approvals and consents required for the issuance of such shares.
- (2) Pursuant to the relevant award agreement, 1/12 of the ordinary shares underlying the option shall vest on a monthly basis. However, the option may be exercised, to the extent vested, only (a) in connection with or after certain triggering events if the option is assumed by a company whose shares are listed on a securities exchange, or (b) unless otherwise allowed by the plan administrator in its sole discretion, if the option holder obtains all the necessary governmental approvals and consents required for the issuance of such shares.

[Table of Contents](#)

- (3) Pursuant to the relevant award agreement, 1/48 of the restricted shares shall vest on a monthly basis since June 9, 2022. However, the option or restricted shares may be exercised, to the extent vested, only (a) in connection with or after certain triggering events if the option is assumed by a company whose shares are listed on a securities exchange, or (b) unless otherwise allowed by the plan administrator in its sole discretion, if the option holder or holder of restricted shares obtains all the necessary governmental approvals and consents required for the issuance of such shares.
- (4) The prices in Renminbi were translated using the rate of US\$1.00 = RMB6.8972, the exchange rate in effect as of December 30, 2022, solely for the convenience of the readers.

**C. Board Practices**

**Board of Directors**

Our board of directors currently consists of nine directors. A director is not required to hold any shares in our company. A director may vote with respect to any contract, proposed contract, or arrangement in which he or she is interested provided (a) such director has declared the nature of his or her interest, whether material or not, at the earliest meeting of the board at which it is practicable to do so, either specifically or by way of a general notice, (b) such director has not been disqualified by the chairman of the relevant board meeting, and (c) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee in accordance with the Nasdaq rules. The directors may exercise all the powers of the company to borrow money, mortgage its business, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

**Committees of the Board of Directors**

We have three committees of the board of directors: the audit committee, the compensation committee and the nominating and corporate governance committee under the board of directors. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

***Audit Committee.*** Our audit committee consists of Mr. Onward Choi, Mr. Jack Xu and Mr. Haijin Cheng and is chaired by Mr. Choi. Each of Mr. Choi, Mr. Xu and Mr. Cheng satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Our board of directors has determined that each of Mr. Choi and Mr. Xu qualifies as an "audit committee financial expert" within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of significant or material control deficiencies;
- reviewing and reassessing annually the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent registered public accounting firm; and

## [Table of Contents](#)

- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

**Compensation Committee.** Our compensation committee consists of Mr. Onward Choi, Mr. Jie Chen and Mr. Jack Xu, and is chaired by Mr. Choi. Each of Mr. Choi, Mr. Liu and Mr. Xu, satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

**Nominating and Corporate Governance Committee.** Our nominating and corporate governance committee consists of Mr. Jack Xu, Mr. Onward Choi and Mr. Frank Lin, and is chaired by Mr. Xu. Each of Mr. Xu, Mr. Choi and Mr. Lin satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- developing and reviewing the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices; and
- evaluating the performance and effectiveness of the board as a whole.

### **Terms of Directors and Executive Officers**

All directors hold office until they are removed by ordinary resolution of the shareholders or become disqualified from being a director in accordance with the terms of our articles of association. In addition, the service agreements between us, our subsidiaries, if applicable, and the directors do not provide benefits upon termination of their service. Director nominations by the board of directors are subject to the approval of our corporate governance and nominating committee. Our shareholders may remove any director by ordinary resolution and may in like manner appoint another person in his stead. A valid ordinary resolution requires (i) a majority of the votes cast at a shareholder meeting (in person or by proxy) that is duly constituted and meets the quorum requirement; or (ii) approval by unanimous written shareholder resolutions. Officers are elected by and serve at the discretion of the board of directors.

## Duties of Directors

Under Cayman Islands law, our directors have a duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. You should refer to “Item 10. Additional Information—B. Memorandum and Articles of Association—Differences in Corporate Law—Directors’ Fiduciary Duties.”

## Board Diversity Matrix

Board Diversity Matrix (As of February 28, 2023)				
Country of Principal Executive Offices	PRC			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	9			
				Did Not Disclose Gender
	Female	Male	Non-Binary	
<b>Part I: Gender Identity</b>				
Directors	0	9	0	0
<b>Part II: Demographic Background</b>				
Underrepresented Individual in Home Country Jurisdiction	0			
LGBTQ+	0			
Did Not Disclose Demographic Background	5			

## D. Employees

We had a total of 2,113, 1,916 and 896 employees as of December 31, 2020, 2021 and 2022, respectively. The following table sets forth the numbers of our employees, categorized by function, as of December 31, 2022:

Function	Number of Employees
Management and administration	136
Customer service center	125
Sales and marketing	458
Research and product development	177
<b>Total</b>	<b>896</b>

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

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

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

## E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our shares as of February 28, 2023 by:

- each of our current directors and executive officers; and

[Table of Contents](#)

- each person known to us to own beneficially more than 5% of our shares.

See “—B. Compensation—Share Incentive Plans” for more details on options and restricted shares granted to our directors and executive officers.

The calculations in the table below are based on 371,398,555 ordinary shares outstanding as of February 28, 2023, including 17,373,500 Class B ordinary shares outstanding and 354,025,055 Class A ordinary shares outstanding (excluding 17,932,986 Class A ordinary shares, represented by 5,977,662 ADSs, reserved for the future exercise of options or the vesting of other awards under the 2008 Plan and the 2014 Plan).

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares	Voting %†	Power††
<b>Directors and Executive Officers:*</b>					
Dunde Yu <sup>(1)</sup>	11,795,759	10,423,503	22,219,262	5.9	21.7
Kan Wang <sup>(2)</sup>	100,379,869	—	100,379,869	27.0	19.0
Kun Li <sup>(3)</sup>	100,379,869	—	100,379,869	27.0	19.0
Jie Chen <sup>(4)</sup>	78,061,780	—	78,061,780	21.0	14.8
Haijin Cheng <sup>(5)</sup>	**	—	**	**	**
Frank Lin <sup>(6)</sup>	16,829,512	—	16,829,512	4.5	3.2
Haifeng Yan <sup>(7)</sup>	—	—	—	—	—
Onward Choi	**	—	**	**	**
Jack Xu <sup>(8)</sup>	**	—	**	**	**
Anqiang Chen	**	—	**	**	**
All directors and executive officers as a group	207,455,072	10,423,503	217,878,575	57.4	58.2
<b>Principal Shareholders:</b>					
Affiliates of HNA Trust <sup>(9)</sup>	100,379,869	—	100,379,869	27.0	19.0
Affiliates of Caissa Group <sup>(10)</sup>	78,061,780	—	78,061,780	21.0	14.8
Dragon Rabbit Capital Limited <sup>(11)</sup>	3,704,135	10,423,503	14,127,638	3.8	20.5
Fullshare Holdings Limited <sup>(12)</sup>	4,104,137	6,949,997	11,054,134	3.0	13.9

\* Except for Kan Wang, Kun Li, Jie Chen, Haijin Cheng, Frank Lin, Haifeng Yan and Jack Xu, the business address of our directors and executive officers is Tuniu Building, No. 32, Suningdao, Xuanwu District, Nanjing, Jiangsu Province 210042, PRC.

\*\* Shares underlying vested options of less than 1% of our total outstanding shares on an as-converted basis.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group by the sum of the total number of ordinary shares outstanding as of February 28, 2023, which is 371,398,555 ordinary shares outstanding, including 17,373,500 Class B ordinary shares outstanding and 354,025,055 Class A ordinary shares outstanding (excluding 17,932,986 Class A ordinary shares, represented by 5,977,662 ADSs, reserved for the future exercise of options or the vesting of other awards under the 2008 Plan and the 2014 Plan), plus the number of ordinary shares such person or group has the right to acquire, including upon exercise of options and vesting of restricted shares and restricted share units, within 60 days after February 28, 2023.

†† For each person and group included in this column, percentage ownership percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group, and the ordinary shares such person or group has the right to acquire upon exercise of the stock options or warrants within 60 days after February 28, 2023, with respect to the total voting power based on all the outstanding shares of our Class A and Class B ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per Class A ordinary share. Each holder of our Class B

## [Table of Contents](#)

ordinary shares is entitled to ten votes per Class B ordinary share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a share-for-share basis.

- (1) Represents (i) 8,091,624 Class A ordinary shares underlying the options that have become fully vested as of February 28, 2023 or will become fully vested within 60 days after February 28, 2023 and (ii) 3,704,135 Class A ordinary shares and 10,423,503 Class B ordinary shares held by Dragon Rabbit Capital Limited, a British Virgin Islands company. Dragon Rabbit Capital Limited is wholly owned by Longtu Holdings Limited, a British Virgin Islands company which is wholly owned by a trust, of which Mr. Yu's family is the beneficiary. The 3,704,135 Class A ordinary shares and 10,423,503 Class B ordinary shares owned by Dragon Rabbit Capital Limited are currently pledged to Fuqun Limited, as lender under a loan agreement dated August 21, 2017, to secure the obligations of Dragon Rabbit Capital Limited under the loan agreement.
- (2) Represents (i) 90,909,091 Class A ordinary shares held by BHR Winwood Investment Management Limited and (ii) 9,470,778 Class A ordinary shares represented by 3,156,926 American Depository Shares held by Hong Kong Praise Tourism Investment Limited. The business address of Mr. Wang is 101-23-1889, Hongqiao Road, Shanghai, China.
- (3) Represents (i) 90,909,091 Class A ordinary shares held by BHR Winwood Investment Management Limited and (ii) 9,470,778 Class A ordinary shares represented by 3,156,926 American Depository Shares held by Hong Kong Praise Tourism Investment Limited. The business address of Mr. Li is 402, Hopson One Office Building, No. 21 Dawang Road West, Chao Yang District, Beijing, P.R. China.
- (4) Represents (i) 65,625,000 Class A ordinary shares held by Fabulous Jade Global Limited and (ii) 12,436,780 Class A ordinary shares held by Hopeful Tourism Limited. The business address of Mr. Chen is FL. 29 of Block C(East Tower), Glory Tower, No. 11 Guoxing Street Meilan Dist. Haikou, Hainan Province, P.R. China.
- (5) The business address of Mr. Cheng is No.4-2-502 Dong Hua Shi Nan Li Yi Qu, Dongcheng District, Beijing, PRC.
- (6) Represents (i) 10,802,352 Class A ordinary shares held by DCM V, L.P., (ii) 263,589 Class A ordinary shares held by DCM Affiliates Fund V, L.P., (iii) 4,439,695 Class A ordinary shares held by DCM Hybrid RMB Fund, L.P., (iv) 1,250,327 Class A ordinary shares held by DCM Ventures China Turbo Fund, L.P., and (v) 73,549 Class A ordinary shares held by DCM Ventures China Turbo Affiliates Fund, L.P. The business address of Mr. Lin is Unit 1, Level 10, Tower W2, Oriental Plaza, Dong Cheng District, Beijing, PRC.
- (7) The business address of Mr. Yan is Floor 2-5, Building C6, Zidong International Creative Park, Nanjing, Jiangsu, PRC.
- (8) The business address of Mr. Xu is 12011 Magnolia Court, Saratoga, CA 95070, USA.
- (9) Represents (i) 90,909,091 class A ordinary shares held by BHR Winwood Investment Management Limited and (ii) 9,470,778 class A ordinary shares represented by 3,156,926 American Depository Shares held by Hong Kong Praise Tourism Investment Limited (HK Praise Tourism). BHR Winwood Investment Management Limited is a company incorporated in Hong Kong and wholly owned by an affiliated fund of Hainan HNA No.2 Trust Management Services Co., Ltd. (HNA Trust). The trust was set up after the bankruptcy of HNA Group to manage certain of its affiliates, including HNA Tourism. The business address of BHR Winwood Investment Management Limited is Unit 3101, 31/F, tower 2, China Central Place, 79 Jianguo Road, Chaoyang District, Beijing 100025, PRC. HK Praise Tourism is a company organized under the laws of Hong Kong wholly owned by Mr. Yaqi Sun, who is the nominee of the HNA Trust. The business address of HK Praise Tourism is Unit 417, 4/F, Lippo Centre Tower Two No. 89 Queensway, Admiralty, Hong Kong. We refer to BHR Winwood Investment Management Limited and HK Praise Tourism as "Affiliates of HNA Trust."
- (10) Represents (i) 65,625,000 Class A ordinary shares held by Fabulous Jade Global Limited, and (ii) 12,436,780 Class A ordinary shares held by Hopeful Tourism Limited. The business address of Fabulous Jade Global Limited is c/o P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Fabulous Jade is a wholly-owned subsidiary of Hopeful Tourism Limited. The business address of Hopeful Tourism Limited is Flat/Rm A, 12/F Kiu Fu Commercial Building, 300 Lockhart Road, Wan Chai, Hong Kong. Hopeful Tourism Limited is a wholly-owned subsidiary of Caissa Segal Tourism Culture Investment Limited, which in turn is a wholly-owned subsidiary of Caissa Segal Tourism Culture Development Group Co., Ltd. We refer to Fabulous Jade Global Limited and Hopeful Tourism Limited as "Affiliates of Caissa Group".

(11) Dragon Rabbit Capital Limited is wholly owned by Longtu Holdings Limited is a British Virgin Islands company which is wholly owned by a trust, of which Mr. Yu's family is the beneficiary. The business address of Dragon Rabbit Capital Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The 3,704,135 Class A ordinary shares and 10,423,503 Class B ordinary shares owned by Dragon Rabbit Capital Limited are currently pledged to Fuqun Limited, as lender under a loan agreement dated August 21, 2017, to secure the obligations of Dragon Rabbit Capital Limited under the loan agreement.

(12) Represents (i) 4,104,137 Class A ordinary shares and (ii) 6,949,997 Class B ordinary shares held by Verne Capital Limited. Verne Capital Limited is a wholly owned subsidiary of Five Seasons XV Limited. Five Seasons XV Limited is a wholly owned subsidiary of Fullshare Value Fund II L.P. Fullshare Investment Management III Limited is the general partner of Fullshare Value Fund II L.P., and is wholly owned by Five Seasons XII Limited, which is a wholly owned subsidiary of Five Seasons XVIII (A) Limited. Five Seasons XVIII (A) Limited is a wholly owned subsidiary of Five Seasons XVIII Limited, which is a wholly owned subsidiary of Fullshare Holdings Limited. Accordingly, Fullshare Holdings Limited and its affiliates may be deemed to beneficially own the securities directly held by Verne Capital Limited. The business address of Fullshare Holdings Limited is Unit 2805, Level 28 Admiralty Centre Tower One 18 Harcourt Road, Admiralty Hong Kong.

To our knowledge, as of February 28, 2023, 156,607,851 of our outstanding ordinary shares are held by five record holders in the United States. The total number of shares held by the five record holders in the United States represents 42.17% of our total outstanding shares. This includes 144,218,034 ordinary shares (excluding 17,932,986 Class A ordinary shares, represented by 5,977,662 ADSs, reserved for the future exercise of options or the vesting of other awards under the 2008 Plan and the 2014 Plan) held of record by JPMorgan Chase Bank, N.A., the depository of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

#### **F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

### **Item 7. Major Shareholders and Related Party Transactions**

#### **A. Major Shareholders**

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

#### **B. Related Party Transactions**

##### **Contractual Arrangements**

For a description of the contractual arrangements among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu, see "Item 4. Information on the Company—C. Organizational Structure." See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

##### **Private Placements, Repurchase and Redesignation**

See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources."

##### **Relationship with Trip.com**

Trip.com purchased 5,000,000 Class A ordinary shares in a private placement concurrent with our initial public offering, an additional 3,731,034 Class A ordinary shares for a total of US\$15,000,000 through a private placement transaction in December 2014 as well as an additional 3,750,000 Class A ordinary shares for a total of US\$20,000,000 through a private placement transaction in May 2015. We conduct transactions in the ordinary course of business with Trip.com on the terms of arm-length transactions. We sell our packaged tours through Trip.com's online platform and the commission fees to Trip.com were insignificant. We purchased travelling products from Trip.com's online platform, which were insignificant. Revenues from Trip.com consist of commission fees for the booking of hotel rooms and air tickets through our online platform, amounting to RMB16.9 million, RMB145.5 thousand and RMB45.9 thousand (US\$6.7 thousand) for the years ended December 31, 2020, 2021 and 2022, respectively. As of December 31, 2021 and 2022,

amounts due from Trip.com amounted to RMB13.0 million and RMB0.2 million (US\$0.03 million), respectively, and amounts due to Trip.com amounted to RMB3.9 million and RMB3.9 million (US\$0.6 million), respectively.

#### **Relationship with Caissa Group**

On November 20, 2020, pursuant to a share purchase agreement and certain amendments, Caissa completed the purchase of all Class A ordinary shares held by JD.com, Inc.

We sold packaged tours through Caissa's platform and the commission fees to Caissa were insignificant. As of December 31, 2021 and 2022, amounts due from Caissa amounted to RMB1.9 million and RMB0.8 million (US\$0.1 million), respectively, and amounts due to Caissa amounted to RMB0.8 million and RMB0.8 million (US\$0.1 million).

#### **Relationship with HNA Tourism Group**

In November 2015, we entered into a strategic partnership with HNA Tourism through a share subscription agreement, pursuant to which (i) HNA Tourism invested US\$500 million in our company in January 2016 through the acquisition of 90,909,091 newly issued Class A ordinary shares of our company by one of its affiliates, and (ii) HNA Tourism agreed to provide us with access to its premium airlines and hotels resources at a preferential rate, in compliance with applicable fair competition market rules, and we undertook to acquire no less than US\$100 million products and services sourced from HNA Tourism until June 30, 2018. The transaction contemplated by the share subscription agreement was completed in January 2016. In connection with the strategic partnership with HNA Tourism, we entered into an investor rights agreement with HNA Tourism in November 2015, which was subsequently amended in December 2015 and February 2016, to govern certain rights and obligations of us and HNA Tourism. We have purchased RMB164.4 million, RMB112.8 million and RMB35.9 million (US\$5.2 million) air tickets from HNA Tourism for the years ended December 31, 2020, 2021 and 2022, respectively. We sold travelling products through an affiliate of HNA Tourism's distribution channels and the revenues were insignificant.

In December 2017 and May 2018, we provided financing (the "Notes Financing" and the "Loan Financing") to certain affiliates of HNA Tourism (the "HNA Affiliates") with total principal amount of RMB540 million. For the year ended December 31, 2019, the Notes Financing and the Loan Financing were overdue and we provided an allowance provision of RMB23.2 million against the carrying value of above Notes Financing and Loan Financing to reflect the increasing credit risk associated with the respective outstanding balances. In the year ended December 31, 2020, HNA Group's financial position further deteriorated and subsequently in January 2021, HNA Group received a formal bankruptcy and restructuring notice from the Hainan Province High People's Court (the "Court") following creditors' action against HNA Group due to its failure to pay overdue debts. As of December 31, 2020, we assessed the recoverability of above receivables and provided a full allowance for CECL on the remaining balance at the amount of RMB44.8 million and RMB512.8 million for the Notes Financing and the Loan Financings, respectively. Moreover, we provided a full allowance of RMB30.8 million for the current amounts due from other HNA Tourism affiliates. As of December 31, 2020, the carrying value of the Notes Financing, Loan Financing and amounts due from other HNA affiliates (collectively referred to as "HNA debts") was RMB nil.

In October 2021, debt restructuring plans of HNA Group and its affiliates were approved by the creditors and the Court, pursuant to which HNA Group and its affiliates would settle their debts owed to the creditors by various means, including cash, shares of Hainan Airlines Holding Co., Ltd., ("HNA Airlines"), a company listed in Chinese A share market, and units in a trust ("HNA Trust") comprising assets/liabilities of HNA Group and certain of its affiliates, etc. In December 2021, we received cash of RMB0.3 million (US\$0.04 million) and 531,591 shares of HNA Airlines with value of RMB1 million (US\$0.14 million) as part of the settlement of the HNA debts, of which CECL allowance was fully provided in the prior years. Accordingly, a reversal of CECL allowance at the amount of RMB1.3 million (US\$0.2 million) was credited to the consolidated statements of comprehensive loss in 2021.

In the year ended December 31, 2022, we received additional cash of RMB150 thousand (US\$22 thousand) and 2,398 shares of HNA Airlines with value of RMB3.9 thousand (US\$0.6 thousand) as part of the settlement of the HNA debts, of which CECL allowance was fully provided in the prior years. Accordingly, a reversal of CECL allowance at the amount of RMB153.9 thousand (US\$22.3 thousand) was credited to the consolidated statements of comprehensive loss in 2022.

In April 2022, as confirmed by the Court, the restructuring plan has been fully implemented and HNA Trust was officially established. In May 2022, we received and registered 632,992,650 trust units (representing 0.09% of unit interests of HNA trust) with the value of RMB13.3 million (US\$1.9 million), as the settlement of remaining HNA debts. We recognized the trust units as equity investment without readily determinable fair value and derecognized all the remaining HNA debts which was fully provided, meanwhile



[Table of Contents](#)

a corresponding reversal of CECL allowance with the amount of RMB13.3 million (US\$1.9 million) was credited to the consolidated statements of comprehensive loss for the year ended December 31, 2022.

**Employment Agreements and Indemnification Agreements**

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

**Share Incentive Plans**

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

**C. Interests of Experts and Counsel**

Not applicable.

**Item 8. Financial Information**

**A. Consolidated Statements and Other Financial Information**

See “Item 18. Financial Statements.”

**Legal Proceedings**

From time to time, we may be involved in legal proceedings in the ordinary course of our business. We are not currently a party to any material legal or administrative proceedings.

**Dividend Policy**

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

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

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Dividend Distribution” and “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our common shares, if any, will be paid in U.S. dollars.

**B. Significant Changes**

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

**Item 9. The Offer and Listing**

**A. Offering and Listing Details**

See “—C. Markets.”

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs, each representing three Class A ordinary shares of ours, have been listed on Nasdaq since May 9, 2014 under the symbol “TOUR.”

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association and the Companies Act (Revised) of the Cayman Islands, which we refer to as the Companies Act below. The following are summaries of material provisions of our fifth amended and restated memorandum and articles of association that became effective immediately prior to the completion of our initial public offering in May 2014, insofar as they relate to the material terms of our ordinary shares.

**Registered Office and Objects**

Our registered office in the Cayman Islands is located at International Corporation Services Ltd., P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands, or at such other place as our board of directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act, as amended from time to time, or any other law of the Cayman Islands.

**Board of Directors**

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

**Ordinary Shares**

**General.** Our authorized share capital is US\$100,000 divided into 1,000,000,000 shares, with a par value of US\$0.0001 each, which will be divided into 780,000,000 Class A ordinary shares with a par value of US\$0.0001 each, 120,000,000 Class B ordinary shares with a par value of US\$0.0001 each, and 100,000,000 shares of a par value of US\$0.0001 each of such class or classes (however designated) as our board of directors may determine. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

[Table of Contents](#)

**Dividends.** The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our current articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. Holders of Class A ordinary shares and Class B ordinary shares are entitled to the same amount of dividends, if declared.

**Voting Rights.** In respect of all matters subject to a shareholders' vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes, voting together as one class. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any shareholder present in person or by proxy. Each holder of our ordinary shares are entitled to vote such ordinary shares as are registered in his or her name on our register of members.

A quorum required for a meeting of shareholders consists of at least two shareholders who hold at least one third in nominal value of our share capital in issue at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders' meetings may be held annually. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Extraordinary general meetings may be called by a majority of our board of directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the aggregate voting power of our company. Advance notice of at least 14 calendar days is required for the convening of our annual general meeting and other general meetings. All holders of ordinary shares are permitted to attend general and extraordinary meetings.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding ordinary shares at a meeting. A special resolution is required for important matters such as a change of name or making changes to our current memorandum and articles of association.

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

**Transfer of Ordinary Shares.** Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four;
- the shares transferred are free of any lien in favor of the Company; and
- a fee of such maximum sum as the Nasdaq Global Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

## [Table of Contents](#)

The registration of transfers may, after compliance with any notice required of the Nasdaq Global Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in a year.

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

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

**Redemption of Ordinary Shares.** The Companies Act and our current articles of association permit us to purchase our own shares. In accordance with our current articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

**Alteration of Share Capital.** We may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe. We may by ordinary resolution: (a) consolidate and divide all or any of our share capital into shares of a larger amount than its existing shares; (b) convert all or any of our paid up shares into stock and reconvert that stock into paid up shares of any denomination; (c) subdivide our existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and (d) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. We may by special resolution reduce our share capital and any capital redemption reserve in any manner authorised by law.

**Variations of Rights of Shares.** All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Act, be materially adversely varied with the written consent of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be materially adversely varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares, or by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

**Inspection of Books and Records.** Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “—H. Documents on Display.”

**Issuance of Additional Shares.** Our current memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our current memorandum of association also authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

[Table of Contents](#)

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

**Anti-Takeover Provisions.** Some provisions of our current memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

**Exempted Company.** We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company.

**Register of Members.** Under the Companies Act, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, a statement of the number and category of shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member, and a confirmation whether each relevant category of shares held by a member carries voting rights under the articles of association of the Company, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of Cayman Islands law to have legal title to the shares as set against its name in the register of members.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

## Differences in Corporate Law

The Companies Act is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

**Mergers and Similar Arrangements.** A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by (a) a special resolution of the shareholders and (b) such other authorization, if any, as may be specified in such constituent company's articles of association.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, or (b) a majority in number representing 75% in value of the creditors or class of creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition, which may facilitate the "squeeze out" of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of Section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its

creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its members or an express power in its articles of association. On hearing such a petition, the Cayman Islands court may, among other things, make an order appointing a restructuring officer or make any other order as the court thinks fit. During such time as a petition is presented or an order appointing a restructuring officer remains on foot, Section 91G of the Companies Act prescribes an automatic worldwide moratorium on any suits, action or other proceedings, other than criminal proceedings against the Company.

**Shareholders' Suits.** In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

**Indemnification of Directors and Executive Officers and Limitation of Liability.** Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our current memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, willful default, or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our current memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Directors' Fiduciary Duties.** Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

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 company and therefore it is considered that he or she owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him or her to do so) and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

**Shareholder Action by Written Consent.** Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our current articles of

association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

**Shareholder Proposals.** Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Cayman Islands law does not provide shareholders any right to put proposals before a meeting or requisition a general meeting. However, these rights may be provided in articles of association. Our current articles of association allow our shareholders holding not less than one-third of all voting power of our share capital in issue to requisition a shareholder's meeting. Other than this right to requisition a shareholders' meeting, our current articles of association do not provide our shareholders other right to put proposal before a meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

**Cumulative Voting.** Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our current articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors.** Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our current articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

**Transactions with Interested Shareholders.** The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

**Dissolution; Winding up.** Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our current articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

**Variation of Rights of Shares.** Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our current articles of association, if our share capital is divided into more than one class of shares, we may



[Table of Contents](#)

vary the rights attached to any class with the written consent of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

**Amendment of Governing Documents.** Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our current memorandum and articles of association may only be amended with a special resolution of our shareholders.

**Rights of Non-resident or Foreign Shareholders.** There are no limitations imposed by our post-offering amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our current memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

**C. Material Contracts**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or elsewhere in this annual report on Form 20-F.

**D. Exchange Controls**

See "Item 4. Information on the Company—B. Business Overview—PRC Regulation—Regulations on Foreign Currency Exchange, Regulations on Dividend Distribution, Regulations on Offshore Financing, Regulations on Employee Stock Option Plans."

**E. Taxation**

**Cayman Islands Taxation**

Travers Thorp Alberga, our Cayman Islands counsel, has advised us that the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes levied by the Government of the Cayman Islands that are likely to be material to holders of ADSs or ordinary shares. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

**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 a PRC resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income as well as tax reporting obligations. Under the Implementation Rules, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, STA Circular 82 issued in April 2009 and amended in 2013 and 2017, specifies that certain offshore-incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if all of the following conditions are met: (a) senior management personnel and core management departments in charge of the daily operations of the enterprises have their presence mainly in the PRC; (b) their financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books and company seals of the enterprises, and minutes and files of their board's and shareholders' meetings are located or kept in the PRC; and (d) half or more of the enterprises' directors or senior management personnel with voting rights habitually reside in the PRC. Further to STA Circular 82, the STA issued STA Bulletin 45, which took effect in September 2011 and was amended in 2015 and 2016, respectively, to provide more guidance on the implementation of STA Circular 82. STA Bulletin 45 provides for procedures and administration details of determination on PRC resident enterprise status and administration on post-determination matters. If the PRC tax authorities determine that Tuniu Corporation is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, Tuniu Corporation may be subject to enterprise income tax at a rate of 25% with respect to its worldwide taxable income. Also, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ADSs and potentially a 20% of withholding tax would be imposed on dividends we pay to our non-PRC individual shareholders and with respect to gains derived by our non-PRC individual shareholders from transferring our shares or ADSs.

It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Under the PRC Enterprise Income Tax Law, we may be classified as a PRC resident enterprise for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and would have a material adverse effect on our results of operations and the value of your investment.”

The STA released its Bulletin on Several Issues Concerning Enterprise Income Taxation on Income Arising from the Indirect Transfer of Property by Non-resident Enterprises (“Bulletin 7”) which became effective on February 3, 2015. Bulletin 7 sets forth detailed rules for the tax treatment of Indirect Transfers of equity interests in PRC resident enterprises and other assets situated in China. Applying a “substance over form” principle, when a non-resident enterprise structures an Indirect Transfer of an equity interest in a PRC resident enterprise or other assets situated in China to avoid taxation under the EIT through arrangements lacking reasonable commercial purposes, the Indirect Transfer will be re-characterized as a direct transfer. As a result, any gains derived from the Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. Bulletin 7 provides de facto safe harbor treatment for situations in which a non-resident enterprise buys and then sells shares, in the public securities markets, of a foreign listed company that holds an equity interest in a PRC resident enterprise, and thereby realizes a capital gain. However, in order for the safe harbor treatment to apply, both the purchase and sale must be conducted on the public securities markets so as to preclude market manipulation, and the equity interests purchased and sold must be those in the same enterprise. When shares sold in the public securities markets were obtained before such shares were listed on a public securities market or were not purchased through a public securities market, or when shares were purchased on a public market but are to be sold through non-public markets, the safe harbor treatment would not be applicable. In 2017, the STA released its Bulletin on Matters concerning Withholding of Income Tax of Non-resident Enterprises at Source (“Bulletin 37”) which became effective on December 1, 2017. Bulletin 37 updated the calculation method for the taxable income for the share transfer as well as stipulated the withholding obligation of the withholding agent. There is uncertainty as to the interpretation and application of Bulletin 7 and Bulletin 37. We and our non-PRC resident shareholders may be at risk of being taxed under Bulletin 7 and Bulletin 37 and we may be required to expend valuable resources to comply with Bulletin 7 and Bulletin 37 or to establish that we should not be taxed under Bulletin 7 and Bulletin 37. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We face uncertainty regarding the PRC tax reporting obligations and consequences for certain indirect transfers of our operating company’s equity interests. Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.”

#### **United States Federal Income Tax Considerations**

The following discussion is a summary of United States federal income tax considerations relating to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder, as defined below, that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. There can be no assurance that the Internal Revenue Service (the “IRS”) or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules that differ significantly from those summarized below (such as, for example, certain financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, tax-exempt organizations (including private foundations), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) 10% or more of our stock (by vote or value), investors that hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction) or investors that have a functional currency other than the U.S. dollar). In addition, this discussion does not address United States federal estate, gift, Medicare, and alternative minimum tax considerations, or state, local, and non-United States tax considerations. Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States tax considerations of an investment in our ADSs or ordinary shares.

#### **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 federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created 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 includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United

[Table of Contents](#)

States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ADSs or ordinary shares are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

For U.S. federal income tax purposes, U.S. Holder who hold ADSs will generally be treated as the holder of the underlying shares represented by those ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of our ordinary shares for our ADSs will generally not be subject to United States federal income tax.

***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, for United States federal income tax purposes, if, in the case of any particular taxable year, either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and the company’s goodwill and unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Although the law in this regard is unclear, we treat the consolidated affiliated entities as being owned by us for United States federal income tax purposes, not only because we direct the activities of the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements.

Based on the market price of our ADSs and the composition of our assets (in particular the substantial amount of cash, deposits and investments), we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2022, and we will likely be a PFIC for our current taxable year ending December 31, 2023 unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of active income.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares. However, if we cease to be a PFIC, provided that you have not made a mark-to-market election, as described below, you may avoid some of the adverse effects of the PFIC regime by making a “deemed sale” election with respect to the ADSs or ordinary shares, as applicable. If such election is made, you will be deemed to have sold our ADSs or ordinary shares you hold at their fair market value and any gain from such deemed sale would be subject to the rules described below under “Passive Foreign Investment Company Rules.” After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, your ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from an actual sale or other disposition of the ADSs or ordinary shares. The rules dealing with deemed sale elections are very complex. Each U.S. Holder should consult its tax advisors regarding the possibility and considerations of making a deemed sale election.

***Dividends***

Subject to the PFIC rules described below, any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, a U.S. Holder should expect that any distribution paid on our ADSs or ordinary shares will be treated as a “dividend” for United States federal income tax purposes. A non-

corporate recipient of dividend income will generally be subject to tax on dividend income from a “qualified foreign corporation” at a lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period and other requirements are met.

A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (b) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. Our ADSs (but not our ordinary shares) are listed on the Nasdaq Global Market and is considered readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Since we do not expect that our ordinary shares will be listed on established securities markets, we do not believe that dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. However, in the event we are deemed to be a PRC resident enterprise under the EIT Law (see “People’s Republic of China Taxation”), we may be eligible for the benefits of the United States-PRC income tax treaty (which the Secretary of the Treasury of the United States has determined is satisfactory for this purpose) and be treated as a qualified foreign corporation with respect to dividends paid on our ADSs or ordinary shares. Furthermore, as mentioned above, we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2022, and we will likely be a PFIC for our current taxable year ending December 31, 2023. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends with respect to our ADSs or ordinary shares in their particular circumstances. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends-received deduction allowed to corporations.

For United States foreign tax credit purposes, dividends paid on our ADSs or ordinary shares will be treated as income from foreign sources and will generally constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the EIT Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on our ADSs or ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for United States federal income tax purposes in respect of such withholding, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2022, and we will likely be classified as a PFIC for our current taxable year. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced rate of taxation on dividends with respect to our ADSs or ordinary shares under their particular circumstances.

#### ***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 disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder’s adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term gain or loss if the ADSs or ordinary shares have been held for more than one year and will generally be United States-source gain or loss for United States foreign tax credit purposes. In the event that we are treated as a PRC resident enterprise under the EIT Law, and gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the Treaty may elect to treat the gain as PRC source income. Pursuant to recently issued United States Treasury Regulations, however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of ADSs or ordinary shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit or deduction in light of their particular circumstances, including their eligibility for benefits under the Treaty and the potential impact of the recently issued United States Treasury Regulations.

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2022, and we will likely be classified as a PFIC for our current taxable year. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or ordinary shares under their particular circumstances.

### ***Passive Foreign Investment Company Rules***

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2022 and we will likely be classified as a PFIC for our current taxable year. 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 makes a mark-to-market election (as described below) with respect to the ADSs, the U.S. Holder will, except as discussed below, be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a pre-PFIC year) will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the individuals or corporations, as appropriate, for that year; and
- will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each prior taxable year, other than a pre-PFIC year.

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 is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

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 our ADSs, provided that such stock is regularly traded on a qualified exchange or other market, as defined in the applicable United States Treasury Regulations. For those purposes, our ADSs, but not our ordinary shares, are listed on the Nasdaq Global Market, which is a qualified exchange. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a mark-to-market election is made, the U.S. Holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC, any gain recognized upon the sale or other disposition of the ADSs will be treated as ordinary income and loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

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 classified as a PFIC, the U.S. Holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not classified as a PFIC.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder who makes a mark-to-market election with respect to our ADSs may continue to be subject to the general PFIC rules with respect to such U.S. Holder's indirect interest in any of our non-United States subsidiaries that is classified as a PFIC.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

[Table of Contents](#)

As discussed above under “Dividends,” dividends that we pay on our ADSs or ordinary shares will not be eligible for the reduced tax rate that applies to qualified dividend income if we are classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. In addition, if a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, such U.S. Holder must file an annual report with the IRS, subject to certain limited exceptions. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of owning and disposing our ADSs or ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

Each U.S. Holder is advised to consult with its tax advisor regarding the application of the United States information reporting rules to their particular circumstances.

**F.Dividends and Paying Agents**

Not applicable.

**G.Statement by Experts**

Not applicable.

**H.Documents on Display**

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the internet at the SEC’s website at [www.sec.gov](http://www.sec.gov) or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders’ meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depository from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <http://ir.tuniu.com>. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

**I.Subsidiary Information**

Not applicable.

**J.Annual Report to Security Holders**

Not applicable.

## **Item 11. Quantitative and Qualitative Disclosures about Market Risk**

### **Interest Rate Risk**

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

### **Foreign Exchange Risk**

Substantially all of our revenues and expenses are denominated in RMB. We do not believe that we currently have any significant direct foreign exchange risk. To date, we have not entered into any material hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of December 31, 2022, we had Renminbi-denominated cash and cash equivalents, restricted cash and short-term investments of RMB922.3 million, and U.S. dollar-denominated cash, cash equivalents and short-term investments of US\$133.7 million. Assuming we had converted RMB1.0 million into U.S. dollars at the exchange rate of RMB6.8972 for US\$1.00 as of December 30, 2022, our U.S. dollar cash balance would have been US\$144,986. If the Renminbi had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have been US\$131,806 instead. Assuming we had converted US\$1.0 million into Renminbi at the exchange rate of RMB6.8972 for US\$1.00 as of December 30, 2022, our Renminbi cash balance would have been RMB6.9 million. If the Renminbi had depreciated by 10% against the U.S. dollar, our Renminbi cash balance would have been RMB7.6 million instead.

## **Item 12. Description of Securities Other than Equity Securities**

### **A. Debt Securities**

Not applicable.

### **B. Warrants and Rights**

Not applicable.

### **C. Other Securities**

Not applicable.

## **D.American Depositary Shares**

### **Fees and Charges Our ADS holders May Have to Pay**

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are cancelled or reduced for any other reason, US\$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADSs or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of US\$1.50 per ADR for transfers of certificated or direct registration ADRs;
- a fee of up to US\$0.05 per ADS for any cash distribution made pursuant to the deposit agreement;
- a fee of up to US\$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the US\$0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- the fees, expenses and other charges charged by JPMorgan Chase Bank, N.A. and/or its agent (which maybe a division, branch or affiliate) in connection with the conversion of foreign currency into U.S. dollars; and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.



[Table of Contents](#)

JPMorgan Chase Bank, N.A. and/or its agent may act as principal for such conversion of foreign currency. We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time by agreement between us and the depositary.

**Fees and Other Payments Made by the Depositary to Us**

The depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary. For the year ended December 31, 2022, we did not receive any reimbursement from the depositary.

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 receive prior notice of any increase in any such fees and charges.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

**Item 15. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Our management, with participation of our chief executive officer and financial controller, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2022, the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2022, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and financial controller, to allow timely decisions regarding required disclosure.

## Management's Annual Report on Internal Control over Financial Reporting

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

Our management conducted an evaluation of the effectiveness of our company's internal control over financial reporting as of December 31, 2022 based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2022.

Although we are not required to obtain an auditor attestation report on internal control over financial reporting as we were a non-accelerated filer for the year ended December 31, 2022, we voluntarily engaged our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting. PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, audited the effectiveness of our company's internal control over financial reporting as of December 31, 2022, as stated in its report, which appears on pages F-2 and F-3 of this annual report on Form 20-F.

## Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Onward Choi and Mr. Jack Xu, each an independent director (under the standards set forth in Nasdaq Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act) and a member of our audit committee, are audit committee financial experts.

## Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees, including certain provisions that specifically apply to our chief executive officers, financial controller, senior finance officer and any other persons who perform similar functions for us. We filed our code of business conduct and ethics as Exhibit 99.1 to our registration statement on Form F-1, as amended, which was originally filed with the SEC on April 4, 2014. We have posted a copy of our code of business conduct and ethics on our website at <http://ir.tuniu.com>.

## Item 16C. Principal Accountant Fees and Services

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

	2021	2022
Audit fees <sup>(1)</sup>	US\$ 1,170,680	1,544,490
Audit-related fees <sup>(2)</sup>	US\$ —	—
All other fees <sup>(3)</sup>	US\$ —	—

[Table of Contents](#)

- (1) “Audit fees” means the aggregate fees billed for professional services rendered by our principal external auditors for the audits of our annual financial statements and effectiveness of internal control over financial reporting, as well as the quarterly reviews of condensed consolidated financial information.
- (2) “Audit-related fees” means the aggregate fees billed for professional services rendered by our principal external auditors associated with certain financial due diligence projects.
- (3) “All other fees” means the aggregate fees billed for professional services rendered by our principal external auditors associated with other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, including audit services, audit-related services and all other services as described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

On December 27, 2021, we announced a senior management share purchase plan, under which, certain senior management members of us, among others, Mr. Donald Dunde Yu and Mr. Anqiang Chen, were authorized to purchase up to US\$2.0 million of our ADSs over the following six months through June 27, 2022. We did not repurchase any shares in 2022.

**Item 16F. Change in Registrant’s Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

As a Cayman Islands company listed on Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Travers Thorp Alberga, our Cayman Islands counsel, has advised us that certain corporate governance practices in the Cayman Islands, our home country, may differ significantly from the Nasdaq corporate governance listing standards. We followed home country practice for our private placements in December 2014, May 2015 and November 2015, which would have required shareholder approval under the Nasdaq Rules but for which there was no such requirement under Cayman Islands law. In addition, we have elected to follow home country practice in lieu of the requirement to hold an annual meeting of shareholders under Nasdaq Rule 5620(a).

We currently do not plan to rely on the home country exemption for any other corporate governance matters. However, if we choose to follow home country practice in other matters in the future, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information —D. Risk Factors — Risks Related to Our ADSs and Class A Ordinary Shares—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.”

**Item 16H. Mine Safety Disclosure**

Not applicable.

**ITEM 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

In May 2022, Tuniu Corporation was conclusively listed by the SEC as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. Our auditor, a registered public accounting firm that the PCAOB was unable to inspect or investigate completely in 2021 because of a position taken by an authority in the foreign jurisdiction, issued the audit report for us for the fiscal year ended December 31, 2021.

[Table of Contents](#)

On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report.

To the best of our knowledge, no Cayman Islands governmental entities owns any shares of Tuniu Corporation as of the date of this annual report.

To the best of our knowledge, no PRC governmental entities owns any shares of Tuniu Corporation or the VIE or the subsidiaries of the VIE in China as of the date of this annual report. Therefore, the PRC governmental entities do not have a controlling financial interest in Tuniu Corporation or the VIE or the subsidiaries of the VIE in China as of the date of this annual report.

Except for the three directors disclosed below, none of the members of the board of directors of Tuniu Corporation or our operating entities, including the VIE, is an official of the Chinese Communist Party as of the date of this annual report. Mr. Shoudong Xin is a director of one of our operating entities, and serves as the secretary of the Tuniu Chinese Communist Party Committee; Mr. Junjie Zhao is a director of one of our operating entities, and serves as the deputy secretary of the Tuniu Chinese Communist Party Committee; and Mr. Zhanzhao Zhu is a director of one of our operating entities, and serves as a member of the Tuniu Chinese Communist Party Committee and the secretary of two branches of Tuniu Chinese Communist Party Committee.

None of the currently effective memorandum and articles of association (or equivalent organizing documents) of Tuniu Corporation or our operating entities, including the VIE, contain any charter of the Chinese Communist Party.

**Item 16J. Insider trading policies**

Not applicable.

**PART III**

**Item 17. Financial Statements**

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

**Item 18. Financial Statements**

The consolidated financial statements of Tuniu Corporation, its subsidiaries and the consolidated affiliated entities are included at the end of this annual report.

**Item 19. Exhibits**

<b>Exhibit Number</b>	<b>Description of Document</b>
1.1	<a href="#">Fifth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form F-1 (file no. 333-195075), as amended, initially filed with the Securities and Exchange Commission on April 4, 2014).</a>
2.1	<a href="#">Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3).</a>
2.2	<a href="#">Registrant's Specimen Certificate for Class A ordinary shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-195075), as amended, initially filed with the Security and Exchange Commission on April 4, 2014).</a>
2.3	<a href="#">Form of Amended and Restated Deposit Agreement among the Registrant, the depository and holders of the American Depositary Receipts (incorporated herein by reference to Exhibit 99.(A) to the Post-Effective Amendment No. 1 to the F-6 Registration Statement (File No. 333-195515), filed with the Security and Exchange Commission on December 1, 2020).</a>
2.4	<a href="#">Description of rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.4 to the annual report on Form 20-F filed on April 29, 2021 (File No. 001-36430)).</a>
4.1	<a href="#">2008 Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-195075), as amended, initially filed with the Security and Exchange Commission on April 4, 2014).</a>
4.2	<a href="#">2014 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-195075), as amended, initially filed with the Security and Exchange Commission on April 4, 2014).</a>
4.3	<a href="#">Form of Indemnification Agreement with the Registrant's directors (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-195075), as amended, initially filed with the Security and Exchange Commission on April 4, 2014).</a>
4.4	<a href="#">English Translation of Form of Employment Agreement between the Registrant and an Executive Officer of the Registrant (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-195075), as amended, initially filed with the Security and Exchange Commission on April 4, 2014).</a>
4.5	<a href="#">English Translation of Cooperation Agreement dated February 19, 2021 between Beijing Tuniu and Nanjing Tuniu (incorporated herein by reference to Exhibit 4.5 to the annual report on Form 20-F filed on April 29, 2021 (File No. 001-36430)).</a>
4.6	<a href="#">English Translation of Shareholders' Voting Rights Agreement dated February 19, 2021 among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu (incorporated herein by reference to Exhibit 4.6 to the annual report on Form 20-F filed on April 29, 2021 (File No. 001-36430)).</a>
4.7	<a href="#">English Translation of Powers of Attorney dated February 19, 2021 among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu (incorporated herein by reference to Exhibit 4.7 to the annual report on Form 20-F filed on April 29, 2021 (File No. 001-36430)).</a>
4.8	<a href="#">English Translation of Equity Interest Pledge Agreement dated February 19, 2021 among Beijing Tuniu, Nanjing Tuniu and Anqiang Chen (incorporated herein by reference to Exhibit 4.8 to the annual report on Form 20-F filed on April 29, 2021 (File No. 001-36430)).</a>

## Table of Contents

- 4.9 [English Translation of Equity Interest Pledge Agreement dated February 19, 2021 among Beijing Tuniu, Nanjing Tuniu and Dunde Yu \(incorporated herein by reference to Exhibit 4.9 to the annual report on Form 20-F filed on April 29, 2021 \(File No. 001-36430\)\)](#).
- 4.10 [English Translation of Purchase Option Agreement dated February 19, 2021 among Beijing Tuniu, Nanjing Tuniu and the shareholders of Nanjing Tuniu \(incorporated herein by reference to Exhibit 4.10 to the annual report on Form 20-F filed on April 29, 2021 \(File No. 001-36430\)\)](#).
- 4.11 [Business Cooperation Agreement dated May 8, 2015 between Tuniu Corporation and JD.com, Inc. \(incorporated herein by reference to Exhibit 99.6 to amendment no. 1 to Schedule 13D filed by JD.com, Inc. and its affiliates with the Securities and Exchange Commission on May 29, 2015\)](#).
- 4.12 [Investor Rights Agreement dated May 22, 2015 between Tuniu Corporation and Fabulous Jade Global Limited \(incorporated herein by reference to Exhibit 99.7 to amendment no. 1 to Schedule 13D filed by JD.com, Inc. and its affiliates with the Securities and Exchange Commission on May 29, 2015\)](#).
- 4.13 [Registration Rights Agreement dated as of May 22, 2015 between Tuniu Corporation and Unicorn Riches Limited \(incorporated herein by reference to Exhibit 7.08 to amendment no. 1 to Schedule 13D filed by Unicorn Riches Limited with the Securities and Exchange Commission on May 26, 2015\)](#).
- 4.14 [Investor Rights Agreement dated as of November 20, 2015 between Tuniu Corporation and HNA Tourism Holding \(Group\) Co., Ltd. \(incorporated herein by reference to Exhibit 7.3 to Schedule 13D filed by BHR Winwood Investment Management Limited and its affiliates with the Securities and Exchange Commission on February 1, 2016\)](#).
- 4.15 [Amendment No. 1 to Investor Rights Agreement dated as of December 31, 2015 between Tuniu Corporation and HNA Tourism Holding \(Group\) Co., Ltd. \(incorporated herein by reference to Exhibit 7.4 to Schedule 13D filed by BHR Winwood Investment Management Limited and its affiliates with the Securities and Exchange Commission on February 1, 2016\)](#).
- 4.16 [Amendment No. 2 to Investor Rights Agreement dated February 19, 2016 between Tuniu Corporation and BHR Winwood Investment Management Limited \(incorporated herein by reference to Exhibit A to amendment no. 1 to Schedule 13D filed by BHR Winwood Investment Management Limited and its affiliates with the Securities and Exchange Commission on February 29, 2016\)](#).
- 8.1\* [List of Principal Subsidiaries, Consolidated Affiliated Entity and its Principal Subsidiaries](#)
- 11.1 [Code of Business Conduct and Ethics of the Registrant \(incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 \(File No. 333-195075\), as amended, initially filed with the Security and Exchange Commission on April 4, 2014\)](#).
- 12.1\* [Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).
- 12.2\* [Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).
- 13.1\*\* [Certification by Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#).
- 13.2\*\* [Certification by Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#).
- 15.1\* [Consent of PricewaterhouseCoopers Zhong Tian LLP](#).
- 15.2\* [Consent of Travers Thorp Alberga](#).
- 15.3\* [Consent of Fangda Partners](#).
- 101.INS\* Inline XBRL Instance Document – this instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

[Table of Contents](#)

- 101.SCH\* Inline XBRL Taxonomy Extension Scheme Document.
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

\*Filed herewith

\*\*Furnished herewith

**SIGNATURES**

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

Tuniu Corporation  
By: /s/ Dunde Yu  
Name: Dunde Yu  
Title: Chairman and Chief Executive Officer

Date: April 27, 2023



**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

<a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID: 1424)	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2022</a>	F-5
<a href="#">Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2020, 2021 and 2022</a>	F-6
<a href="#">Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2020, 2021 and 2022</a>	F-7
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2021 and 2022</a>	F-8
<a href="#">Notes to the Consolidated Financial Statements</a>	F-9
<a href="#">Financial Statement Schedule I - Condensed Financial Information of the Parent Company as of December 31, 2021 and 2022 and for the Years Ended December 31, 2020, 2021 and 2022</a>	F-52

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Tuniu Corporation

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Tuniu Corporation and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive loss, of changes in shareholders’ equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

***Change in Accounting Principle***

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses on certain financial instruments in 2020.

***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

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

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

***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Going concern assessment***

As described in Note 2(a) to the consolidated financial statements, the Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. The Company has a history of net losses, net cash used in operating activities, and accumulated deficits. In particular, the COVID-19 pandemic has had material adverse impacts on the Company's business operations for the past three years. Despite the relaxation of COVID-19 related travel restrictions in mainland China in December 2022, there is still a degree of uncertainty as to how COVID-19 pandemic will continue to impact the Group's results of operations and cash flows for subsequent periods. Such adverse conditions and events, before consideration of management's plan, raised a substantial doubt about the Company's ability to continue as a going concern. Management has developed a plan to mitigate these adverse conditions and events, including a business plan with forecasted cash flows covering the next twelve months from the date of issuance of the consolidated financial statements. Based on the management's liquidity assessment, management concluded that the business plan, when implemented effectively, will alleviate the substantial doubt on the Company's ability to continue as a going concern. Such conclusion required management to make assumptions and judgments related to future sales proceeds, capital expenditures, operational expenses and investments when developing the business plan with forecasted cash flows.

The principal considerations for our determination that performing procedures relating to going concern assessment is a critical audit matter are the significant judgments by management when developing its business plan with forecasted cash flows included in the going concern assessment and when evaluating the mitigation effect of the business plan. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's business plan with forecasted cash flows.

[Table of Contents](#)

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of internal controls relating to management's going concern assessment, including the Company's controls over the preparation of the business plan with forecasted cash flows. These procedures also included, among others, (i) testing management's process for developing the business plan with forecasted cash flows included in the going concern assessment; (ii) testing the completeness, accuracy, and relevance of underlying data used in developing the business plan with forecasted cash flows; and (iii) evaluating the reasonableness of the assumptions and judgments made by management in evaluating whether the business plan will be effectively implemented and in forecasting future revenues, capital expenditures, operational expenses, investments and hence future cash flows arising from the implementation of the business plan by considering the Company's historical performance, relevant industry forecasts and market developments.

*Goodwill impairment assessment*

As described in Note 2(q) and Note 11 to the consolidated financial statements, the Company had goodwill of RMB114.7 million as of December 31, 2022. Management conducts its goodwill impairment assessment as of December 31 annually or more frequently if events or changes in circumstances indicate that it may be impaired. As a result of the continued implementation of various travel restrictions in mainland China due to COVID-19 pandemic, together with other indicators including the Company's history of net losses and low market capitalization, in the second quarter of 2022, management concluded the existence of the triggering events which required management to perform an interim quantitative goodwill impairment test as of June 30, 2022. The Company recognized an impairment charge of RMB112.1 million for goodwill during the second quarter of 2022 based on quantitative goodwill impairment test. Goodwill impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. Fair value of the reporting unit is estimated by management based on the income approach, using a discounted cash flow model. The use of discounted cash flow model requires management to make judgments and assumptions related to revenue growth rate, gross margin, operating expenses, working capital requirements and discount rate.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment is a critical audit matter are the significant judgment by management when developing the fair value measurement of the reporting unit. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing our procedures and in evaluating management's cash flow projections and significant assumptions related to revenue growth rate, gross margin, operating expenses, working capital requirements and discount rate. The audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of internal controls relating to management's goodwill impairment assessment process, including internal controls over the valuation of the Company's reporting unit. These procedures also included, among others, (i) testing management's identification of the reporting unit and the process to estimate the reporting unit's fair value, (ii) evaluating the appropriateness of the discounted cash flow model; (iii) testing the completeness, accuracy and relevance of underlying data used in the model; and (iv) evaluating management's cash flow projections and significant assumptions related to revenue growth rate, gross margin, operation expenses, working capital requirements and discount rate by considering the historical performance of the reporting unit, relevant industry forecasts and market developments. Professionals with specialized skill and knowledge were also used to assist in the evaluation of the Company's discounted cash flow model and significant assumption related to the discount rate.

/s/PricewaterhouseCoopers Zhong Tian LLP  
Shanghai, the People's Republic of China  
April 27, 2023

We have served as the Company's auditor since 2010, which includes periods before the Company became subject to SEC reporting requirements.

**TUNI CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

As of December 31, 2021 and 2022  
(All amounts in thousands, except for share and per share data, or otherwise noted)

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$(Note 2(d))
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	349,077	153,835	22,304
Restricted cash	46,521	44,052	6,387
Short-term investments	615,901	724,413	105,030
Accounts receivable, net	111,941	33,644	4,878
Amounts due from related parties	14,969	1,030	149
Prepayments and other current assets	337,033	242,994	35,231
<b>Total current assets</b>	<b>1,475,442</b>	<b>1,199,968</b>	<b>173,979</b>
<b>Non-current assets</b>			
Long-term investments	201,947	230,562	33,428
Property and equipment, net	98,159	85,182	12,350
Intangible assets, net	55,376	30,672	4,447
Land use right, net	94,652	92,590	13,424
Operating lease right-of-use assets, net	48,115	33,204	4,814
Goodwill	232,007	114,661	16,624
Other non-current assets	92,111	91,091	13,207
<b>Total non-current assets</b>	<b>822,367</b>	<b>677,962</b>	<b>98,294</b>
<b>Total assets</b>	<b>2,297,809</b>	<b>1,877,930</b>	<b>272,273</b>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>			
<b>Current liabilities</b> (including current liabilities of the Affiliated Entities without recourse to the Company amounting to RMB1,000,067 and RMB799,845, as of December 31, 2021 and 2022, respectively)			
Short-term borrowings	9,981	7,517	1,090
Accounts and notes payable	383,626	261,873	37,968
Amounts due to related parties	4,679	4,710	683
Salary and welfare payable	33,761	26,507	3,843
Taxes payable	8,004	4,047	587
Advances from customers	139,777	98,899	14,339
Operating lease liabilities, current	16,556	12,439	1,803
Accrued expenses and other current liabilities	382,629	358,312	51,947
<b>Total current liabilities</b>	<b>979,013</b>	<b>774,304</b>	<b>112,260</b>
<b>Non-current liabilities</b>			
Operating lease liabilities, non-current	38,832	26,482	3,840
Deferred tax liabilities	12,479	6,839	992
Long-term borrowings	14,344	11,959	1,734
<b>Total non-current liabilities</b>	<b>65,655</b>	<b>45,280</b>	<b>6,566</b>
<b>Total liabilities</b>	<b>1,044,668</b>	<b>819,584</b>	<b>118,826</b>
<b>Commitments and contingencies (Note 22)</b>			
Redeemable noncontrolling interests	27,200	27,200	3,944
<b>Equity</b>			
Ordinary shares (US\$0.0001 par value; 1,000,000,000 shares (including 780,000,000 Class A shares, 120,000,000 Class B shares and 100,000,000 shares to be designated by the Board of Directors) authorized as of December 31, 2021 and 2022; 389,331,543 shares (including 371,958,043 Class A shares and 17,373,500 Class B shares) issued and outstanding as of December 31, 2021 and 2022)	249	249	36
Less: Treasury stock (18,266,523 shares and 17,951,931 shares as of December 31, 2021 and 2022, respectively)	(293,795)	(288,600)	(41,843)
Additional paid-in capital	9,125,748	9,125,655	1,323,096
Accumulated other comprehensive income	271,821	298,981	43,348
Accumulated deficit	(7,834,879)	(8,028,261)	(1,163,988)
<b>Total Tuniu Corporation shareholders' equity</b>	<b>1,269,144</b>	<b>1,108,024</b>	<b>160,649</b>
Noncontrolling interests	(43,203)	(76,878)	(11,146)
<b>Total equity</b>	<b>1,225,941</b>	<b>1,031,146</b>	<b>149,503</b>
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<b>2,297,809</b>	<b>1,877,930</b>	<b>272,273</b>

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

**TUNIU CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**For the Years Ended December 31, 2020, 2021 and 2022**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$(Note 2(d))
<b>Revenues</b>				
Packaged tours	302,359	305,333	70,314	10,195
Others	147,900	121,015	113,306	16,428
<b>Net revenues</b>	450,259	426,348	183,620	26,623
Cost of revenues	(237,065)	(254,815)	(94,066)	(13,638)
<b>Gross profit</b>	213,194	171,533	89,554	12,985
<b>Operating expenses</b>				
Research and product development	(100,514)	(54,622)	(50,799)	(7,365)
Sales and marketing	(371,984)	(150,493)	(103,617)	(15,023)
General and administrative	(1,109,340)	(174,021)	(108,935)	(15,794)
Impairment of goodwill	—	—	(112,102)	(16,253)
Other operating income	27,849	26,064	75,685	10,973
<b>Total operating expenses</b>	(1,553,989)	(353,072)	(299,768)	(43,462)
<b>Loss from operations</b>	(1,340,795)	(181,539)	(210,214)	(30,477)
Other income/(expenses)				
Interest and investment income, net	3,526	50,041	27,181	3,941
Interest expense	(32,266)	(7,491)	(4,912)	(712)
Foreign exchange gains/(losses), net	18,720	7,030	(22,210)	(3,220)
Other (loss)/income, net	(253)	2,895	6,136	890
Loss before income tax expense	(1,351,068)	(129,064)	(204,019)	(29,578)
Income tax benefit/(expense)	6,641	(130)	731	106
Equity in income of affiliates	797	726	292	42
<b>Net loss</b>	(1,343,630)	(128,468)	(202,996)	(29,430)
Net loss attributable to noncontrolling interests	(35,674)	(6,944)	(9,614)	(1,394)
<b>Net loss attributable to Tuniu Corporation</b>	(1,307,956)	(121,524)	(193,382)	(28,036)
<b>Net loss</b>	(1,343,630)	(128,468)	(202,996)	(29,430)
Other comprehensive (loss)/income:				
Foreign currency translation adjustment, net of nil tax	(18,772)	(3,191)	27,160	3,938
<b>Comprehensive loss</b>	(1,362,402)	(131,659)	(175,836)	(25,492)
Comprehensive loss attributable to noncontrolling interests	(35,674)	(6,944)	(9,614)	(1,394)
<b>Comprehensive loss attributable to Tuniu Corporation</b>	(1,326,728)	(124,715)	(166,222)	(24,098)
<b>Loss per share</b>				
Basic and diluted	(3.53)	(0.33)	(0.52)	(0.08)
Weighted average number of ordinary shares used in computing basic and diluted loss per share	370,240,040	370,874,312	371,208,209	371,208,209

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

**TUNIUI CORPORATION**  
**As of December 31, 2022, the aggregate**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the Years Ended December 31, 2020, 2021 and 2022**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

	Ordinary shares		Treasury Stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Accumulated deficit	Total Tuniu Corporation Shareholders' equity	Noncontrolling interests	Total Equity
	Shares	Amount RMB	Shares	Amount RMB						
Balance as of January 1, 2020	389,331,544	249	(19,307,301)	(310,942)	9,113,512	293,784	(6,385,974)	2,710,629	1,010	2,711,639
Cumulative effect of adoption of new accounting standard (Note 2(i))	—	—	—	—	—	—	(19,425)	(19,425)	—	(19,425)
Repurchase of ordinary shares	—	—	(160,554)	(308)	—	—	(308)	—	—	(308)
Issuance of ordinary shares pursuant to share incentive plan	—	—	625,167	8,334	(8,287)	—	—	47	—	47
Share-based compensation expenses	—	—	—	—	20,464	—	—	20,464	—	20,464
Foreign currency translation adjustments	—	—	—	—	—	(18,772)	—	(18,772)	—	(18,772)
Net loss	—	—	—	—	—	—	(1,307,956)	(1,307,956)	(35,674)	(1,343,630)
Balance as of December 31, 2020	389,331,544	249	(18,842,688)	(302,916)	9,125,689	275,012	(7,713,355)	1,384,679	(34,664)	1,350,015
Balance as of January 1, 2021	389,331,544	249	(18,842,688)	(302,916)	9,125,689	275,012	(7,713,355)	1,384,679	(34,664)	1,350,015
Acquisition of additional shares in subsidiaries	—	—	—	—	(308)	—	—	(308)	(1,595)	(1,903)
Issuance of ordinary shares pursuant to share incentive plan	—	—	576,165	9,121	(8,765)	—	—	356	—	356
Share-based compensation expenses	—	—	—	—	9,132	—	—	9,132	—	9,132
Foreign currency translation adjustments	—	—	—	—	—	(3,191)	—	(3,191)	—	(3,191)
Cancellation of shares	(1)	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	(121,524)	(121,524)	(6,944)	(128,468)
Balance as of December 31, 2021	389,331,543	249	(18,266,523)	(293,795)	9,125,748	271,821	(7,834,879)	1,269,144	(43,203)	1,225,941
Balance as of January 1, 2022	389,331,543	249	(18,266,523)	(293,795)	9,125,748	271,821	(7,834,879)	1,269,144	(43,203)	1,225,941
Issuance of ordinary shares pursuant to share incentive plan	—	—	314,592	5,195	(5,142)	—	—	53	—	53
Share-based compensation expenses	—	—	—	—	5,049	—	—	5,049	—	5,049
Foreign currency translation adjustments	—	—	—	—	—	27,160	—	27,160	—	27,160
Disposal of shares in subsidiaries	—	—	—	—	—	—	—	—	(24,061)	(24,061)
Net loss	—	—	—	—	—	—	(193,382)	(193,382)	(9,614)	(202,996)
Balance as of December 31, 2022	389,331,543	249	(17,951,931)	(288,600)	9,125,655	298,981	(8,028,261)	1,108,024	(76,878)	1,031,146
Balance as of December 31, 2022 (US\$ (Note 2(d)))	389,331,543	36	(17,951,931)	(41,843)	1,323,096	43,348	(1,163,988)	160,649	(11,146)	149,503

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

**TUNI CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2020, 2021 and 2022**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

	For the Years Ended December 31,			
	2020	2021	2022	US\$ (Note 2(d))
	RMB	RMB	RMB	
<b>Cash flows from operating activities:</b>				
Net loss	(1,343,630)	(128,468)	(202,996)	(29,430)
Depreciation of property and equipment	127,836	24,755	15,369	2,227
Amortization of intangible assets and land use right	66,597	18,609	11,675	1,693
Amortization of right-of-use assets	28,952	20,443	11,119	1,632
(Reversal) provision of allowance for credit losses	829,652	17,829	(9,844)	(1,427)
Change in fair value of contingent consideration	(5,451)	(3,597)	(3,053)	(443)
Foreign exchange (losses)/gains	(15,682)	1,168	(5,259)	(762)
Loss from long-term investments	49,502	—	—	—
Loss from disposal of property and equipment and intangible assets	3,790	1,762	4,964	720
Gain from dividend of equity investments	—	(5,982)	(130)	(19)
Loss from impairment of intangible assets	31,876	—	—	—
Share-based compensation expenses	20,464	9,132	5,049	732
Change in deferred tax liabilities	(8,797)	(2,382)	(1,741)	(252)
Remeasurement of equity investments	9,021	(11,443)	(5,603)	(812)
Change in fair value of investments	(60,630)	(32,687)	(23,608)	(3,423)
Gain from disposals of subsidiaries	—	—	(64,951)	(9,417)
Impairment of goodwill	—	—	112,102	16,253
Share of results of equity investees	(797)	(726)	(292)	(42)
Changes in operating assets and liabilities:				
Accounts receivable	208,175	39,834	(36,996)	(5,364)
Short-term and long-term amounts due from related parties	9,553	8,282	8,825	1,280
Prepayments and other current assets	447,332	175,139	48,558	7,039
Other non-current assets	(45,233)	(6,058)	2,113	306
Operating lease liabilities, current and non-current	(24,983)	(23,507)	(12,675)	(1,838)
Accounts and notes payable	(492,659)	(222,380)	16,775	2,432
Amounts due to related parties	(8,721)	(16,354)	31	4
Salary and welfare payable	(64,936)	(13,716)	(3,776)	(547)
Taxes payable	(6,203)	2,000	(3,646)	(529)
Advances from customers	(905,118)	(68,984)	(16,589)	(2,405)
Accrued expenses and other liabilities	(163,025)	(9,011)	11,588	1,680
Net cash used in operating activities	<u>(1,313,115)</u>	<u>(226,342)</u>	<u>(142,991)</u>	<u>(20,732)</u>
<b>Cash flows from investing activities:</b>				
Purchase of short-term investments	(1,460,051)	(336,548)	(462,513)	(67,058)
Proceeds from maturity of short-term investments	1,445,422	1,096,550	381,756	55,349
Cash paid for loan receivable	(314,411)	(858,538)	(825,294)	(119,656)
Cash received from loan repayment	555,414	724,277	876,608	127,096
Purchase of property and equipment and intangible assets	(28,330)	(14,742)	(6,450)	(935)
Decrease in cash from disposals of subsidiaries	—	—	(16,065)	(2,329)
Proceeds from maturity of long-term investments	904,755	86,845	—	—
Cash received from dividend of equity investment	56,574	5,982	130	19
Cash paid for acquisition, net of cash received	(310)	—	—	—
Net cash provided by/(used in) investing activities	<u>1,159,063</u>	<u>703,826</u>	<u>(51,828)</u>	<u>(7,514)</u>
<b>Cash flows from financing activities:</b>				
Cash paid for repurchase of ordinary shares	(308)	—	—	—
Proceeds from issuance of ordinary shares upon exercise of options	58	373	46	7
Contingent consideration paid for business acquisitions	(14,019)	—	—	—
Repurchase of redeemable noncontrolling interests	(10,000)	—	—	—
Acquisition of noncontrolling interests of subsidiaries	—	(1,903)	—	—
Repayment of borrowings and discounted notes	(918,532)	(620,932)	(240,532)	(34,874)
Proceeds from borrowings and discounted notes	733,255	277,900	240,000	34,797
Net cash used in financing activities	<u>(209,546)</u>	<u>(344,562)</u>	<u>(486)</u>	<u>(70)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5,187	(1,428)	(2,406)	(349)
<b>Net (decrease)/increase in cash, cash equivalents and restricted cash</b>	<u>(358,411)</u>	<u>131,494</u>	<u>(197,711)</u>	<u>(28,665)</u>
Cash, cash equivalents and restricted cash at the beginning of year	622,515	264,104	395,598	57,356
Cash, cash equivalents and restricted cash at the end of year	<u>264,104</u>	<u>395,598</u>	<u>197,887</u>	<u>28,691</u>
<b>Supplemental disclosure of cash flow information</b>				
Income tax paid	3,515	3,007	2,199	319
Interest paid	24,597	7,110	5,046	732
<b>Supplemental disclosure of non-cash investing and financing activities</b>				
Accrual related to purchase of property and equipment	5,632	4,429	6,925	1,004
Receivables related to exercise of stock options	(45)	(28)	(35)	(5)
Accrual related to purchase business acquisitions	10,750	7,176	4,100	594

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



**TUNIU CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)****1. Organization and Principal Activities**

Tuniu Corporation (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. The Company, its subsidiaries and the consolidated variable interest entity (“VIE”) and the VIE’s subsidiaries (collectively referred to as the “Affiliated Entities”) are collectively referred to as the “Group”. The Group’s principal activity is the provision of travel-related services mainly in the People’s Republic of China (“PRC”).

As of December 31, 2022, the Company’s significant consolidated subsidiaries and the consolidated Affiliated Entities are as follows:

<u>Name of subsidiaries and Affiliated entities</u>	<u>Date of establishment/acquisition</u>	<u>Place of incorporation</u>	<u>Percentage of direct or indirect economic ownership</u>
<b>Subsidiaries of the Company:</b>			
Tuniu (HK) Limited	Established on May 20, 2011	Hong Kong	100 %
Tuniu (Nanjing) Information Technology Co., Ltd.	Established on August 24, 2011	PRC	100 %
Beijing Tuniu Technology Co., Ltd. (“Beijing Tuniu”)	Established on September 8, 2008	PRC	100 %
Jiangsu Kaihui Commercial Factoring Co., Ltd.	Established on September 22, 2015	PRC	100 %
Xiamen Suiwang International Travel Service Co., Ltd.	Established on January 26, 2016	PRC	100 %
Tianjin Tuniu International Travel Service Co., Ltd.	Established on March 23, 2016	PRC	100 %
Guangzhou Kaihui Internet Microcredit Co., Ltd.	Established on June 13, 2016	PRC	100 %
Nanjing Kaihui Internet Microcredit Co., Ltd.	Established on December 28, 2016	PRC	90 %
<b>Variable Interest Entity (“VIE”)</b>			
Nanjing Tuniu Technology Co., Ltd. (“Nanjing Tuniu”)	Established on December 18, 2006	PRC	100 %
<b>Subsidiaries of VIE</b>			
Shanghai Tuniu International Travel Service Co., Ltd.	Acquired on August 22, 2008	PRC	100 %
Nanjing Tuniu International Travel Service Co., Ltd.	Acquired on December 22, 2008	PRC	100 %
Beijing Tuniu International Travel Service Co., Ltd.	Acquired on November 18, 2009	PRC	100 %
Nanjing Tuzhilv Tickets Sales Co., Ltd.	Established on April 19, 2011	PRC	100 %
Tuniu Insurance Brokers Co., Ltd.	Acquired on August 11, 2015	PRC	100 %

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies

*(a) Basis of Presentation*

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

*Liquidity*

The Group's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. The Group incurred net losses of RMB1,343,630, RMB128,468 and RMB202,996 for the years ended December 31, 2020, 2021 and 2022, respectively. Net cash used in operating activities was RMB1,313,115, RMB226,342 and RMB142,991 for the years ended December 31, 2020, 2021 and 2022, respectively. As of December 31, 2022, the Group's accumulated deficit was RMB8,028,261 and the Group had cash and cash equivalents and short-term investments of RMB878,248 and working capital of RMB425,664. In particular, the COVID-19 pandemic has had material adverse impacts on the Group's business operations for the past three years. Despite the relaxation of COVID-19 related travel restrictions in mainland China in December 2022, there is still a degree of uncertainty as to how COVID-19 pandemic will continue to impact the Group's results of operations and cash flows for subsequent periods. Such adverse conditions and events, before consideration of management's plan, raised a substantial doubt about the Company's ability to continue as a going concern. In response to the COVID-19 pandemic, in 2022, the Group continued to take actions to improve its liquidity, including scaling down its business operations by reducing capital expenditures and operational expenses that were discretionary in nature and obtaining funding from the maturity of certain short-term and long-term investments. Management has developed a plan to mitigate these adverse conditions and events, including a business plan with forecasted cash flows covering the next twelve months from the date of issuance of the consolidated financial statements. Moving forward, management plans to maintain adequate funds to provide a sufficient flexibility in adjusting the Group's operation scale to cope with the development of the COVID-19 pandemic, and management will continue to manage the Group's capital expenditures, operational expenses and investments based on the Group's liquidity position and working capital needs. Based on management's liquidity assessment, which has considered the Group's operations at the current business scale, the latest development of COVID-19 pandemic and its possible continuous impact on the Group's business operations, the available funding from maturity of the Group's short-term and long-term investments, and the available cash and cash equivalents, the Group will be able to meet its working capital requirements and capital expenditures in the ordinary course of business for the next twelve months from the issuance of these consolidated financial statements. Key assumptions and judgments were made by management related to future sales proceeds, capital expenditures, operational expenses and investments when developing the business plan with forecasted cash flows. As a result, management concluded that business plan, when implemented effectively, will alleviate the substantial doubt on the Company's ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on going concern basis.

*(b) Principles of Consolidation*

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the Affiliated Entities for which the Company is the primary beneficiary. Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power, has the power to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of board of directors, or has the power to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, has controlling interest and therefore the Company or its subsidiary is the primary beneficiary of the entity. In determining whether the Company or its subsidiary has controlling interests in a VIE, the Company considers whether the Company or its subsidiary has the power to direct activities that most significantly impact the VIE's economic performance, and the right to receive benefits from the VIE or the obligation right to absorb losses of the VIE that could be potentially significant to the VIE.

TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(b) Principles of Consolidation – continued*

All transactions and balances among the Company, its subsidiaries and the Affiliated Entities have been eliminated upon consolidation.

The Company is not an operating company in China but a Cayman Island holding company conducting its operations in China through our PRC subsidiaries and the consolidated affiliated entities. Holders of the Company's ADSs hold equity interest in Tuniu Corporation, the Cayman Islands holding company, and do not have direct or indirect equity interest in the VIE. To comply with PRC laws and regulations that restrict foreign equity ownership of companies that operate internet content, travel agency and air-ticketing services, the Company operates its website and engaged in such restricted services through Nanjing Tuniu and its subsidiaries. Nanjing Tuniu's equity interests are held by Dundu Yu, the Company's Chief Executive Officer, and Anqiang Chen, the Company's financial controller, with equity interests of 80.89% and 19.11%, respectively. On September 17, 2008 and subsequently amended on January 24, 2014 and February 19, 2021, Beijing Tuniu, one of the Company's wholly owned subsidiaries, entered into a series of agreements with Nanjing Tuniu and its shareholders. Pursuant to these agreements, Beijing Tuniu has the ability to direct substantially all the activities of Nanjing Tuniu, and absorb substantially all of the risks and rewards of the Affiliated Entities. As a result, Beijing Tuniu is the primary beneficiary of Nanjing Tuniu, and has consolidated the Affiliated Entities.

*Contractual arrangements*

On September 17, 2008 and subsequently amended on January 24, 2014 and February 19, 2021, Beijing Tuniu entered into a series of contractual agreements with Nanjing Tuniu and its shareholders, as below:

*(1) Purchase Option Agreement.*

Under the purchase option agreement entered between Beijing Tuniu and the shareholders of Nanjing Tuniu, Beijing Tuniu has the irrevocable exclusive right to purchase, or have its designated person or persons to purchase all or part of the shareholders' equity interests in Nanjing Tuniu at RMB2,430. The option term remains valid until all equity interests held in Nanjing Tuniu are transferred or assigned to Beijing Tuniu or its designated person or persons. The purchase consideration was paid by Beijing Tuniu to the shareholders of Nanjing Tuniu shortly after the purchase option agreement was entered.

*(2) Equity Interest Pledge Agreements.*

Under the equity interest pledge agreements entered between Beijing Tuniu and the shareholders of Nanjing Tuniu, the shareholders pledged all of their equity interests in Nanjing Tuniu to guarantee their performance of their obligations under the purchase option agreement and the shareholders' voting rights agreement. If the shareholders of Nanjing Tuniu breach their contractual obligations under the purchase option agreement, Beijing Tuniu, as the pledgee, will have the right to either conclude an agreement with the pledger to obtain the pledged equity or seek payments from the proceeds of the auction or sell-off of the pledged equity to any person pursuant to the PRC law. The shareholders of Nanjing Tuniu agreed that they will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests. During the equity pledge period, Beijing Tuniu is entitled to all dividends and other distributions made by Nanjing Tuniu. The equity interest pledge agreement remains effective until the shareholders of Nanjing Tuniu discharge all their obligations under the purchase option agreement, or Beijing Tuniu enforces the equity interest pledge, whichever is earlier.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(b) Principles of Consolidation – continued*

*(3) Shareholders' Voting Rights Agreement.*

Under the shareholders' voting rights agreement entered between Beijing Tuniu and the shareholders of Nanjing Tuniu, each of the shareholders of Nanjing Tuniu appointed Beijing Tuniu's designated person as their attorney-in-fact to exercise all of their voting and related rights with respect to their equity interests in Nanjing Tuniu, including attending shareholders' meetings, voting on all matters of Nanjing Tuniu, nominating and appointing directors, convene extraordinary shareholders' meetings, and other voting rights pursuant to the then effective articles of association. The shareholders' voting rights agreement will remain in force for an unlimited term, unless all the parties to the agreement mutually agree to terminate the agreement in writing or cease to be shareholders of Nanjing Tuniu.

*(4) Irrevocable Powers of Attorney.*

Under the powers of attorney issued by the shareholders of Nanjing Tuniu, the shareholders of Nanjing Tuniu each irrevocably appointed Beijing Tuniu as the attorney-in-fact to exercise all of their voting and related rights with respect to their equity interests in Nanjing Tuniu. Each power of attorney will remain in force until the shareholders' voting rights agreement expires or is terminated.

*(5) Cooperation Agreement.*

Under the cooperation agreement entered between Beijing Tuniu and Nanjing Tuniu, Beijing Tuniu has the exclusive right to provide Nanjing Tuniu technology consulting and services related to Nanjing Tuniu's operations, which require certain licenses. Beijing Tuniu owns the exclusive intellectual property rights created as a result of the performance of this agreement. Nanjing Tuniu agrees to pay Beijing Tuniu a quarterly service fee which equals the profits of each of Nanjing Tuniu and its subsidiaries, and that Beijing Tuniu can adjust the service fee at its own discretion. This agreement remains effective for an unlimited term, unless the parties mutually agree to terminate the agreement, one of the parties is declared bankrupt or Beijing Tuniu is not able to provide consulting and services as agreed for more than three consecutive years because of force majeure. In addition, Beijing Tuniu has the unilateral right to terminate the agreement.

In the years ended December 31, 2020, 2021 and 2022, the Company and its subsidiaries charged technology consulting service fees and group management fees of RMB12,813, RMB16,308 and RMB6,178, respectively, from its consolidated Affiliated Entities, which were eliminated in the consolidated financial statements.

*Risks in relation to the VIE structure*

The Group believes that each of the agreements and the powers of attorney under the contractual arrangements among Beijing Tuniu, Nanjing Tuniu and its shareholders is valid, binding and enforceable, and does not and will not result in any violation of PRC laws or regulations currently in effect. The legal opinion of Fangda Partners, the Company's PRC legal counsel, also supports this conclusion. The shareholders of Nanjing Tuniu are also shareholders, nominees of shareholders, or designated representatives of shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements and if the shareholders of Nanjing Tuniu were to reduce their interest in the Company, their interests may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms.

TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(b) Principles of Consolidation – continued*

Being the primary beneficiary of Nanjing Tuniu also depends on the power of attorney Beijing Tuniu has to vote on all matters requiring shareholder approval in Nanjing Tuniu. As noted above, the Company believes this power of attorney is legally enforceable but it may not be as effective as direct equity ownership.

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

- levying fines or confiscate the Group's income;
- revoke the Group's business or operating licenses;
- require the Group to discontinue, restrict or restructure its operations;
- shut down the Group's servers or block the Group's websites and mobile platform;
- restrict or prohibit the use of the Group's financing proceeds to finance its business and operations in PRC; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business

Currently, the Company believes the possibility that it will no longer be the primary beneficiary of Nanjing Tuniu and consolidate Nanjing Tuniu and its subsidiaries as a result of the aforementioned risks and uncertainties is remote.

*Summary financial information of the Affiliated Entities in the consolidated financial statements*

As of December 31, 2022, the aggregate accumulated deficit of the Affiliated Entities was RMB4,698 million prior to the elimination of transactions between the Affiliated Entities and the Company or the Company's subsidiaries.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

(b) Principles of Consolidation – continued

The following table sets forth the assets, liabilities, results of operations and cash flows of the Affiliated Entities which are included in the consolidated financial statements as of December 31, 2021 and 2022 and for the years ended December 31, 2020, 2021 and 2022:

	As of December 31,		
	2021 RMB	2022 RMB	US\$(Note 2(d))
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	89,431	76,759	11,129
Restricted cash	20,410	1,840	267
Short-term investments	306,100	283,472	41,100
Accounts receivable, net	111,941	33,644	4,878
Intercompany receivables	424,829	450,135	65,263
Amounts due from related parties	14,805	957	139
Prepayments and other current assets	46,455	37,172	5,389
<b>Total current assets</b>	<b>1,013,971</b>	<b>883,979</b>	<b>128,165</b>
<b>Non-current assets</b>			
Long-term investments	175,947	206,691	29,967
Property and equipment, net	41,062	32,169	4,664
Intangible assets, net	51,925	26,924	3,904
Operating lease right-of-use assets, net	27,841	27,952	4,053
Goodwill	184,619	68,125	9,877
Other non-current assets	86,766	85,970	12,464
<b>Total non-current assets</b>	<b>568,160</b>	<b>447,831</b>	<b>64,929</b>
<b>Total assets</b>	<b>1,582,131</b>	<b>1,331,810</b>	<b>193,094</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings	184,546	187,737	27,219
Accounts and notes payable	325,716	189,898	27,533
Intercompany payable	5,271,506	5,280,746	765,637
Salary and welfare payable	24,689	16,806	2,437
Taxes payable	4,113	1,604	233
Advances from customers	123,625	78,356	11,361
Operating lease liabilities, current	4,457	2,759	400
Amounts due to related parties	2,198	2,163	314
Accrued expenses and other current liabilities	330,723	320,522	46,471
<b>Total current liabilities</b>	<b>6,271,573</b>	<b>6,080,591</b>	<b>881,605</b>
<b>Non-current liabilities</b>			
Operating lease liabilities, non-current	23,935	24,156	3,502
Deferred tax liabilities	10,341	6,074	881
<b>Total non-current liabilities</b>	<b>34,276</b>	<b>30,230</b>	<b>4,383</b>
<b>Total liabilities</b>	<b>6,305,849</b>	<b>6,110,821</b>	<b>885,988</b>

## TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

## 2. Principal Accounting Policies – continued

*(b) Principles of Consolidation – continued*

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Net revenues - intra-Group <sup>(1)</sup>	77,565	21,117	105,600	15,311
Net revenues - third-party	408,137	228,472	158,920	23,041
Net loss attributable to Tuniu Corporation <sup>(2)</sup>	(509,406)	(42,858)	(38,026)	(5,513)
Net cash used in operating activities	(849,609)	(190,429)	(77,733)	(11,270)
Net cash provided by investing activities	901,947	411,467	81,081	11,756
Net cash used in financing activities	(332,455)	(276,001)	(34,589)	(5,015)

Additional disclosures relating to operating results of the Affiliated Entities:

(1) Net revenues - intra - Group reflect amounts charged to other entities within the Group for royalty fee for the usage of software owned by VIE in the amount of RMB77,565, RMB21,117 and RMB27,600, for the years ended December 31, 2020, 2021 and 2022, respectively. Net revenues also include revenue for sales of intangible assets within the Group. All these transactions have been eliminated in the presentation of consolidated statement of comprehensive loss.

(2) Net loss includes costs occurred to other entities within the Group for technology consulting service fees and group management fees in the amount of RMB12,813, RMB16,308 and RMB6,178, for the years ended December 31, 2020, 2021 and 2022, respectively, all of which have been eliminated in the presentation of consolidated statement of comprehensive loss.

Additional disclosures relating to investing activities of the Affiliated Entities:

Investing activities of the Affiliated Entities primarily represent the investment of, or redemption of, short-term investments during the periods indicated.

Additional disclosures relating to financing activities of the Affiliated Entities:

Financing activities include borrowing and repayment of loans from other entities within the Group, including repayments of RMB133,455, borrowings of RMB8,099 and repayments of RMB36,689, for the years ended December 31, 2020, 2021 and 2022, respectively, all of which have been eliminated in the presentation of consolidated statement of cash flows.

In addition, the Affiliated Entities repaid financing from banks by discounting bank acceptance notes (Note 15) for their operations with the amount of RMB199,000 and RMB284,100 for the years ended December 31, 2020 and 2021, respectively and obtained financing with the amount of RMB2,100 for the year ended December 31, 2022.

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

Under the contractual arrangements with Nanjing Tuniu and through its equity interest in its subsidiaries, the Group has the power to direct the activities of the Affiliated Entities and direct the transfer of assets out of the Affiliated Entities. As the consolidated Affiliated Entities are each incorporated as a limited liability company under the PRC Company Law, the creditors do not have recourse to the general credit of the Company for all of the liabilities of the consolidated Affiliated Entities.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(c) Use of Estimates*

The preparation of the Group’s consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates. Significant accounting estimates reflected in the Group’s consolidated financial statements mainly include fair value of short-term and long-term investments, current expected credit losses for financial assets measured at amortized cost, estimated useful lives of property and equipment and intangible assets, impairment for goodwill, impairment for non-financial assets, fair value of contingent considerations with respect to business combinations, fair value of share-based payment arrangements, fair value of initial and subsequent measurement of equity investments using measurement alternative, valuation allowance for deferred tax assets and the determination of uncertain tax positions.

*(d) Functional Currency and Foreign Currency Translation*

The Group uses Renminbi (“RMB”) as its reporting currency. The functional currency of the Company and its subsidiaries incorporated outside of PRC is the United States dollar (“US\$”), while the functional currency of the PRC entities in the Group is RMB as determined based on ASC 830, *Foreign Currency Matters*.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are re-measured at the balance sheet date exchange rate. The resulting exchange differences are included in the consolidated statements of comprehensive loss as foreign exchange gains / losses.

When preparing the consolidated financial statements presented in RMB, assets and liabilities of the Company and its subsidiaries incorporated outside of PRC are translated into RMB at fiscal year-end exchange rates, and equity accounts are translated into RMB at historical exchange rates. Income and expense items are translated at average exchange rates prevailing during the respective fiscal years. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of accumulated other comprehensive income or loss in the consolidated statement of changes in shareholders’ equity.



TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(d) Functional Currency and Foreign Currency Translation – continued*

The unaudited United States dollar amounts disclosed in the accompanying financial statements are presented solely for the convenience of the readers. Translations of amounts from RMB into US\$ for the convenience of the reader were calculated at the rate of US\$1.00 = RMB6.8972 on December 31, 2022, as set forth in H.10 statistical release of the Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at that rate on December 31, 2022, or at any other rate.

*(e) Fair Value Measurement*

The Group defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs may be used to measure fair value include:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Group's financial instruments include cash and cash equivalents, restricted cash, short-term investments, accounts receivable, accounts payable, amounts due from and due to related parties, long-term investments in financial products, borrowings, operating lease liabilities, contingent consideration for business combinations and certain accrued liabilities and other current liabilities. The carrying values of these financial instruments approximated their fair values due to the short-term maturity of these instruments except for certain investments which are carried at fair value and contingent consideration for business combinations at each balance sheet date. The Group's equity security with readily determinable fair value is carried at fair value using quoted market prices that currently available on a securities exchange and classified within Level 1. Certain short-term and long-term investments in financial products and funds classified within Level 2 are valued using directly or indirectly observable inputs in the market place. Certain investments in financial products and contingent consideration for business combinations classified within Level 3 are valued based on a model utilizing unobservable inputs which require significant management judgment and estimation.

TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

(e) Fair Value Measurement – continued

The Group's assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using Significant Other Markets for Identical Assets (Level 1) As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Long-term investments	988	889	129

	Fair Value Measurement Using Significant Other Observable Inputs (Level 2) As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Short-term investments	580,855	659,336	95,595

	Fair Value Measurement Using Unobservable Inputs (Level 3) As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Short-term investments	30,006	60,038	8,705
Contingent consideration for business combinations - short term	7,153	4,100	594

The roll forward of major Level 3 investments are as following:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Fair value of Level 3 investment at the beginning of the year	71,506	30,006	4,350
Addition	30,000	30,000	4,350
Decrease	(71,241)	—	—
Change in fair value of the investments	(259)	32	5
Fair value of Level 3 investment at the end of the year	30,006	60,038	8,705

The Company determined the fair value of its investments by using income approach with significant unobservable inputs of future cash flows and discount rates ranging from 2.0% to 10.0%.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

(e) Fair Value Measurement – continued

The roll forward of contingent consideration for acquisitions is as below:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Balance at the beginning of the year	10,750	7,153	1,037
Net change in fair value	(3,597)	(3,053)	(443)
Balance at the end of the year	7,153	4,100	594

Contingent consideration is valued using an expected cash flow method with unobservable inputs including the probability to achieve the operating and financial targets, which is assessed by the Group, in connection with the contingent consideration arrangements.

(f) Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and demand deposits placed with banks and third party payment processors, which are unrestricted as to withdrawal or use. Cash equivalents represent short term, highly liquid investments that are readily convertible to known amounts of cash and with original maturities from the date of purchase of generally three months or less.

(g) Restricted Cash

Restricted cash represents cash that cannot be withdrawn without the permission of third parties. The Group's restricted cash mainly represents (i) cash deposits required by tourism administration departments as a pledge to secure travellers' rights and interests, (ii) cash deposits required by China Insurance Regulatory Commission for engaging in insurance agency or brokering activities, (iii) the deposits held in designated bank accounts for issuance of bank acceptance notes and letter of guarantee, and required by the Group's business partners, (iv) deposits frozen by banks required by courts.

Cash, cash equivalents and restricted cash as reported in the consolidated statement of cash flows are presented separately on consolidated balance sheet as follows:

	As of December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Cash and cash equivalents	213,538	349,077	153,835	22,304
Restricted cash	50,566	46,521	44,052	6,387
Total	264,104	395,598	197,887	28,691

(h) Short-term Investments

Short-term investments are comprised of (i) held-to-maturity investments such as time deposits, which are due between three months and one year and stated at amortized cost; and (ii) investments in financial products issued by banks or other financial institutions, which contain a fixed or variable interest rate and with original maturities between three months and one year. Such investments are generally not permitted to be redeemed early or are subject to penalties for redemption prior to maturity. These investments are stated at fair value. Changes in the fair value are reflected in the consolidated statements of comprehensive loss. There was no other-than-temporary impairment of short-term investments measured at amortized cost for the years ended December 31, 2020, 2021 and 2022.

## TUNI CORPORATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

**2. Principal Accounting Policies – continued***(i) Current expected credit losses*

In 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”), which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. On January 1, 2020, the Group adopted this ASC Topic 326 and several associated ASUs on the measurement of credit losses, which requires the Group to estimate lifetime expected credit losses upon recognition of the financial assets. The Group adopted the accounting standards update using a modified retrospective approach. Upon adoption of the new standard on January 1, 2020, the Group recorded a net decrease to its retained earnings of RMB19,425.

The Group’s accounts receivable, held-to-maturity investments, prepayments and other current assets, amounts due from related parties and long-term amounts due from related parties are within the scope of ASC Topic 326. The Group has identified the relevant risk characteristics of its customers and the related receivables and prepayments, which include nature, size and types of the services the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, progress of COVID-19 pandemic and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group’s receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on the Group’s specific facts and circumstances.

*(j) Accounts Receivable, net*

The Group’s accounts receivable mainly consist of amounts due from the customers, travel agents, insurance companies and travel boards or bureaus, which are carried at the original invoice amount less provision for current expected credit losses. The Group recognized allowance for expected credit losses of RMB55,910, RMB13,216 and a reversal of RMB1,530 for the years ended December 31, 2020, 2021 and 2022, respectively.

The following table summarized the details of the Group’s allowance for expected credit losses related to accounts receivables:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Balance at the beginning of year	48,647	91,422	94,433	13,691
Cumulative effect of adoption of new accounting standard	1,833	—	—	—
Allowance for expected credit losses	56,747	13,216	844	122
Reversal	(837)	—	(2,374)	(344)
Write-offs	(14,968)	(10,205)	—	—
The effect of disposals of subsidiaries	—	—	(12,356)	(1,791)
Balance at the end of year	<u>91,422</u>	<u>94,433</u>	<u>80,547</u>	<u>11,678</u>

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(k) Long-term investments*

Long-term investments include equity investments, held-to-maturity investments and other long-term investments.

*Equity investments*

The Group accounts for the investments in entities with significant influence under equity-method accounting. Under this method, the Group's pro rata share of income (loss) from an investment is recognized in the consolidated statements of comprehensive loss.

Dividends received reduce the carrying amount of the investment. Equity-method investment is reviewed for impairment by assessing if the decline in fair value of the investment below the carrying value is other-than-temporary. In making this determination, factors are evaluated in determining whether a loss in value should be recognized. These include consideration of the intent and ability of the Group to hold investment and the ability of the investee to sustain an earnings capacity, justifying the carrying amount of the investment. No impairment charge was recognized for the years ended December 31, 2020, 2021 and 2022.

The Group adopted the ASU 2016-01, "Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities", effective from January 1, 2018. The Group elects a measurement alternative for equity investments that do not have readily determinable fair values and where the Group does not have the ability to exercise significant influence over operating and financial policies of the entity. Under the measurement alternative, the Group measures these investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. An impairment loss is recognized in the consolidated statements of comprehensive loss equal to the excess of the investment's cost over its fair value.

Equity securities with readily determinable fair value and over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock are measured at fair value, with changes recorded in the consolidated statements of comprehensive loss.

*Held-to-maturity investments*

The investments that the Group intends and is able to hold to maturity are classified as held-to-maturity investments and are stated at amortized cost, and interest income is recorded in the consolidated statements of comprehensive income. The Group monitors these investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information.

*Other long-term investments*

Other long-term investments include financial products with maturities over one year, which are carried at their fair value at each balance sheet date and changes in fair value are reflected in the consolidated statements of comprehensive loss.

Refer to Note 7 for details.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(l) Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment if applicable. Property and equipment are depreciated over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Category	Estimated useful life
Computers and equipment	3 - 5 years
Buildings	16 - 20 years
Furniture and fixtures	3 - 5 years
Vehicles	3 - 5 years
Software	5 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life of the asset ranging from 1 - 9 years

Construction in progress represents leasehold improvements and office buildings under construction or being installed and is stated at cost. Cost comprises original cost of property and equipment, installation, construction and other direct costs. Construction in progress is transferred to leasehold improvements and buildings and depreciation commences when the asset is ready for its intended use.

Gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive loss.

*(m) Land use right, net*

Land use right represents the payments for usage of land for office buildings, which is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over their respective lease period which is 49.

*(n) Capitalized Software Development Cost*

The Group has capitalized certain direct development costs associated with internal-use software in accordance with ASC 350-40, “Internal-use software”, which requires the capitalization of costs relating to certain activities of developing internal-use software that occur during the application development stage. Costs capitalized mainly include payroll and payroll-related costs for employees who devoted time to the internal-use software projects during the application development stage. Capitalized internal-use software costs are stated at cost less accumulated amortization and the amount is included in “property and equipment, net” on the consolidated balance sheets, with an estimated useful life of five years. Software development cost capitalized amounted to RMB756, RMB4,972 and RMB2,467 for the years ended December 31, 2020, 2021 and 2022, respectively. The amortization expense for capitalized software costs amounted to RMB90,684, RMB8,001 and RMB8,678 for the years ended December 31, 2020, 2021 and 2022, respectively. The unamortized amount of capitalized internal use software development costs was RMB12,459 as of December 31, 2022.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(o) Business combination and noncontrolling interests*

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

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to forecast the future cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the related activity’s current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period. Although management believes that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material. The Group recognized adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined.

A noncontrolling interest is recognized to reflect the portion of a subsidiary’s equity which is not attributable, directly or indirectly, to the Group. Consolidated net loss on the consolidated statements of comprehensive loss includes the net loss attributable to noncontrolling interests when applicable. The cumulative results of operations attributable to noncontrolling interests are also recorded as noncontrolling interests in the Group’s consolidated balance sheets. Cash flows related to transactions with noncontrolling interests are presented under financing activities in the consolidated statements of cash flows when applicable.

When the noncontrolling interest is contingently redeemable upon the occurrence of a conditional event, which is not solely within the control of the Company, the noncontrolling interest is classified as mezzanine equity. The Group accretes changes in the redemption value over the period from the date that it becomes probable that the mezzanine equity will become redeemable to the earliest redemption date using the effective interest method.

Subsequent to the initial measurement of acquisition, adjustments to the amount of contingent consideration are recognized as a gain or loss during the period of adjustments, and are reflected in other operating income.

When there is a change in ownership interests or a change in contractual arrangements that results in a loss of control of a subsidiary, the Group deconsolidates the subsidiary from the date control is lost. Any retained noncontrolling investment in the former subsidiary is measured at fair value and is included in the calculation of the gain or loss upon deconsolidation of the subsidiary.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(p) Intangible Assets*

Intangible assets purchased are recognized and measured at cost upon acquisition and intangible assets arising from acquisitions of subsidiaries are recognized and measured at fair value upon acquisition. The Company's purchased intangible assets include computer software, which are amortized on a straight-line basis over their estimated useful lives 1 to 5 years. Separable intangible assets arising from acquisitions consist of trade names, customer relationship, supplier relationship, software, technology, non-compete agreements, travel licenses and insurance agency license, which are amortized on a straight-line basis over their estimated useful lives of 1 to 20 years. The estimated life of intangible assets subject to amortization is reassessed if circumstances occur that indicate the life has changed. The Group provided impairment for certain intangible assets of RMB31,876, nil and nil on the years ended December 31, 2020, 2021 and 2022, respectively. Refer to Note 9 for details.

*(q) Goodwill*

Goodwill represents the excess of the purchase price over the fair value of identifiable assets and liabilities acquired in business combinations. Goodwill is not amortized, but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

The Group adopted ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. Management conducts its goodwill impairment assessment as of December 31 annually or more frequently if events or changes in circumstances indicate that it may be impaired. The Group first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, so as to perform the quantitative goodwill impairment test. If determined to be necessary, the quantitative impairment test is used to identify goodwill impairment by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

There is only one reporting unit in the Group as Chief Operating Decision Maker ("CODM") only reviews the operating results on the consolidation level, and business substance and economic characteristics of entities and components within the Group are similar. Therefore, the goodwill assessment was performed for the Group on consolidated level as one reporting unit.

During the second quarter of 2022, since the COVID-related travel policies and measures underwent an abruptly and broadly heightened implementation phase, the impact of COVID-19 pandemic was more severe than before and it was uncertain how much longer the pandemic would continue to impact the Group's business. As a result of the continued implementation of various travel restrictions in mainland China due to COVID-19 pandemic, the travel industry plunged and the situation has become even more challenging compared to the first wave of pandemic in 2020 in mainland China, resulting in a pessimistic market sentiment in the second quarter of 2022. Together with other indicators such as the Group's history of net losses and low market capitalization, in the second quarter of 2022, management concluded the existence of the triggering events which required management to perform an interim quantitative goodwill impairment test as of June 30, 2022. Management performed an interim quantitative goodwill impairment test with the fair value of the reporting unit estimated by management based on the income approach, using a discounted cash flow model, with cashflow forecast reflecting management's best estimate at that time of the outlook of the business. Based on quantitative goodwill impairment test, the fair value of the reporting unit was RMB1,092.9 million, which was lower than the carrying value of the Group's net assets of RMB1,205.0 million as of June 30, 2022, hence the Group recognized an impairment charge of RMB112.1 million for goodwill during the second quarter of 2022. Certain key assumptions used in management's impairment assessment related to revenue growth rate, gross margin, operating expenses, working capital requirements and discount rate by considering the historical performance of the reporting unit, relevant industry forecasts and market developments. After the impairment provision, the goodwill balance was reduced to RMB119.9 million as of June 30, 2022.



TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(q) Goodwill – continued*

In December 2022, COVID-19 related travel restrictions were released in mainland China, which was a positive sign for travelling industry and the Group. In addition, the capital market responded quickly with market capitalization of the Company increased to RMB1,289.1 million as of December 31, 2022, which was higher than the Group's carrying value of RMB1,058.3 million and the share price of the Company kept increasing subsequently in 2023, which reflects an improved market sentiment to the travel industry. As a result, the Company concluded there was no impairment indicators for the Group's goodwill as of December 31, 2022, and hence no further impairment is required.

No impairment loss was recognized for the years ended December 31, 2020 and 2021 based on management's impairment test.

*(r) Impairment of non-financial assets*

The Group evaluates its non-financial assets including property and equipment, intangible assets, land use rights and operating lease rights-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The asset group is the unit of account for a non-financial asset or assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. When these events occur, the Group measures impairment by comparing the carrying amount of the asset group to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss equal to the difference between the carrying amount and fair value of these assets.

All of the Group's non-financial assets are considered one asset group which represents the lowest level to independently generate identifiable cash flows. COVID-19 related travel restrictions were released in mainland China in December 2022, which was a positive sign for travelling industry and the Group. In addition, as of December 31, 2022, the Company's market capitalization increased to RMB1,289.1 million, which was higher than the Group's carrying value of RMB1,058.3 million and the share price of the Company kept increasing subsequently in 2023, which reflects an improved market sentiment to the travel industry. As a result, the Group concluded that there was no impairment for non-financial assets for the year ended December 31, 2022.

Based on management's assessment, no additional impairment of non-financial assets was recognized during the years ended December 31, 2020 and 2021, except for provision for certain intangible assets (Note 2(p) and Note 9) and goodwill impairment (Note 2(q) and Note 11).

*(s) Advances from Customers*

Advances from customers represent the amounts travellers pay in advance to purchase packaged tours or other travelling products. Among the cash proceeds from travellers, the amounts payable to tour operators are recorded as accounts payable and the remaining are recognized as revenues when revenue recognition criteria are met.

*(t) Revenue Recognition*

The Group's revenue is primarily derived from sales of packaged tours and other service fees.

According to ASC 606, "Revenue from Contracts with Customers" revenue is recognized when control of the promised services is transferred to our customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those services. There are no significant estimates in the Group's revenue arrangements.

TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(t) Revenue Recognition - continued*

*Packaged tours:* Packaged tours include organized tours which offer pre-arranged itineraries, transportations, accommodations, entertainments, meals and tour guide services; and self-guided tours which consist of combinations of air tickets and hotel bookings and other optional add-ons, such as airport pick-ups that the travellers choose at their discretion.

Under the organized tour arrangements with the tour operators, the Group's role is an agent that provides tour booking services to the tour operators and travellers. The tour operators are primarily responsible for all aspects of providing services relating to the tour and responsible for the resolution of customer disputes and any associated costs. Revenues from organized tours (except for those under which the Group takes substantive inventory risks and the self-operated local tour operator business in which the Group acts as a principal, as discussed below) are generally reported on net basis, representing the difference between what the Group receives from the travellers and the amounts due to the tour operators.

Revenues from self-guided tours are recognized on a net basis, as the Group has no involvement in determining the service, and provides no additional services to travellers other than the booking services. Suppliers are responsible for all aspects of providing the air transportation and hotel accommodation, and other travel-related services. As such, the Group is an agent for the travel service providers in these transactions and revenues are reported on a net basis.

Under certain circumstances, the Group may enter into contractual commitments with suppliers to reserve tours, and is required to pay a deposit to ensure tour availabilities. Some of these contractual commitments are non-cancellable, and to the extent the reserved tours are not sold to customers, the Group would be liable to pay suppliers a pre-defined or negotiated penalty, thereby assuming inventory risks. For packaged tour arrangements that the Group undertakes inventory risk which is considered to be substantive, revenues are recognized on gross basis. Revenues for such arrangements that the Group undertakes substantive inventory risk were RMB1,599, nil and nil for the years ended December 31, 2020, 2021 and 2022, which were recorded in revenues from packaged tours.

The Group also operates its self-operated local tour operator business in various destinations by directly providing destination-based services to the organized tour customers, starting from their arrival at the destination and all the way until they depart from the destination. As a self-operated local tour operator, the Group integrates the underlying resources such as transportations, accommodations, entertainments, meals and tour guide services from selected suppliers, directs the selected vendors to provide services on the Group's behalf, and hence sets up the price for the tour. The Group is also primarily responsible for fulfilling the promise of the whole packaged tours service, which is a single performance obligation. Accordingly, the Group is a principal for the self-operated local tour operator business and recognizes revenue on a gross basis in accordance with ASC 606. Revenues from the self-operated tour operator business are recognized over time during the period of the tours when control over the tour services is transferred to the customers. Revenues for the self-operated local tour operator business were RMB122,699, RMB169,376 and RMB32,308 for the years ended December 31, 2020, 2021 and 2022, which were recorded in revenues from packaged tours.

Under the arrangements for the organized tours (except for the self-operated local tour operator business in which the Group acts as a principal, as discussed above) and self-guided tours, for which the Group's role is an agent, revenues are recognized when the tours depart, as control over the tour booking services is transferred to the customers when the tour booking is completed and successful.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(t) Revenue Recognition - continued*

*Other revenues:* Other revenues primarily comprise revenues generated from (i) service fees received from insurance companies, (ii) commission fees from other travel-related products and services, such as tourist attraction tickets, visa application services, accommodation reservation and transportation ticketing, with revenue recognized of RMB35,284, RMB38,406 and RMB46,263 for the years ended December 31, 2020, 2021 and 2022, respectively, (iii) fees for advertising services that the Group provides primarily to domestic and foreign tourism boards and bureaus, with revenue recognized of RMB26,204, RMB20,971 and RMB12,191 for the years ended December 31, 2020, 2021 and 2022, respectively, (iv) sales of merchandises, whereas the Group is acting as a principal in these transactions and is responsible for fulfilling the promise to provide the specified merchandises, for which revenue is recognized on gross basis with revenue recognized of RMB23,512, RMB17,780 and RMB15,213 for the years ended December 31, 2020, 2021 and 2022, respectively; and (v) service fees for financial services. The Group provided account receivables factoring service and cash lending service to customers and fees charged in connection with these financial services were recorded as other revenue over the period of the service rendered. The amount of such service revenue for the years ended December 31, 2020, 2021 and 2022 were RMB43,149, RMB20,307 and RMB19,215, respectively.

Revenue is recognized when relevant services are rendered, the tickets are issued or merchandises are accepted by customers.

*Customer incentives*

From time to time, travelers are offered coupons, travel vouchers, membership points, or cash rewards as customer incentives. For customer incentives offered where prior purchase is not required, the Group accounts for them as a reduction of revenue when the coupons and vouchers are utilized to purchase travelling products or as selling and marketing expenses when membership points are redeemed for merchandises. For customer incentives offered from prior purchase, the Group estimates the amount associated with the future obligation to customers, and records as a reduction of revenue when the prior purchase revenue is initially recognized. Unredeemed incentives are recorded in other current liabilities in the consolidated balance sheets. The Group estimates liabilities under the customer loyalty program based on accumulated customer incentives, and the estimate of probability of redemption in accordance with the historical redemption pattern. The actual expenditure may differ from the estimated liability recorded. As of December 31, 2021 and 2022, liabilities recorded related to membership points and cash rewards were RMB3,951 and RMB3,400, respectively.

*Value-added tax and surcharges*

The Group's business is subject to value-added tax ("VAT"), and the Group is permitted to offset input VAT (VAT that is paid in the acquisition of goods or services, and which is supported by valid VAT invoices received from vendors) against their VAT liability. VAT on the taxable revenue collected by the Group on behalf of tax authorities in respect of services provided, net of VAT paid for purchases, is recorded as a liability until it is paid to the tax authorities. The Group is also subject to certain government surcharges on VAT payable in the PRC and these surcharges are recorded in cost of revenues.

*(u) Cost of Revenues*

Cost of revenues mainly consists of salaries and other compensation expenses related to the Group's tour advisors, customer services representatives, and other personnel related to tour transactions, and other expenses directly attributable to the Group's principal operations, primarily including cost of merchandises, payment processing fees, telecommunication expenses, rental expenses, depreciation expenses and other service fee for financial service. For the arrangements where the Group secures availabilities of tours and bears substantive inventory risks and for the self-operated local tour operator business, from which revenues are recognized on a gross basis, cost of revenues also includes the amount paid to tour operators or suppliers.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(v) Advertising Expenses*

Advertising expenses, which primarily consist of online marketing expenses and brand marketing expenses through various forms of media, are recorded in sales and marketing expenses as incurred. Advertising expenses were RMB50,662, RMB40,661 and RMB15,066 for the years ended December 31, 2020, 2021 and 2022, respectively.

*(w) Research and Product Development Expenses*

Research and product development expenses include salaries and other compensation-related expenses for the Group’s research and product development personnel, as well as office rental, depreciation and related expenses and travel-related expenses for the Group’s research and product development team. The Group recognizes software development costs in accordance with ASC 350-40 “*Software—internal use software*”. The Group expenses all costs that are incurred in connection with the planning and implementation phases of development, and costs that are associated with maintenance of the existing websites or software for internal use. Certain costs associated with developing internal-use software are capitalized when such costs are incurred within the application development stage of software development (Note 2(n)).

*(x) Leases*

The Company applied ASC 842, “*Leases*”, by using the optional transition method at the adoption date without recasting comparative periods. The Company determines if an arrangement is a lease at inception. Operating leases are primarily for office and operation space and are included in operating lease right-of-use (“ROU”) assets, net, operating lease liabilities, current and operating lease liabilities, non-current on its consolidated balance sheets. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. The operating lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company’s lease terms may include options to extend or terminate the lease. Renewal options are considered within the ROU assets and lease liability when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For operating leases with a term of one year or less, the Company has elected to not recognize a lease liability or ROU asset on its consolidated balance sheet. Instead, it recognizes the lease payments as expense on a straight-line basis over the lease term. Short-term lease costs are immaterial to its consolidated statements of comprehensive loss and cash flows.

*(y) Share-based Compensation*

The Company applies ASC 718, “*Compensation — Stock Compensation*” to account for its share-based compensation program including share options and restricted shares. In accordance with the guidance, the Company determines whether a share-based award should be classified and accounted for as a liability award or equity award. All grants of share-based awards to employees classified as equity awards are recognized in the financial statements based on their grant date fair values. For options, the fair values are calculated using the binominal option pricing model. Share-based compensation expenses are recorded net of an estimated forfeiture rate over the required service period using the straight-line method. The modifications of the terms or conditions of the share-based award are treated as an exchange of the original award for a new award. The incremental compensation expense is equal to the excess of the fair value of the modified award immediately after the modification over the fair value of the original award immediately before the modification. For options already vested as of the modification date, the Company immediately recognized the incremental value as compensation expenses. For options still unvested as of the modification date, the incremental compensation expenses are recognized over the remaining service period of these options.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(z) Income Taxes*

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

*Uncertain tax positions*

U.S. GAAP prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also provides for the derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Group's uncertain tax positions and determining its provision for income taxes. As of December 31, 2021 and 2022, the Group did not have any significant unrecognized uncertain tax positions or any interest or penalties associated with tax positions.

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

*(aa) Employee Benefits*

Full-time employees of the Group in the PRC are entitled to welfare benefits including pension, work-related injury benefits, maternity insurance, medical insurance, unemployment benefit and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on certain percentages of employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions. The Group recorded employee benefit expenses of RMB56,396, RMB22,326 and RMB17,367 for the years ended December 31, 2020, 2021 and 2022, respectively.

*(ab) Government Subsidies*

Government subsidies are cash subsidies received by the Group's entities in the PRC from provincial and local government authorities. The government subsidies are granted from time to time at the discretion of the relevant government authorities. These subsidies are granted for general corporate purposes and to support the Group's ongoing operations in the region. Cash subsidies are recorded in other operating income on the consolidated statements of comprehensive loss when received and when all conditions for their receipt have been satisfied. The Group recognized government subsidies of RMB22,398, RMB22,468 and RMB9,540 for the years ended December 31, 2020, 2021 and 2022, respectively.

TUNIUI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

2. Principal Accounting Policies – continued

*(ac) Earnings (Loss) Per Share*

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Accretion of the redeemable noncontrolling interests is deducted from the net income (loss) to arrive at net income (loss) attributable to the Company's ordinary shareholders. Diluted earnings (loss) per share is calculated by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of unvested restricted shares and shares issuable upon the exercise of share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted loss per share calculation when inclusion of such shares would be anti-dilutive. Except for voting rights, Class A and Class B shares have all the same rights and therefore the Group has elected not to use the two-class method.

*(ad) Comprehensive Income (Loss)*

Comprehensive income (loss) is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive income or loss is reported in the consolidated statements of comprehensive loss. Accumulated other comprehensive income (loss), as presented on the accompanying consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

*(ae) Treasury stock*

On September 30, 2020, the Company's board of directors authorized a share repurchase program under which the Company may repurchase up to US\$10 million worth of the Company's ordinary shares or American depositary shares representing ordinary shares over the next 12 months. The share repurchase programs permitted the Company to purchase shares from time to time on the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations. The repurchased shares were accounted for under the cost method and presented as "treasury stock" in equity on the Group's consolidated balance sheets. For the year ended December 31, 2021 and 2022, the Group reissued 576,165 and 314,592 shares to employees upon their exercise of share options or vesting of restricted share units under the Group's share compensation plans, respectively. The Company recognizes the difference between the reissuance price and the average cost the Company paid for repurchase in additional paid-in capital when reissuing the shares.

*(af) Segment Reporting*

In accordance with ASC 280, Segment Reporting, the Group's chief operating decision maker, the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment.

The Group does not distinguish between markets or segments for the purpose of internal reporting. The Group's long-lived assets are substantially all located in the PRC and substantially all the Group's revenues are derived from within the PRC, therefore, no geographical segments are presented.

**TUNI CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

**2. Principal Accounting Policies – continued**

*(ag) Recently Issued Accounting Pronouncements*

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting”, which provides optional expedients and exceptions for applying U.S. GAAP on contract modifications and hedge accounting to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. These optional expedients and exceptions provided in ASU 2020-04 are effective for the Company as of March 12, 2020 through December 31, 2022. The Company will evaluate transactions or contract modifications occurring as a result of reference rate reform and determine whether to apply the optional guidance on an ongoing basis. The Group adopted this update in the first quarter of 2022 and the adoption did not have a material impact to the Company’s Consolidated Financial Statements.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08), which clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. The new amendments are effective for us are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments, with early adoption permitted. The Company will adopt this update in the first quarter of 2023 and does not expect the adoption to have a material impact to the Company’s Consolidated Financial Statements. The Group is in the process of evaluating the impact of the new guidance on its consolidated financial statements. This ASU is currently not expected to have a material impact on the Company’s consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the accounting guidance for troubled debt restructurings by creditors that have adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which the Company adopted on January 1, 2020. This ASU also enhances the disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the ASU amends the guidance on vintage disclosures to require entities to disclose current period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU would be applied prospectively. The Company will adopt this update in the first quarter of 2023 and does not expect the adoption to have a material impact to the Company’s consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The update also requires certain additional disclosures for equity securities subject to contractual sale restrictions. The amendments in this update are effective for the Company beginning January 1, 2024 on a prospective basis. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company is in the process of evaluating the impact of the new guidance on its consolidated financial statements. This ASU is currently not expected to have a material impact on the Company’s consolidated financial statements.

**TUNIU CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

**2. Principal Accounting Policies – continued**

*(ag) Recently Issued Accounting Pronouncements - continued*

In September 2022, the FASB issued ASU 2022-09 Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations. The update requires the companies that use a supplier finance program in connection with the purchase of goods or services to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The new amendments are effective for us are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is also permitted, including adoption in an interim period. The Company is in the process of evaluating the impact of the new guidance on its consolidated financial statements. This ASU is currently not expected to have a material impact on the Company's consolidated financial statements.



TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

**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 current assets, accounts receivables, due from related parties and long-term investments. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates.

The Group expects that there is no significant credit risk associated with the cash and cash equivalents, restricted cash and time deposits, which are held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries and the Affiliated Entities are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

As of December 31, 2022, the Group had RMB61,874 in bank A, located in PRC and USD6,546 (RMB45,149) in bank B, located in Hong Kong, representing 31% and 23% of total cash and cash equivalents and restricted cash balance, respectively.

The Group has no significant concentrations of credit risk with respect to its customers, as customers usually prepay for travel services. Accounts receivable are typically unsecured and are primarily derived from revenue earned from individual customers, corporate customers, travel agents, insurance companies and travel boards or bureaus. The risk with respect to accounts receivable is mitigated by credit evaluations performed on those customers and ongoing monitoring processes on outstanding balances. No individual customer accounted for more than 10% of net revenues for the years ended December 31, 2020, 2021 and 2022.

The Group has purchased financial products issued by banks, companies and other financial institutions. The Group also provided account receivables factoring service and cash lending service to customers. The Group has set up a risk evaluation system on the issuers of credit quality, ultimate borrowers of asset management schemes, and conducts collectability assessment of the financial assets and loan receivables on timely basis.

The Group's collectability assessment considers duration of credit periods, the credit standing of the borrowers and parties that have guaranteed the repayment of the debts, the quality of assets pledged, the borrowers' repayment plans, forward looking information and an evaluation of default risk by reference to relevant information that is publicly available.

*(b) Foreign Currency Risk*

The Group's operating transactions and its assets and liabilities are mainly denominated in RMB. RMB is not freely convertible into foreign currencies. The value of RMB is subject to changes influenced by central government policies, and international economic and political developments. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in PRC must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to affect the remittance.

## TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

## 4. Business acquisition

*Acquisition of travel agencies*

Before 2020, the Group made several acquisitions in offline travel agencies. These business acquisitions were accounted for using purchase accounting and goodwill of RMB232,007 was recognized accordingly. The fair value of the contingent cash consideration, based on the achievement of profit target in the future, was estimated using a probability-weighted scenario analysis method. During the years ended December 31, 2020, 2021 and 2022, the Group paid RMB14,019, nil and nil, respectively, of the contingent consideration, and made a downward adjustment of the fair value of the contingent consideration by RMB5,451, RMB3,597 and RMB3,053, respectively, based on the reassessment of achievement of profit target. As of December 31, 2022, the Group has unpaid contingent consideration of RMB4,100 resulting from these acquisitions.

Pro forma results of operations for the acquisitions described above have not been presented because they are not material to the Group's consolidated income statements, either individually or in aggregate.

*Disposal of travel agencies*

During the year ended December 31, 2022, the Group disposed the controlling interests in certain subsidiaries engaging in travel agency business, which were acquired by the Group before 2020, and only retained non-controlling interests in these former subsidiaries after the disposals.

There is only one reporting unit in the Group, and the Group attributed portions of the reporting unit's goodwill to these disposed entities in determining the gain or loss on the disposal of the business, based on the relative fair values of these disposed entities compared with the fair value of the Group. As the disposed entities are not individually material to the Group's consolidated financial statements, the disposal activities are presented in aggregate as follows:

	<u>Amount</u>
Total consideration	17,264
<i>Recognition of:</i>	
Long-term investment - fair value of retained non-controlling interests	9,655
<i>Derecognition of:</i>	
Net liabilities (including cash disposed of RMB23,519)	29,482
Intangible assets	(16,027)
Deferred tax liability	3,899
Noncontrolling interests	24,061
Waiver of the contingent consideration yet to be paid	1,861
Goodwill attributable to the disposed entities	(5,244)
Total disposal gain	<u>64,951</u>

As of December 31, 2022, the Group received proceeds of RMB7,454 with unpaid amount of RMB9,810, which is expected to receive in 5 years.

As a result of above disposals, the Group recognized a disposal gain of RMB64,951 for the year ended December 31, 2022.

The business size of disposed former subsidiaries were not material to the Group and the Group continues to operate its travel agency business, hence the disposals were not considered as a strategic shift for the Group's business operations nor discontinued operations.

Refer to Note 7 for accounting for the retained noncontrolling investments in these former subsidiaries.

TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

5. Transaction with JD.com, Inc.

On May 8, 2015, the Company entered into a share subscription agreement with Fabulous Jade Global Limited, an affiliate of JD.com, Inc., and a Business Cooperation Agreement (“BCA”) with JD. Com, Inc. (“JD”) for a period of five years. Pursuant to these agreements, the Company issued 65,625,000 Class A ordinary shares for a cash consideration of RMB1,528.2 million (US\$250 million) and the business resource contributed by JD. According to BCA, the business resource includes the exclusive rights to operate the leisure travel channel for both JD’s website and mobile application and JD’s preferred partnership for hotel and air ticket reservation service, the internet traffic support and marketing support for the leisure travel channel for a period of five years started from August 2015.

The acquisition of BCA is considered as assets acquisition and the intangible assets acquired include the exclusive operation right of leisure travel channel, preferred partnership of hotel and air ticket reservation service, traffic and marketing supports. Due to the downturn in business activities in 2020, the Group wrote down RMB9,554 for these intangible assets for the year ended December 31, 2020. As of December 31, 2020, the five-year agreement had expired, and the carrying value of above intangible assets was nil, so the Group wrote off these intangible assets.

6. Prepayments and other current assets

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

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Prepayments to suppliers	74,328	45,212	6,555
Interest income receivable	814	843	122
Prepayment for advertising expenses	1,714	406	59
Loan receivables	151,089	100,361	14,551
Value-added tax receivables	76,285	62,808	9,106
Receivables from employees	15,180	12,598	1,827
Others	17,623	20,766	3,011
Total	337,033	242,994	35,231

Loan receivables are recorded in connection with the Group’s cash lending service.

The Group recognized a net provision for prepayments and other current assets of RMB170,639, RMB2,858 and RMB8,458 for the years ended December 31, 2020, 2021 and 2022, respectively.

The following table summarized the details of the Group’s provision for prepayments and other current assets:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Balance at the beginning of year	154,482	342,383	318,034	46,111
Cumulative effect of adoption of new accounting standard for expected credit losses	17,262	—	—	—
Addition	182,829	22,408	16,508	2,393
Reversal	(12,190)	(19,550)	(8,050)	(1,167)
Write-offs	—	(27,207)	—	—
Disposals of subsidiaries	—	—	(1,614)	(234)
Balance at the end of year	342,383	318,034	324,878	47,103

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

7. Long-term investments

The Group's long-term investments consist of equity investments, held-to-maturity investments and other long-term investments.

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Equity investments – equity method	44,415	54,362	7,882
Equity investments – without readily determinable fair values	153,643	172,563	25,019
Equity investments – securities with readily determinable fair values (Note 23(a))	988	889	129
Held-to-maturity investments	2,901	2,748	398
<b>Total</b>	<b>201,947</b>	<b>230,562</b>	<b>33,428</b>

*Equity investments - equity method*

In December 2016, Nanjing Zhongshan Financial Leasing Co., Ltd. (“Zhongshan”) was established and the Group invested RMB42,500 for 25% of equity interest in Zhongshan. This investment was accounted for as an equity-method investment because the Group has significant influence over the operating and financial policies of Zhongshan as the Group has one of the five board seats of Zhongshan. As of December 31, 2021 and 2022, the carrying value of its equity investment was RMB44,415 and RMB45,577, respectively.

As disclosed in Note 4, during the year ended December 31, 2022, the Group disposed the controlling interests in certain subsidiaries and only retained non-controlling interests in the former subsidiaries after the disposals, and recognized an investment of RMB9,655. Since the Group is still entitled to appoint one board seat to each of former subsidiaries, the Group is considered to be able to insert significant influence over their operating and financial policies, the retained noncontrolling investments are measured under equity method.

During the years ended December 31, 2020, 2021 and 2022, the Group recognized RMB797, RMB726 and RMB292 of shares of income of equity investees, respectively, from all of its equity method investments.

Financial information of the investees described above have not been presented because they are not material to the Group's consolidated income statements, either individually or in aggregate.

*Equity investments – without readily determinable fair values*

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$(Note 2(d))
Equity investments without readily determinable fair values:			
Initial cost	161,666	174,983	25,370
Net cumulative fair value adjustments	(8,023)	(2,420)	(351)
Carrying Value	<b>153,643</b>	<b>172,563</b>	<b>25,019</b>

Before 2020, the Group made several equity investments in private companies, over which the Group has neither significant influence over operating and financial policies nor control through its investments. The Group is also not entitled to redemption rights to request investees to early redeem its equity interests at the Group's sole discretion. With the adoption of ASU 2016-01 effective from January 1, 2018, the Group elected a measurement alternative to account for these equity investments.

## TUNI CORPORATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

**7. Long-term investments - continued**

As disclosed in Note 23(a), in May 2022, the Group received and registered 632,992,650 trust units, representing 0.09% of total unit interests, as the settlement of the remaining HNA debts. Upon the receipts of trust units with the legal title by the Group, the Group recognized an initial investment with the amount of RMB13,318. As an ordinary unit holder, the Group is entitled to receive distribution of trust income based on the income distribution plan of HNA trust. The Group has no redemption rights to request HNA Trust to early redeem its trusts units at the Group's sole discretion and HNA trust is a privately owned and the trust units are not traded publicly. As a result, the Group accounted for such investment in trust units as equity investment without readily determinable fair values and elected to apply the measurement alternatives for this investment.

During the years ended December 31, 2020, 2021 and 2022, the Group remeasured certain of above equity investments based on the information obtained from observable transactions and recognized an investment loss of RMB9,021, an investment gain of RMB11,443 and RMB5,603, respectively.

During the year ended December 31, 2020, the Group recognized impairment losses of RMB49,502 on certain equity investments based on the Group's assessment of current economic conditions with the considerations of COVID-19 impacts, as well as the operating performance of the investees. The impairment was recorded in other income/(loss). No impairment loss was recognized for long-term investments for the years ended December 31, 2021 and 2022.

*Held-to-maturity investments*

During 2019, the Group made investments in time deposits that the Group has intention and ability to hold until maturity. The Group classified these investments as held-to-maturity investments. As of December 31, 2021 and 2022, the carrying value of these investments amounted to RMB 2,901 and RMB2,748, respectively.

**8. Property and equipment, net**

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

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Computers and equipment	136,993	119,600	17,340
Leasehold improvements	139,087	119,069	17,263
Buildings	4,109	4,109	596
Furniture and fixtures	16,541	13,328	1,932
Vehicles	19,419	6,875	997
Software	190,100	192,553	27,918
Others	2,102	—	—
Subtotal	508,351	455,534	66,046
Less: Accumulated depreciation	(452,759)	(417,644)	(60,553)
Property and equipment subject to depreciation	55,592	37,890	5,493
Construction in progress	42,567	47,292	6,857
Total	98,159	85,182	12,350

Depreciation expense for the years ended December 31, 2020, 2021 and 2022 was RMB127,836, RMB24,755 and RMB15,369, respectively.

## TUNIUCORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

## 9. Intangible assets, net

Intangible assets, net, consist of the following:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Travel license	31,056	30,456	4,415
Insurance agency license	11,711	11,711	1,698
Software	73,056	64,985	9,422
Technology	4,300	4,300	623
Trade names	41,634	38,264	5,548
Supplier relationship	8,560	—	—
Customer relationship	21,787	11,020	1,598
Non-compete agreements	6,399	5,816	843
Subtotal	198,503	166,552	24,147
Less: Accumulated amortization	(120,805)	(113,558)	(16,464)
Less: Impairment	(22,322)	(22,322)	(3,236)
Total	55,376	30,672	4,447

Amortization expenses for intangible assets were RMB64,536, RMB16,547 and RMB9,613 for the years ended December 31, 2020, 2021 and 2022, respectively.

The Group provided impairment charges for trade names and customer relationship of RMB15,482 and RMB6,840, respectively, for the year ended December 31, 2020, as the Group believes the future economic benefit generated from these intangible assets were limited. No impairment was made in 2021 and 2022.

The annual estimated amortization expense for the above intangible assets for the following years is as follows:

Years Ending December 31,	Amortization for Intangible Assets	
	RMB	US\$ (Note 2(d))
2023	4,463	647
2024	3,713	538
2025	2,944	427
2026	2,435	353
2027	2,368	343
Thereafter	14,749	2,139
Total	30,672	4,447

## TUNI CORPORATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

**10. Land use right, net**

Land use right, net, consist of the following:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Land use right	101,007	101,007	14,645
Less: Accumulated amortization	(6,355)	(8,417)	(1,221)
Net book value	94,652	92,590	13,424

In December 2018, the Group obtained the certificate for a land use right, which had been fully paid, and started to amortize over the remaining period of the right to use the land. Amortization expenses for land use right were RMB2,061, RMB2,062 and RMB2,062 for the years ended December 31, 2020, 2021 and 2022, respectively.

**11. Goodwill**

The changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2022 were as follows:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Balance at the beginning of year	232,007	232,007	33,638
Disposals of subsidiaries (Note 4)	—	(5,244)	(761)
Impairment (Note 2(q))	—	(112,102)	(16,253)
Balance at the end of year	232,007	114,661	16,624

**12. Other non-current assets**

Other non-current assets consist of the following:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Deposits	7,094	1,836	266
Loans receivables	13,551	9,795	1,420
Long-term prepayments to a supplier (a)	71,353	62,663	9,085
Receivables for disposal of subsidiaries (Note 4)	—	6,373	924
Others	113	10,424	1,512
Total	92,111	91,091	13,207

(a) This represents the prepayment of hotel resources the Group prepaid to a third party supplier which are expected to be utilized over one year.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

12. Other non-current assets – continued

The Group recognized a net provision for other loans receivable carried in non-current assets of RMB1,092 and a reversal of RMB2,979 for the year ended December 31, 2021 and 2022. The following table summarized the details of the Group's provision:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$(Note 2 (d))
Balance at the beginning of year	1,181	9,852	10,944	1,587
Cumulative effect of adoption of new accounting standard relating to credit losses	294	—	—	—
Addition	8,805	1,633	1,894	275
Reversal	(428)	(541)	(4,873)	(707)
Balance at the end of year	9,852	10,944	7,965	1,155

13. Short-term and long-term borrowings

The following is a summary of short-term and long-term borrowings:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Short-term borrowings, including short-term portions of long-term borrowings	9,981	7,517	1,090
Long-term borrowings	14,344	11,959	1,734

As of December 31, 2021 and 2022, the Group had short-term borrowings from banks which were repayable within one year, with interests charged at rates ranging from 0.2% to 5.0% and 0.2% to 8.0% per annum, respectively.

As of December 31, 2021 and 2022, the Group had long-term borrowings from banks which were repayable over one year, with interests charged at rates ranging from 0.2% to 4.3% and 0.2% to 1.3% per annum, respectively. The repayment terms of Group's long-term borrowings from banks ranged from three years to eight years and the principals and interests are repaid on monthly or quarterly basis or upon maturity.

The above borrowings contain certain standard covenants including, among others, limitation on liens, liquidation and dissolution of the Group, significant change of the Group's capital structure and external investments. The Group was in compliance with all of the loan covenants as of December 31, 2021 and 2022. Borrowings of RMB2.3 million were guaranteed by one of our subsidiaries and subject to a pledge of our land use right as of December 31, 2020, which was repaid in 2021.

The following table summarizes the aggregate required repayments of the principal amounts of the Group's long-term borrowing:

	As of December 31,	
	2022	
	RMB	
2024		3,991
2025		3,780
2026		1,950
2027 and thereafter		2,238
Total		11,959



TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

14. Leases

The Group has operating leases primarily for office and operation space. The Group's operating lease arrangements have remaining lease terms of one month to seventeen years.

Total lease costs were RMB39,327, RMB26,469 and RMB15,427 for the year ended December 31, 2020, 2021 and 2022, respectively including short-term lease costs within 12 months of RMB6,653, RMB2,540 and RMB1,936, respectively.

Consolidated balance sheet information related to leases is presented as follows:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
<b>ASSETS</b>			
Operating lease right-of-use assets, net	48,115	33,204	4,814
<b>LIABILITIES</b>			
Operating lease liabilities, current	16,556	12,439	1,803
Operating lease liabilities, non-current	38,832	26,482	3,840
Total	55,388	38,921	5,643

Supplemental cash flow information related to leases is as follows:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Cash paid for amounts included in the measurement of lease liabilities	38,399	26,000	15,048	2,182
Right-of-use assets obtained in exchange for operating lease liabilities	28,444	43,855	5,642	818

Other information related to lease is as follows:

	As of December 31,	
	2021	2022
Weighted average remaining lease term(years)	6.81	8.08
Weighted average discount rate	5 %	5 %

As of December 31, 2022, maturities of lease liabilities (excluding lease payments of RMB356 for the leases with lease terms less than one year) are as follows:

	As of December 31,	
	2022	
	RMB	
2023	15,654	
2024	6,361	
2025	3,588	
2026	3,576	
2027 and thereafter	20,078	
Total minimum lease payments	49,257	
Less: interest	(10,336)	
Present value of lease obligations	38,921	

## TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

## 15. Accrued expenses and other current liabilities

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

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
Deposits from packaged-tour users (a)	12,428	10,474	1,519
Payable for business combination	7,153	4,100	594
Accrued liabilities related to customers incentive program	3,951	3,400	493
Accrued professional service fees	11,861	11,356	1,646
Accrued advertising expenses	18,806	16,047	2,327
Deposits received from suppliers	86,212	72,169	10,464
Accrued operating expenses	8,067	7,662	1,111
Advanced payment from banks (b)	13,925	13,577	1,968
Discounted bank acceptance notes (c)	197,900	200,000	28,997
Others	22,326	19,527	2,828
Total	382,629	358,312	51,947

(a) Deposits from packaged-tour users represent cash paid to the Group as a deposit for overseas tours, and such amount is refundable upon completion of the tours.

(b) Advanced payment from banks represent cash received by the Group for promotional and marketing campaigns. Banks participating in these campaigns would reimburse the Group for tours sold to their credit card holders at a specified discount. Such advanced payment is recognized as revenues when revenues from the related tour are recognized.

(c) Discounted bank acceptance notes represent cash received from financial institutions by discounting of bank acceptance notes issued between the Company's subsidiaries, which are repayable within one year with interest ranging from 2.0% to 2.4%. The issuance of notes payable is collateralized by the Group's bank deposits of RMB197,900 and RMB200,000 as of December 31, 2021 and 2022, which were recorded in short-term investments.

## 16. Income Taxes

The Company is registered in the Cayman Islands. The Company generates substantially all of its income (loss) from its PRC operations for the years ended December 31, 2020, 2021 and 2022.

*Cayman Islands ("Cayman")*

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, upon payments of dividends to shareholders, no Cayman Islands withholding tax will be imposed.

*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 operations in Hong Kong have incurred net accumulated operating losses for income tax purposes.

*PRC*

On March 16, 2007, the NPC enacted an Enterprise Income Tax Law ("EIT Law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies are subject to EIT at a uniform rate of 25%. The EIT law became effective on January 1, 2008.

**TUNIU CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(All amounts in thousands, except for share and per share data, or otherwise noted)

**16. Income Taxes – continued**

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a FIE to its immediate holding company outside of mainland China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within mainland China or if the received dividends have no connection with the establishment or place of such immediate holding company within mainland China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with mainland China that provides for a different withholding arrangement. The Cayman Islands, where the Company incorporated, does not have such tax treaty with mainland China. According to the arrangement between mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a FIE in mainland China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% if the immediate holding company in Hong Kong owns directly at least 25% of the shares of the FIE and could be recognized as a Beneficial Owner of the dividend from PRC tax perspective.

Nanjing Tuniu originally obtained its HNTE certificate in 2010 with a valid period of three years and successfully obtained the third renewal of such certificate in December 2022 for another three years. Tuniu Nanjing Information Technology obtained its HNTE certificate in 2017 with a valid period of three years and successfully obtained the first renewal of such certificate in December 2020 for another three years. Therefore, Nanjing Tuniu and Tuniu Nanjing Information Technology are eligible to enjoy a preferential tax rate of 15% in 2022 to the extent they have taxable income under the EIT Law, as long as they maintain the HNTE qualifications and duly conduct relevant EIT filing procedures with the relevant tax authorities. If Nanjing Tuniu and Tuniu Nanjing Information Technology fail to maintain their HNTE qualifications or renew their qualifications when their current terms expire, their applicable enterprise income tax rates may increase to 25%, which could have an adverse effect on our financial condition and results of operations. Besides, Beijing Tuniu obtained the HNTE certificate as well in 2018 and expired in 2020. As a consequence, the applicable enterprise tax rate for Beijing Tuniu has been restored to 25% since 2021. However, since Beijing Tuniu has large amount of accumulated loss in previous years, the increased EIT rate would not result in an immediate adverse effect on our financial condition.

A reconciliation between the effective income tax rate and the PRC statutory income tax rate is as follows:

	For the Years Ended December 31,		
	2020	2021	2022
	%	%	%
PRC Statutory income tax rates	25.0	25.0	25.0
Change in valuation allowance	(20.9)	(16.0)	(20.3)
R&D expenses super-deduction	(0.7)	(4.3)	(2.9)
Non-deductible expenses and non-taxable income incurred	(2.2)	(1.1)	0.4
Difference in EIT rates of certain subsidiaries	0.1	(0.3)	0.1
Effect of preferential income tax rates	(0.8)	(3.4)	(1.9)
<b>Total</b>	<b>0.5</b>	<b>(0.1)</b>	<b>0.4</b>

The aggregate amount and per share effect of the preferential income tax rates are as follows:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Aggregate amount	11,239	4,411	3,929	570
Basic and diluted net loss per share effect	—	—	—	—

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

16. Income Taxes – continued

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

	As of December 31,		
	2021 RMB	2022 RMB	2022 US\$ (Note 2(d))
<b>Non-current deferred tax assets:</b>			
Accruals and others	18,124	15,393	2,232
Net operating loss carry forwards	657,571	483,092	70,042
Carryforwards of deductible advertising expenses	11,321	11,349	1,645
Allowance for doubtful accounts	252,605	246,930	35,801
Subtotal	939,621	756,764	109,720
Less: valuation allowance	(939,621)	(756,764)	(109,720)
Total non-current deferred tax assets, net	—	—	—
<b>Non-current deferred tax liabilities:</b>			
Recognition of intangible assets arising from business combination	(2,382)	(1,741)	(252)
Total non-current deferred tax liabilities, net	(2,382)	(1,741)	(252)

As of December 31, 2022, the Group had net operating loss carryforwards of RMB2,053,670 which can be carried forward to offset taxable income. The carryforwards period for net operating losses under the EIT Law is five years. The net operating loss carry forward of the Group will start to expire in 2022 for the amount of RMB666,175 if not utilized. The remaining net operating loss carryforwards will expire in varying amounts between 2023 and 2026. Other than the expiration, there are no other limitations or restrictions upon the Group's ability to use these operating loss carryforwards. There is no expiration for the advertising expenses carryforwards.

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 utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated deficit, existence of taxable temporary differences and reversal periods.

As of December 31, 2021 and 2022, valuation allowances of RMB939,621 and RMB756,764 were provided because it was more likely than not that the Group will not be able to utilize certain tax losses carry forwards and other deferred tax assets generated by its subsidiaries and Affiliated Entities. If events occur in the future that allow the Group to realize more of its deferred tax assets than the presently recorded amount, an adjustment to the valuation allowances will increase income when those events occur.

*Movement of valuation allowance*

	For the Years Ended December 31,			
	2020 RMB	2021 RMB	2022 RMB	2022 US\$ (Note 2(d))
Balance at the beginning of the year	1,246,296	1,332,721	939,621	136,232
Additions	396,582	29,089	31,324	4,541
Written-off for expiration of net operating losses	(304,939)	(414,409)	(212,636)	(30,829)
Utilization of previously unrecognized tax losses and deductible advertising expenses	(5,218)	(7,780)	(1,545)	(224)
Balance at the end of the year	1,332,721	939,621	756,764	109,720

17. Redeemable noncontrolling interests

In December 2016, the Group entered into an investment agreement with certain investors ("noncontrolling shareholders") to establish a subsidiary. The noncontrolling shareholders contributed RMB90,000 and held 30% equity interest. Pursuant to the investment

**TUNI CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

agreement, the noncontrolling shareholders have the option to request the Group to redeem their equity interests at an agreed price after three years of the investment. In April 2018, the Group agreed with one of the noncontrolling shareholders to purchase its 10% equity interest of the subsidiary at the cost of RMB30,000. In December 2019, the Group agreed with another noncontrolling shareholder to purchase its 10% equity interest of the subsidiary at the cost of RMB37,733. In September 2020, this subsidiary decreased its share capital and the Group made payment to the noncontrolling shareholder of RMB10,000.

The Group recorded the noncontrolling interests as redeemable noncontrolling interests, outside of permanent equity in the Group's consolidated balance sheets in accordance with ASC 480. The Group uses the effective interest method for the changes of redemption value over the period from the date of issuance to the earliest redemption date of the noncontrolling interests. The accretion, which increases the carrying value of the redeemable noncontrolling interests, is recorded against additional paid-in capital.

The change in the carrying amount of redeemable noncontrolling interests for the years ended December 31, 2020, 2021 and 2022 is as follows:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Balance as of January 1	37,200	27,200	27,200	3,944
Repurchase of redeemable noncontrolling interests	(10,000)	—	—	—
Accretion on redeemable noncontrolling interests	—	—	—	—
Balance as of December 31	<u>27,200</u>	<u>27,200</u>	<u>27,200</u>	<u>3,944</u>

**18. Ordinary Shares**

Upon inception of the Company, each ordinary share was issued at a par value of US\$0.0001 per share. Various numbers of ordinary shares were issued to share-based compensation award recipients. As of December 31, 2021 and 2022, the authorized share capital of the Company is US\$100,000 divided into 1,000,000,000 shares, comprising of 780,000,000 Class A Ordinary Shares and 120,000,000 Class B Ordinary Shares, each at a par value of US\$0.0001 per share, and 100,000,000 shares of a par value of US\$0.0001 each of such class or classes as the board of directors may determine.

As of December 31, 2022, 1,000,000,000 ordinary shares were authorized. 389,331,543 were issued and outstanding, comprising of 371,958,043 Class A shares and 17,373,500 Class B shares as of December 31, 2022.

TUNI CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

19. Share-based Compensation Expenses

The Company's 2008 Incentive Compensation Plan (the "2008 Plan") allows the plan administrator to grant share options and restricted shares to the Company's employees, directors, and consultants, up to a maximum of 18,375,140 ordinary shares. In April 2014 the Company adopted the 2014 Share Incentive Plan (the "2014 Plan"). The maximum aggregate number of shares will be increased automatically if and whenever the ordinary shares reserved under the 2014 Plan account for less than 1% of the total then-issued and outstanding ordinary shares on an as-converted basis, as a result of which increase the ordinary shares reserved under the 2014 Plan immediately after each such increase shall equal 5% of the then-issued and outstanding ordinary shares on an as-converted basis, reaching a total of 41,964,263 Class A ordinary shares. The maximum aggregate number of shares which may be issued under the 2014 Plan increased automatically by an aggregate of 17,542,440 Class A ordinary shares in April 2023, reaching to a total of 59,506,703 Class A ordinary shares.

The share options and restricted shares granted under the 2008 plan initially have a contractual term of six years, and grants under the 2014 plan have a contractual term of ten years. The incentive awards under both 2008 plan and 2014 plan generally vest over a period of four years of continuous service, one fourth (1/4) of which vest upon the first anniversary of the stated vesting commencement date and the remaining vest ratably over the following 36 months. As of December 31, 2022, 25,609,287 options and 230,646 restricted shares were outstanding under the 2008 and 2014 plan.

The Group recognized share-based compensation expense of RMB20,464, RMB9,132 and RMB5,049 for the years ended December 31, 2020, 2021 and 2022, respectively, which was classified as follows:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Cost of revenue	1,044	390	411	60
Research and product development	4,349	724	572	83
Sales and marketing	1,099	644	657	95
General and administrative	13,972	7,374	3,409	494
Total	20,464	9,132	5,049	732

*Share options*

The following table summarizes the Company's option activities:

	Number of share options	Weighted Average Exercise Price US\$	Weighted Average Remaining Contractual Life In Years	Aggregate Intrinsic Value US\$'000
Outstanding at January 1, 2022	13,976,607	1.81	3.74	825
Granted	14,847,631	0.3333	—	—
Exercised	(253,320)	0.03	—	—
Forfeited	(2,961,631)	1.83	—	—
Outstanding at December 31, 2022	25,609,287	0.97	6.56	3,920
Vested and expected to vest at December 31, 2022	23,603,747	1.02	6.31	3,584
Exercisable at December 31, 2022	10,761,656	1.85	2.35	1,395

The total intrinsic value of options exercised for the years ended December 31, 2020, 2021 and 2022 was RMB2,290, RMB3,563 and RMB458 (US\$66), respectively.

**TUNI CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)****19. Share-based Compensation Expenses - continued**

The weighted-average grant date fair value for options granted during the year ended December 31, 2022 was US\$0.15, computed using the binomial option pricing model. No share options were granted for the years ended December 31, 2020 and 2021.

The total fair value of share options vested during the years ended December 31, 2020, 2021, and 2022 was RMB25,038, RMB11,000 and RMB2,371 (US\$344), respectively.

The Company estimated the expected volatility at the date of grant date and each option valuation date based on the annualized standard deviation of the daily return embedded in historical share prices of comparable companies. Risk free interest rate was estimated based on the yield to maturity of US treasury bonds denominated in US\$ at the option valuation date. The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a consideration of research study regarding exercise pattern based on empirical studies on the actual exercise behavior of employees. The Company has never declared or paid any cash dividends on its capital stock, and the Company does not anticipate any dividend payments on its ordinary shares in the foreseeable future. Time to maturity is the contract life of the option, and estimated forfeiture rates are determined based on historical employee turnover rate.

The Company uses the binomial option pricing model to estimate the fair value of stock options. The assumptions used to value the Company's option grants for the year ended December 31, 2022 were as follows:

	2022
Expected volatility	48.25 %
Risk-free interest rate	2.78 %
Exercise multiple	2.2-2.8
Expected dividend yield	0 %
Time to maturity (in years)	10
Expected forfeiture rate (post-vesting)	0%-13.24 %
Fair value of the common share on the date of option grant	US\$0.13-0.16 (RMB0.90-1.10)

As of December 31, 2022, there was RMB14,055 in total unrecognized compensation expense related to share options, which is expected to be recognized over a weighted-average period of 3.61 years.

*Restricted shares*

The total intrinsic value of restricted shares vested for the years ended December 31, 2020, 2021 and 2022 were RMB161, RMB247 and RMB136 (US\$20), respectively.

The fair value of restricted shares with service conditions is based on the fair market value of the underlying ordinary shares on the date of grant.

## TUNIUCORPORATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

**19. Share-based Compensation Expenses - continued**

The following table summarizes the Company's restricted shares activity under the plans:

	Numbers of restricted shares	Weighted average grant date fair value
Restricted shares as of January 1, 2022	21,918	2.23
Granted	270,000	0.17
Vested	(61,272)	0.91
Forfeited	—	—
Restricted shares as of December 31, 2022	<u>230,646</u>	<u>0.17</u>
Vested and expected to vest at December 31, 2022	<u>230,646</u>	<u>0.17</u>

As of December 31, 2022, there was RMB271 (US\$39) in total unrecognized compensation expense related to restricted shares, which is expected to be recognized over a weighted-average period of 3.35 years.

**20. Loss Per Share**

The following table sets forth the computation of basic and diluted loss per share for the periods indicated:

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Numerator:				
Net loss attributable to Tuniu Corporation	(1,307,956)	(121,524)	(193,382)	(28,036)
Numerator for basic and diluted net loss per share	<u>(1,307,956)</u>	<u>(121,524)</u>	<u>(193,382)</u>	<u>(28,036)</u>
Denominator:				
Weighted average number of ordinary shares outstanding-basic and diluted	370,240,040	370,874,312	371,208,209	371,208,209
Loss per share-basic and diluted	<u>(3.53)</u>	<u>(0.33)</u>	<u>(0.52)</u>	<u>(0.08)</u>

The Company had securities which could potentially dilute basic loss per share in the future, which were excluded from the computation of diluted loss per share as their effects would have been anti-dilutive. Such outstanding securities consist of the share options and unvested restricted shares with the number of 3,027,586, 2,891,152 and 9,996,757 for the years ended December 31, 2020, 2021 and 2022, respectively.

**21. Restricted Net Assets**

Pursuant to laws applicable to entities incorporated in the PRC, the Company's subsidiaries and Affiliated Entities in the PRC must make appropriations from after-tax profit to non-distributable reserve funds. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires an annual appropriation of 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) until the accumulative amount of such reserve fund reaches 50% of a company's registered capital; the other fund appropriations are at the subsidiaries' discretion. These reserve funds can only be used for specific purposes of enterprise expansion and staff bonus and welfare and are not distributable as cash dividends. In addition, due to restrictions on the distribution of share capital from the Group's PRC subsidiaries and Affiliated Entities and also as a result of these entities' unreserved accumulated losses, total restrictions placed on the distribution of the Group's PRC subsidiaries and Affiliated Entities' net assets was RMB727,920 million, or 68.8% of the Group's total consolidated net assets as of December 31, 2022.



TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

22. Commitments and Contingencies

(a) Capital Commitments

As of December 31, 2022, capital commitments relating to leasehold improvement were approximately RMB826.

(b) Contingencies

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business. Based on currently available information, management does not believe that the ultimate outcome of these unresolved matters, individually and in the aggregate, is likely to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on the Group's financial position and results of operations for the periods in which the unfavorable outcome occurs.

(c) Other commitments

Deposits or guarantees are required by the Group's business partners for air ticketing and tourist attraction tickets. Letters of guarantee are issued by banks to the Group's business partners with total amount of RMB30 million and RMB30.4 million as of December 31, 2021 and 2022, respectively.

23. Related party transactions and balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The following entities are considered to be related parties to the Group:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Ctrip Investment Holding Co., Ltd. ("Trip.com")	a shareholder of the Company with the right to appoint one director of the Company
Hopeful Tourism Limited ("Caissa", a wholly-owned subsidiary of Caissa Sega Tourism Culture Investment Limited)	a shareholder with one board director of the Company
HNA Tourism Holdings Group Co., Ltd. ("HNA Tourism")	a shareholder with two board directors of the Company

a) Transactions with related parties:

Trip.com

Trip.com purchased 5,000,000 Class A ordinary shares in a private placement concurrent with the Company's initial public offering, an additional 3,731,034 Class A ordinary shares for a total of US\$15 million through a private placement transaction in December 2014 as well as an additional 3,750,000 Class A ordinary shares for a total of US\$20 million through a private placement transaction in May 2015.

TUNIU CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(All amounts in thousands, except for share and per share data, or otherwise noted)

**23. Related party transactions and balances - continued**

The Group sells packaged tours through Trip.com's online platform and the commission fees to Trip.com were insignificant. The Group purchased travelling products from Trip.com's online platform, which were insignificant. Revenues from Trip.com consist of commission fees for the booking of hotel rooms and air tickets through the Group's online platform, amounted of RMB16.9 million, RMB145.5 and RMB45.9 (US\$6.7) for the years ended December 31, 2020, 2021 and 2022, respectively.

Caissa

On November 20, 2020, pursuant to a share purchase agreement and certain amendments, Caissa completed the purchase of all

Class A ordinary shares of the Company from JD and became the related party of the Group. Subsequently on February 9, 2021, Caissa assigned a director to the Company's board of directors to replace the director previously assigned by JD.

The Group sold packaged tours through Caissa's platform and the commission fees to Caissa were insignificant for the years ended December 31, 2020, 2021 and 2022.

HNA Tourism

On January 21, 2016, the Company issued 90,909,091 Class A ordinary shares to HNA Tourism for total consideration of RMB3,279 million (US\$500 million).

HNA Tourism agreed to provide the Group with access to its premium airlines and hotels resources at a preferential rate, under fair competition market rules. The Group purchased RMB164.4 million, RMB112.8 million and RMB35.9 million (US\$5.2 million) air tickets from HNA Tourism for the year ended December 31, 2020, 2021 and 2022, respectively. The Group sold travelling products through an affiliate of HNA Tourism's distribution channels and the revenues were insignificant for the years ended December 31, 2020, 2021 and 2022.

In December 2017 and May 2018, the Group provided financing (the "Notes Financing" and the "Loan Financing") to certain affiliates of HNA Tourism (the "HNA Affiliates") with total principal amount of RMB540 million. For the year ended December 31, 2019, the Notes Financing and the Loan Financing were overdue and the Group provided an allowance provision of RMB23.2 million against the carrying value of above Notes Financing and Loan Financing to reflect the increasing credit risk associated with the respective outstanding balances. In the year ended December 31, 2020, HNA Group's financial position further deteriorated and subsequently in January 2021, HNA Group received a formal bankruptcy and restructuring notice from the Hainan Province High People's Court (the "Court") following creditors' action against HNA Group due to its failure to pay overdue debts. As of December 31, 2020, the Group assessed the recoverability of above receivables and provided a full allowance for CECL on the remaining balance at the amount of RMB44.8 million and RMB512.8 million for the Notes Financing and the Loan Financings, respectively. Moreover, the Group provided a full allowance of RMB30.8 million for the current amounts due from other HNA Tourism affiliates. As of December 31, 2020, the carrying value of the Notes Financing, Loan Financing and amounts due from other HNA affiliates (collectively referred to as "HNA debts") was RMB nil.

**TUNI CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)****23. Related party transactions and balances - continued**

In October 2021, debt restructuring plans of HNA Group and its affiliates were approved by the creditors and the Court, pursuant to which HNA Group and its affiliates would settle their debts owed to the creditors by various means, including cash, shares of Hainan Airlines Holding Co., Ltd., ("HNA Airlines"), a company listed in Chinese A share market, and units in a trust ("HNA Trust") comprising assets/liabilities of HNA Group and certain of its affiliates, etc. In December 2021, the Group received cash of RMB0.3 million (US\$0.04 million) and 531,591 shares of HNA Airlines with value of RMB1 million (US\$0.14 million) as part of the settlement of the HNA debts, of which CECL allowance was fully provided in the prior years. Accordingly, a reversal of CECL allowance at the amount of RMB1.3 million (US\$0.2 million) was credited to the consolidated statements of comprehensive loss in 2021.

In the year ended December 31, 2022, the Group received additional cash of RMB150 (US\$22) and 2,398 shares of HNA Airlines with value of RMB3.9 (US\$0.6) as part of the settlement of the HNA debts, of which CECL allowance was fully provided in the prior years. Accordingly, a reversal of CECL allowance at the amount of RMB153.9 (US\$22.3) was credited to the consolidated statements of comprehensive loss in 2022.

In April 2022, as confirmed by the Court, the restructuring plan has been fully implemented and HNA Trust was officially established. In May 2022, the Company received and registered 632,992,650 trust units (representing 0.09% of unit interests of HNA trust) with the value of RMB13.3 million (US\$1.9 million), as the settlement of remaining HNA debts. The Group recognized the trust units as equity investment without readily determinable fair value and derecognized all the remaining HNA debts which was fully provided (refer to Note 7 for details of accounting treatment of the trust units), meanwhile a corresponding reversal of CECL allowance with the amount of RMB13.3 million (US\$1.9 million) was credited to the consolidated statements of comprehensive loss for the year ended December 31, 2022.

## b) Balances with related parties:

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
<b>Current:</b>			
Amounts due from Trip.com	13,044	212	30
Amounts due from Caissa	1,925	818	119
Total	14,969	1,030	149
<b>Current:</b>			
Amounts due to Trip.com	3,860	3,892	564
Amounts due to Caissa	819	818	119
Total	4,679	4,710	683

**24. Subsequent events**

The Group has evaluated the subsequent events through the date of issuance of the financial statements and no subsequent event which had a material impact on the Group was identified through the date of issuance of the financial statements.

**FINANCIAL STATEMENT SCHEDULE I**  
**TUNIU CORPORATION**  
**CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**  
**CONDENSED BALANCE SHEETS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

	As of December 31,		
	2021	2022	
	RMB	RMB	US\$ (Note 2(d))
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,712	1,292	187
Amounts due from subsidiaries and Affiliated Entities	6,855,545	7,077,952	1,026,207
Prepayments and other current assets	130	151	22
<b>Total current assets</b>	<b>6,860,387</b>	<b>7,079,395</b>	<b>1,026,416</b>
<b>Total assets</b>	<b>6,860,387</b>	<b>7,079,395</b>	<b>1,026,416</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accrued expenses and other current liabilities	8,038	6,559	951
<b>Total current liabilities</b>	<b>8,038</b>	<b>6,559</b>	<b>951</b>
<b>Non-current liabilities</b>			
Investment deficit in subsidiaries and Affiliated Entities	5,583,205	5,964,812	864,816
<b>Total non-current liabilities</b>	<b>5,583,205</b>	<b>5,964,812</b>	<b>864,816</b>
<b>Total liabilities</b>	<b>5,591,243</b>	<b>5,971,371</b>	<b>865,767</b>
<b>Equity</b>			
Ordinary shares (US\$0.0001 par value; 1,000,000,000 shares (including 780,000,000 Class A shares, 120,000,000 Class B shares and 100,000,000 shares to be designated by the Board of Directors) authorized as of December 31, 2021 and 2022; 389,331,543 shares (including 371,958,043 Class A shares and 17,373,500 Class B shares) issued and outstanding as of December 31, 2021 and 2022)	249	249	36
Less: Treasury stock (18,266,523 shares and 17,951,931 shares as of December 31, 2021 and 2022, respectively)	(293,795)	(288,600)	(41,843)
Additional paid-in capital	9,125,748	9,125,655	1,323,096
Accumulated other comprehensive income	271,821	298,981	43,348
Accumulated deficit	(7,834,879)	(8,028,261)	(1,163,988)
<b>Total Tuniu Corporation shareholders' equity</b>	<b>1,269,144</b>	<b>1,108,024</b>	<b>160,649</b>
<b>Total liabilities and equity</b>	<b>6,860,387</b>	<b>7,079,395</b>	<b>1,026,416</b>

**FINANCIAL STATEMENT SCHEDULE I**  
**TUNIU CORPORATION**  
**CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**  
**CONDENSED STATEMENTS OF COMPREHENSIVE LOSS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

	For the Years Ended December 31,			
	2020	2021	2022	
	RMB	RMB	RMB	US\$ (Note 2(d))
Operating expenses				
General and administrative	(4,293)	(3,688)	(3,593)	(521)
<b>Total operating expenses</b>	<b>(4,293)</b>	<b>(3,688)</b>	<b>(3,593)</b>	<b>(521)</b>
<b>Loss from operations</b>	<b>(4,293)</b>	<b>(3,688)</b>	<b>(3,593)</b>	<b>(521)</b>
Share of loss of subsidiaries and affiliated entities	(1,301,972)	(124,832)	(198,586)	(28,792)
Other (expenses)/income				
Foreign exchange (losses)/gains, net	(2,922)	4,669	5,284	766
Other income, net	1,231	2,327	3,513	511
Loss before income tax expense	<u>(1,307,956)</u>	<u>(121,524)</u>	<u>(193,382)</u>	<u>(28,036)</u>
<b>Net loss</b>	<b>(1,307,956)</b>	<b>(121,524)</b>	<b>(193,382)</b>	<b>(28,036)</b>
Accretion on redeemable noncontrolling interests	—	—	—	—
<b>Net loss attributable to ordinary shareholders</b>	<b><u>(1,307,956)</u></b>	<b><u>(121,524)</u></b>	<b><u>(193,382)</u></b>	<b><u>(28,036)</u></b>
<b>Net loss</b>	<b>(1,307,956)</b>	<b>(121,524)</b>	<b>(193,382)</b>	<b>(28,036)</b>
Other comprehensive (loss)/income				
Foreign currency translation adjustment, net of nil tax	(18,772)	(3,191)	27,160	3,938
<b>Comprehensive loss</b>	<b><u>(1,326,728)</u></b>	<b><u>(124,715)</u></b>	<b><u>(166,222)</u></b>	<b><u>(24,098)</u></b>

**FINANCIAL STATEMENT SCHEDULE I**  
**TUNIUI CORPORATION**  
**CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(All amounts in thousands, except for share and per share data, or otherwise noted)**

	<b>For the Years Ended December 31,</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>US\$ (Note 2(d))</b>
Cash used in operating activities	(4,779)	(2,341)	(2,205)	(321)
Cash provided by/(used in) investing activities	5,292	6,020	(989)	(143)
Cash (used in)/provided by financing activities	(250)	373	46	7
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	62	(272)	(39)
Net increase/(decrease) in cash, cash equivalents and restricted cash	262	4,114	(3,420)	(496)
Cash, cash equivalents and restricted cash at the beginning of year	336	598	4,712	683
Cash, cash equivalents and restricted cash at the end of year	598	4,712	1,292	187
<b>Supplemental disclosure of non-cash investing and financing activities</b>				
Receivables related to exercise of stock option	(45)	(28)	(35)	(5)

**FINANCIAL STATEMENT SCHEDULE I  
TUNIUCORPORATION**

**CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**

**Note to Financial Statement Schedule I**

Schedule I has been provided pursuant to the requirements of Rule 12-04(a) and 5-04-(c) of Regulation S-X, which require condensed financial information as to the financial position, change in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

The condensed financial information has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries and Affiliated Entities. Such investments in subsidiaries and Affiliated Entities are presented as investment deficit in subsidiaries and Affiliated Entities and the loss of the subsidiaries and Affiliated Entities is presented as share of loss of subsidiaries and Affiliated Entities.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosures to the consolidated financial statements contain information relating to the operations of the parent company and, as such, this schedule should be read in conjunction with the notes to the accompanying consolidated financial statements.

As of December 31, 2022, the parent company had no significant capital and other commitments, long-term obligations, or guarantee, except for those which have separately disclosed in the consolidated financial statements.

**List of Principal Subsidiaries, Consolidated Affiliated Entity and its Principal Subsidiaries**

<b>Subsidiaries</b>	<b>Place of Incorporation</b>
Tuniu (HK) Limited	Hong Kong
Tuniu (Nanjing) Information Technology Co., Ltd.	People's Republic of China
Beijing Tuniu Technology Co., Ltd.	People's Republic of China
Jiangsu Kaihui Commercial Factoring Co., Ltd.	People's Republic of China
Xiamen Suiwang International Travel Service Co., Ltd.	People's Republic of China
Tianjin Tuniu International Travel Service Co., Ltd.	People's Republic of China
Guangzhou Kaihui Internet Microcredit Co., Ltd.	People's Republic of China
Nanjing Kaihui Internet Microcredit Co., Ltd.	People's Republic of China
<b>Consolidated Affiliated Entity and its Subsidiaries</b>	<b>Place of Incorporation</b>
Nanjing Tuniu Technology Co., Ltd.	People's Republic of China
Beijing Tuniu International Travel Service Co., Ltd.	People's Republic of China
Nanjing Tuniu International Travel Service Co., Ltd.	People's Republic of China
Shanghai Tuniu International Travel Service Co., Ltd.	People's Republic of China
Nanjing Tuzhily Tickets Sales Co., Ltd.	People's Republic of China
Tuniu Insurance Brokers Co., Ltd.	People's Republic of China



**Certification by the Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Dunde Yu, certify that:

1. I have reviewed this annual report on Form 20-F of Tuniu Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 27, 2023

/s/ Dunde Yu  
Signature

Chief Executive Officer  
Title

---

**Certification by the Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Anqiang Chen, certify that:

1. I have reviewed this annual report on Form 20-F of Tuniu Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 27, 2023

/s/ Anqiang Chen

Signature

Financial Controller

Title

---

**Certification by the Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Tuniu Corporation (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dunde Yu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2023

/s/ Dunde Yu  
Signature

Chief Executive Officer  
Title

---

**Certification by the Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Tuniu Corporation (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anqiang Chen, Financial Controller of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2023

/s/ Anqiang Chen  
Signature

Financial Controller  
Title

---

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-198111 and No. 333-251283) of Tuniu Corporation of our report dated April 27, 2023 relating to the financial statements, financial statement schedule I and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/PricewaterhouseCoopers Zhong Tian LLP  
Shanghai, the People's Republic of China  
April 27, 2023

---



**Office:** +852 2801 6066  
**Mobile:** +852 9718 8740  
**Email:** rthorp@tta.lawyer

Tuniu Building No. 32  
Suningdadao, Xuanwu District  
Nanjing, Jiangsu Province 210042  
The People's Republic of China

27 April 2023

Dear Sirs

**Re: Tuniu Corporation**

We have acted as legal advisers as to the laws of the Cayman Islands to Tuniu Corporation, an exempted limited liability company incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2022 ("**Form 20-F**").

We hereby consent to the reference of our name under the headings, "Item 10. Additional Information—E. Taxation—Cayman Islands Taxation" and "Item 16G. Corporate Governance" in the Form 20-F, and further consent to the incorporation by reference of the summaries of our opinions under these captions into Tuniu Corporation's registration statement on Form S-8 (File No. 333-198111) that was filed on August 13, 2014, Tuniu Corporation's Post-Effective Amendments No. 1 to Form S-8 (File No. 333-198111) that was filed on December 11, 2020 and Tuniu Corporation's registration statement on Form S-8 (File No. 333-251283) that was filed on December 11, 2020.

Yours faithfully

/s/ TRAVERS THORP ALBERGA

\_\_\_\_\_  
TRAVERS THORP ALBERGA

Tel: +852 2801 6066 1205A The Centrium  
Fax: +852 2801 6767 60 Wyndham Street  
[www.traversthorpalberga.com](http://www.traversthorpalberga.com) Central HONG KONG  
Cayman Islands & British Virgin Islands Attorneys-at-Law  
**Resident Hong Kong Partners:** Anthony Travers  
OBE, Richard Thorp, Jos Briggs, Guy Connell, Ray Ng

**方達律師事務所**

**FANGDA PARTNERS**

上海 Shanghai • 北京 Beijing • 深圳 Shenzhen • 广州 Guangzhou • 香港 Hong Kong

<http://www.fangdalaw.com>

中国北京市朝阳区光华路1号  
嘉里中心北楼27层  
邮政编码: 100020

电子邮件 Email: [email@fangdalaw.com](mailto:email@fangdalaw.com)

电话 Tel.: 861057695600

传真 Fax: 861057695788

文号 Ref.: 20GC0010

27/F, North Tower, Kerry Center  
No. 1, Guanghua Road, Chaoyang District  
Beijing 100020, PRC

**Consent of Fangda Partners**

April 27, 2023

Tuniu Corporation  
Tuniu Building No. 32  
Suningdadao, Xuanwu District  
Nanjing, Jiangsu Province 210042  
The People's Republic of China

Dear Sirs:

We hereby consent to the reference of our name under the heading “Item 3. Key Information—Permissions Required from the PRC Authorities for Our Operations”, “Item 3. Key Information—D. Risk Factors”, “Item 4. Information on the Company—B. Business Overview—PRC Regulation”, “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contractual Arrangements” and “Item 18. Financial Statements—Notes to the Consolidated Financial Statements” in Tuniu Corporation’s Annual Report on Form 20-F for the year ended December 31, 2022 (the “**Annual Report**”), which is filed with the Securities and Exchange Commission (the “**SEC**”) on April 27, 2023. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report and further consent to the incorporation by reference of the summaries of our opinions under these captions into Tuniu Corporation’s registration statement on Form S-8 (File No. 333-198111) that was filed on August 13, 2014, Tuniu Corporation’s Post-Effective Amendment No. 1 to Form S-8 (File No. 333-198111) that was filed on December 11, 2020 and Tuniu Corporation’s registration statement on Form S-8 (File No. 333-251283) that was filed on December 11, 2020.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,  
/s/ Fangda Partners  
Fangda Partners

---