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TECH

## ‘China’s Airbnb’ Tujia.com Raises \$300 Million in Funding Round

Chinese home-rental site planning to set up branches overseas in next six months



Melissa Yang, co-founder of Tujia.com, speaks during the Converge Tech Conference in Hong Kong on July 30, 2015.

*PHOTO: BLOOMBERG NEWS*

By **RICK CAREW**

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China’s answer to Airbnb Inc., Tujia.com, raised \$300 million in its latest funding round, underscoring strong investor demand for Chinese startups despite volatility in the country’s domestic stock market.

The fundraising valued the Chinese home-rental site at more than \$1 billion, just a fraction of the \$25.5 billion valuation Airbnb achieved in June. That valuation gap reflects Airbnb's greater global reach, compared with Tujia's, but also the potential upside for investors backing Tujia if it can execute on its expansion plans.

All-Stars Investment Ltd., an investment fund run by former Morgan Stanley analyst Richard Ji that is a backer of smartphone maker Xiaomi Corp. and Chinese taxi-hailing app Didi Kuaidi Joint Co., led the \$300 million fundraising. Also joining this round as a new investor was serviced-apartment manager The Ascott Ltd.

Existing investors in Tujia, including Ctrip.com International Ltd. , also participated in the round, people familiar with the situation said earlier.

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Investors are betting big on home-sharing startups, which can scale quickly and operate asset-light business models. Tujia's business is attractive given the home-sharing industry's "growth rate and future scale likely far surpassing those for traditional hotels," said All-Stars Investment's Mr. Ji.

In an interview, Tujia co-founder Melissa Yang said "the stock market going down didn't impact our fundraising." She said she was optimistic about the long-term future of Chinese startups given the growing spending power of Chinese consumers and the advanced adoption of mobile Internet technology in China.

Ms. Yang said Tujia hasn't yet turned a profit. "Growing our business is a higher priority now than profitability," she said, but declined to provide revenue figures.

Like Airbnb, Tujia connects property owners with travelers looking for alternatives to hotels. But Tujia's business model differs in important ways that have helped it succeed in China, where Airbnb has made limited inroads.

Tujia makes a big "effort to build trust and our brand" including verifying photos,

inspecting rentals and cleaning properties, Ms. Yang said, contrasting that with the light-touch model used by Airbnb. She said Tujia collaborates with Chinese real-estate developers to help them rent out unsold inventory, and offer Tujia's services to potential customers who may buy the property as an investment. Tujia even offers property developers tips on how to design apartments to appeal to short-term renters.

Tujia's website and app feature more than 310,000 properties, covering 255 travel destinations across China. The company also offers vacation homes in 133 overseas locations, including Bali, Phuket and Tokyo, for Chinese outbound tourists through partners such as U.S. vacation rental firm HomeAway.com, which is an investor in Tujia.

Tujia plans to set up branches overseas in the next six months, Ms. Yang said, noting that Asian destinations including Thailand and Taiwan were priorities.

The Wall Street Journal reported earlier that Tujia had raised at least \$250 million in the round led by All-Stars Investment and was in talks with strategic investors for more funds.

All-Stars Investment has emerged as a major player in the Chinese startup funding market since launching just over a year ago. In December, All-Stars led Xiaomi Corp.'s \$1.1 billion fundraising round that valued the Chinese smartphone maker at more than \$46 billion.

Other Chinese startups are trying to capture growing interest in short-term rentals. Beijing-based Xiaozhu.com recently raised \$60 million from four private-equity firms, valuing it at more than \$300 million.

Tujia's existing investors also include GGV Capital, Lightspeed China Partners, Qiming Ventures, CBC Capital and CDH Venture. Chinese technology-focused investment bank China Renaissance advised Tujia on the latest fundraising.

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