

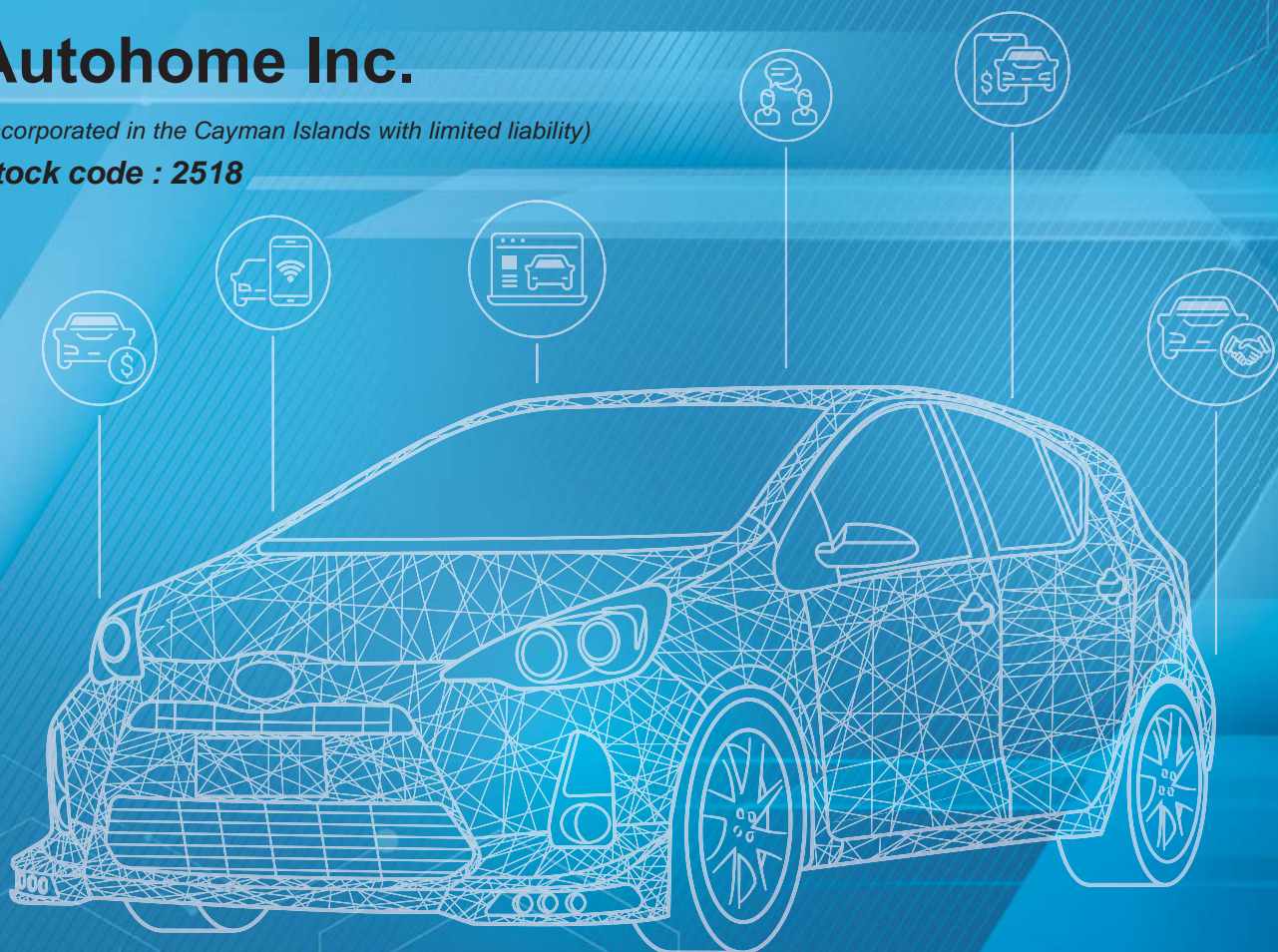
# 汽车之家

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## Autohome Inc.

*(Incorporated in the Cayman Islands with limited liability)*

**Stock code : 2518**



## GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



*(in alphabetical order with no ranking assigned)*

## IMPORTANT

**IMPORTANT:** If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.



**Autohome Inc.**

**汽車之家\***

(Incorporated in the Cayman Islands with limited liability)

### Global Offering

<b>Number of Offer Shares under the Global Offering</b>	<b>: 30,291,200 Shares (comprising 20,194,400 New Shares and 10,096,800 Sale Shares) (subject to the Over-allotment Option)</b>
<b>Number of Hong Kong Offer Shares</b>	<b>: 3,029,200 New Shares (subject to adjustment)</b>
<b>Number of International Offer Shares</b>	<b>: 27,262,000 Shares (including 10,096,800 Sale Shares) (subject to adjustment and the Over-allotment Option)</b>
<b>Maximum Public Offer Price</b>	<b>: HK\$251.8 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)</b>
<b>Nominal value</b>	<b>: US\$0.0025 per Share</b>
<b>Stock code</b>	<b>: 2518</b>

**Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**



**Goldman Sachs**

**CREDIT SUISSE**

(in alphabetical order with no ranking assigned)

**Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager**



**Joint Bookrunners and Joint Lead Managers**



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A copy of this document, having attached thereto the documents specified in "Documents Available for Inspection" in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any of the other documents referred to above.

We expect to determine the pricing of the Offer Shares by agreement with the Joint Representatives (for themselves and on behalf of the Underwriters) on or about Tuesday, March 9, 2021 and, in any event, not later than Wednesday, March 10, 2021. The Public Offer Price will be not more than HK\$251.8 per Offer Share, unless otherwise announced. If, for any reason, we do not agree with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Wednesday, March 10, 2021, the Global Offering will not proceed and will lapse.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if, (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the New York Stock Exchange on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this document; and/or (b) we believe that it is in the best interests of our Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the book-building process. If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price that is equal to the International Offer Price. Under no circumstance will we set the Public Offer Price above the maximum Public Offer Price as stated in this document or the International Offer Price.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this document, including the risk factors set out in "Risk Factors." The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this document. It is important that you refer to that section for further details.

Our ADSs, each representing four Shares, are listed for trading on the New York Stock Exchange under the symbol "ATHM." The reported sale price of the ADSs on the New York Stock Exchange on Monday, March 1, 2021 was US\$116.51 per ADS. In connection with the Global Offering, we have filed a registration statement on Form F-3 and a preliminary prospectus supplement and plan to file a final prospectus supplement with the SEC to register the sale of Shares under the U.S. Securities Act.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**Prospective investors should make the decision to invest in our Company only after due and careful consideration.**

### ATTENTION

**We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.  
This document is available at the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website <http://ir.autohome.com.cn/>. If you require a printed copy of this document, you may download and print from the website addresses above.**

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## IMPORTANT

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### IMPORTANT NOTICE TO INVESTORS FULLY ELECTRONIC APPLICATION PROCESS

**We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.**

**This document is available at the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at <http://ir.autohome.com.cn/>. If you require a printed copy of this document, you may download and print from the website addresses above.**

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk);
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
  - (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
  - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8600 on the following dates:

**Thursday, March 4, 2021 — 9:00 a.m. to 9:00 p.m.**  
**Friday, March 5, 2021 — 9:00 a.m. to 9:00 p.m.**  
**Saturday, March 6, 2021 — 9:00 a.m. to 6:00 p.m.**  
**Sunday, March 7, 2021 — 9:00 a.m. to 6:00 p.m.**  
**Monday, March 8, 2021 — 9:00 a.m. to 9:00 p.m.**  
**Tuesday, March 9, 2021 — 9:00 a.m. to 12:00 noon**

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this document are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker** or **agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please refer to “How to Apply for Hong Kong Offer Shares” for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

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## IMPORTANT

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Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$
100	25,433.74	2,000	508,674.78	25,000	6,358,434.72	800,000	203,469,910.88
200	50,867.48	2,400	610,409.74	30,000	7,630,121.66	1,000,000	254,337,388.60
300	76,301.22	2,800	712,144.69	35,000	8,901,808.60	1,200,000	305,204,866.32
400	101,734.96	3,200	813,879.65	40,000	10,173,495.54	1,400,000	356,072,344.04
500	127,168.70	3,600	915,614.59	45,000	11,445,182.49	1,514,600 <sup>(1)</sup>	385,219,408.77
600	152,602.43	4,000	1,017,349.55	50,000	12,716,869.43		
700	178,036.17	5,000	1,271,686.94	60,000	15,260,243.32		
800	203,469.91	6,000	1,526,024.33	70,000	17,803,617.20		
900	228,903.65	7,000	1,780,361.72	80,000	20,346,991.09		
1,000	254,337.39	8,000	2,034,699.11	90,000	22,890,364.97		
1,200	305,204.87	9,000	2,289,036.50	100,000	25,433,738.86		
1,400	356,072.35	10,000	2,543,373.89	200,000	50,867,477.72		
1,600	406,939.82	15,000	3,815,060.83	400,000	101,734,955.44		
1,800	457,807.30	20,000	5,086,747.77	600,000	152,602,433.16		

*Note:*

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

## EXPECTED TIMETABLE<sup>(1)</sup>

Hong Kong Public Offering commences .....	9:00 a.m. on Thursday, March 4, 2021
Latest time for completing electronic applications under <b>White Form eIPO</b> service through the designated website <a href="http://www.eipo.com.hk">www.eipo.com.hk</a> <sup>(2)</sup> ..	11:30 a.m. on Tuesday, March 9, 2021
Application lists open <sup>(3)</sup> .....	11:45 a.m. on Tuesday, March 9, 2021
Latest time for (a) completing payment for <b>White Form eIPO</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving <b>electronic application instructions</b> to HKSCC <sup>(4)</sup> .....	12:00 noon on Tuesday, March 9, 2021

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close <sup>(3)</sup> .....	12:00 noon on Tuesday, March 9, 2021
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Expected Price Determination Date <sup>(5)</sup> .....	Tuesday, March 9, 2021
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Announcement of the Public Offer Price and the International Offer Price on our website at <a href="http://ir.autohome.com.cn/">http://ir.autohome.com.cn/</a> <sup>(6)</sup> and the website of the Hong Kong Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> on or around .....	Friday, March 12, 2021
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Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at <a href="http://ir.autohome.com.cn/">http://ir.autohome.com.cn/</a> and the website of the Hong Kong Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> on or before .....	Friday, March 12, 2021
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The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at <http://ir.autohome.com.cn/> and [www.hkexnews.hk](http://www.hkexnews.hk), respectively .....
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function from .....
- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from .....

Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before <sup>(7)(9)</sup> .....	Friday, March 12, 2021
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## EXPECTED TIMETABLE<sup>(1)</sup>

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White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications to be despatched on or around <sup>(8)(9)</sup> .....	Friday, March 12, 2021
Dealings in Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on .....	Monday, March 15, 2021

*Notes:*

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, March 9, 2021, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares—Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists.”
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to “How to Apply for Hong Kong Offer Shares—Applications for the Hong Kong Offer Shares—Applying through CCASS EIPO service.”
- (5) The Price Determination Date is expected to be on or around Tuesday, March 9, 2021 and, in any event, not later than Wednesday, March 10, 2021. If, for any reason, we do not agree with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Wednesday, March 10, 2021, the Global Offering will not proceed and will lapse.
- (6) None of the websites set out in this section or any of the information contained on the websites forms part of this document.
- (7) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.
- (8) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Public Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
- (9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, March 12, 2021 or such other date as notified by us as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through CCASS EIPO service should refer to “How to Apply for Hong Kong Offer Shares—Despatch/Collection of Share Certificates/e-refund Payment Instructions/Refund Checks—Personal Collection—If you apply through CCASS EIPO service” for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be despatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in “How to Apply for Hong Kong Offer Shares—Refund of Application Monies” and “How to Apply for Hong Kong Offer Shares—Despatch/collection of Share Certificates/e-Refund Payment Instructions/Refund Checks.”

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares,” respectively.

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## **EXPECTED TIMETABLE<sup>(1)</sup>**

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If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will publish an announcement as soon as practicable thereafter.

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## CONTENTS

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### IMPORTANT NOTICE TO INVESTORS

*This document is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this document pursuant to the Hong Kong Public Offering. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this document to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.*

	<u>Page</u>
Expected Timetable .....	i
Contents .....	iv
Summary .....	1
Definitions .....	13
Forward-looking Statements .....	24
Risk Factors .....	25
Information about this Document and the Global Offering .....	78
Waivers and Exemptions .....	88
Directors and Parties Involved in the Global Offering .....	110
Corporate Information .....	114
History and Corporate Structure .....	115
Industry Overview .....	127
Business .....	136
Financial Information .....	160
Relationship with the Controlling Shareholders .....	192
Directors and Senior Management .....	194
Major Shareholders .....	210
Related Party Transactions .....	212
Regulations .....	214
Share Capital .....	243
Use of Proceeds .....	244
Underwriting .....	246

---

## CONTENTS

---

	<u>Page</u>
Structure of the Global Offering .....	252
How to Apply for Hong Kong Offer Shares .....	262
Appendix I Accountant's Report .....	I-1
Appendix II Unaudited Pro Forma Financial Information .....	II-1
Appendix III Summary of our Constitution and Cayman Company Law .....	III-1
Appendix IV Statutory and General Information .....	IV-1
Appendix V Documents Available for Inspection .....	V-1

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with the full document. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the Offer Shares.*

### OUR MISSION

To engage, educate, and inform consumers about everything auto.

### OUR VISION

To become the world’s largest intelligent automotive ecosystem, covering all stages of ownership life cycle of automobiles.

### OVERVIEW

We are the leading online destination for automobile consumers in China, ranking first among automotive service platforms in terms of mobile daily active users as of December 31, 2020 according to QuestMobile. Through our two websites, *autohome.com.cn* and *che168.com*, accessible through PCs, mobile devices, our mobile applications and mini apps, we deliver comprehensive, independent and interactive content and tools to automobile consumers as well as a full suite of services to automakers and dealers across the auto value chain. According to iResearch, we were the largest online automotive advertising and leads generation service provider with a 29.9% market share, in terms of media services and leads generation revenue, in China’s online auto vertical media advertising and leads generation market in 2019.

We began in 2008 as a content-led vertical media company focusing on media services (“1.0 Media”). In 2016, we launched our “4+1” strategic transformation initiative (“2.0 Platform”), building a platform that covers “auto contents,” “auto transactions,” “auto financing” and “auto lifestyle” to transform and upgrade from a content-led vertical company to a data and technology-driven automotive platform. Since 2018, we have focused on developing a full suite of intelligent products and solutions with artificial intelligence (“AI”), big data and cloud technologies (collectively, “ABC”) to build an integrated ecosystem that connects all participants in the auto industry by providing end-to-end data-driven products and solutions across the value chain (“3.0 Intelligence”). Going forward, we plan to continue leveraging our “software as a service” (“SaaS”) capabilities together with our core AI, big data, and cloud technologies (“4.0 ABC + SaaS”) to expand both horizontally and vertically.

We generate revenues from media services, leads generation services and online marketplace and others.

- Media services: Through our media services, we provide automakers with targeted-marketing solutions in connection with brand promotion, new model release and sales promotion. Our large and engaged user base of automobile consumers provides a broad reach for automakers’ marketing messages.
- Leads generation services: Our leads generation services enable our dealer subscribers to create their own online stores, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships to help them reach a broad set of potential customers and effectively market their automobiles to consumers online and

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## SUMMARY

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ultimately generate sales leads. Our leads generation services also include used car listing services, which provide a user interface that allows potential used car buyers to identify suitable listings and contact the relevant sellers.

- Online marketplace and others: While we continue to strengthen our media and leads generation services, we are also further developing our online marketplace and other businesses. These businesses focus on providing facilitation services for new and used car transactions and other platform-based services for new and used car buyers and sellers. Through our auto financing business, we provide services to our cooperative financial institutions that involve facilitating the sale of their loans and insurance products to consumers and independent automobile sellers. Towards the end of 2017, we began offering data products, which leverage our intelligent big data analytics capabilities and massive pool of accumulated user data to provide end-to-end data-driven products and solutions for automakers and dealers across different stages of the value chain. We believe the breadth and depth of these products and solutions on our platform will allow us to build a robust and technology-driven automotive ecosystem that covers all aspects of the automobile ownership life cycle.

We achieved strong operating results during the Track Record Period. Our net revenues increased by 16.4% from RMB7,233.2 million in 2018 to RMB8,420.8 million in 2019 and further increased by 2.8% to RMB8,658.6 million (US\$1,327.0 million) in 2020. Our net income attributable to Autohome Inc. increased by 11.5% from RMB2,871.0 million in 2018 to RMB3,200.0 million in 2019 and further increased by 6.4% to RMB3,405.2 million (US\$521.9 million) in 2020.

### OUR STRENGTHS

We believe that the following strengths contribute to our success and are differentiating factors that set us apart from our competitors:

- Leading online destination for automobile consumers in China
- Comprehensive, independent and interactive content and tools for automobile consumers
- Preferred intelligent platform for automakers and dealers
- Advanced data analytics and technology centered around AI, big data, cloud, and “software-as-a-service” capabilities (“ABC” and “SaaS”)
- Comprehensive full life cycle automotive ecosystem with powerful network effects
- Professional and proven management team backed by a strong strategic shareholder

### OUR STRATEGIES

We intend to pursue the following strategies:

- Grow our user base and user engagement by enhancing our content offering and improving the user experience on our websites and mobile applications
- Strengthen our value proposition to automakers and dealers
- Further develop our technological leadership and SaaS capabilities to strengthen user engagement, monetization capabilities and operational efficiencies
- Capitalize on our leading position to enhance our presence across the full life cycle of automobile ownership through more versatile data products, transaction, financing, and other aftermarket offerings
- Enhance our domestic and overseas presence

## SUMMARY

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The selected consolidated statements of comprehensive income data and selected consolidated cash flow data for the years ended December 31, 2018, 2019 and 2020 and the selected consolidated balance sheet data as of December 31, 2018, 2019 and 2020 have been derived from our audited consolidated financial statements contained in the Accountant's Report in Appendix I. Our consolidated financial statements have been prepared in accordance with U.S. GAAP.

The following selected consolidated financial data for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with the Accountant's Report in Appendix I and "Financial Information."

The summary of historical financial information set forth below includes translations of financial data in Renminbi into U.S. dollars for the convenience of the reader. These translations were made at a rate of RMB6.5250 to US\$1.00, the exchange rate on December 31, 2020 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board.

Our historical results for any prior period do not necessarily indicate our results to be expected.

### Selected Consolidated Statements of Comprehensive Income Data

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Net revenues							
Media services . . . . .	3,508,254	48.5	3,653,767	43.4	3,455,056	529,510	39.9
Leads generation services . . . . .	2,870,996	39.7	3,275,544	38.9	3,198,832	490,242	36.9
Online marketplace and others . . . . .	853,901	11.8	1,491,440	17.7	2,004,671	307,229	23.2
Total net revenues . . . . .	7,233,151	100.0	8,420,751	100.0	8,658,559	1,326,981	100.0
Cost of revenues <sup>(1)</sup> . . . . .	(820,288)	(11.3)	(960,292)	(11.4)	(961,170)	(147,306)	(11.1)
Gross Profit . . . . .	6,412,863	88.7	7,460,459	88.6	7,697,389	1,179,675	88.9
Operating expenses							
Sales and marketing expenses <sup>(1)</sup> . . . . .	(2,435,236)	(33.6)	(3,093,345)	(36.7)	(3,246,507)	(497,549)	(37.5)
General and administrative expenses <sup>(1)</sup> . . . . .	(314,846)	(4.4)	(317,967)	(3.8)	(381,843)	(58,520)	(4.4)
Product development expenses <sup>(1)</sup> . . . . .	(1,135,247)	(15.7)	(1,291,054)	(15.3)	(1,364,227)	(209,077)	(15.8)
Total operating expenses . . . . .	(3,885,329)	(53.7)	(4,702,366)	(55.8)	(4,992,577)	(765,146)	(57.7)
Other income, net . . . . .	341,391	4.7	477,699	5.7	443,215	67,926	5.1
Operating profit . . . . .	2,868,925	39.7	3,235,792	38.5	3,148,027	482,455	36.4
Interest income . . . . .	358,811	5.0	469,971	5.6	537,389	82,358	6.2
Earnings/(loss) from equity method investments . . . . .	24,702	0.3	685	0.0	(1,246)	(191)	0.0
Fair value change of other current and non-current assets . . . . .	(11,017)	(0.2)	(5,442)	(0.1)	(15,658)	(2,400)	(0.2)
Income before income taxes . . . . .	3,241,421	44.8	3,701,006	44.0	3,668,512	562,222	42.4
Income tax expense . . . . .	(377,890)	(5.2)	(500,361)	(5.9)	(260,945)	(39,992)	(3.0)
Net income . . . . .	2,863,531	39.6	3,200,645	38.1	3,407,567	522,230	39.4
Net loss/(income) attributable to non-controlling interests . . . . .	7,484	0.1	(679)	0.0	(2,338)	(358)	0.0
Net income attributable to Autohome Inc. . . . .	2,871,015	39.7	3,199,966	38.1	3,405,229	521,872	39.3

## SUMMARY

Note:

(1) Including share-based compensation expenses as follows:

	For the Year Ended December 31,					
	2018		2019		2020	
	RMB	%	RMB	%	RMB	US\$ %
	(in thousands, except percentages)					
<b>Allocation of share-based compensation expenses</b>						
Cost of revenues	16,112	0.2	15,508	0.2	21,372	3,276 0.2
Sales and marketing expenses	61,599	0.9	46,081	0.5	40,103	6,146 0.5
General and administrative expenses	55,992	0.8	62,884	0.7	55,868	8,562 0.6
Product development expenses	68,622	0.9	79,535	0.9	93,863	14,385 1.1
<b>Total share-based compensation expenses</b>	<b>202,325</b>	<b>2.8</b>	<b>204,008</b>	<b>2.4</b>	<b>211,206</b>	<b>32,369 2.4</b>

### Selected Consolidated Balance Sheet Data

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	211,970	1,988,298	1,751,222	268,387
Short-term investments	9,849,488	10,806,812	12,878,176	1,973,667
Accounts receivable (net of allowance for doubtful accounts of RMB3,589, RMB33,989 and RMB128,199 (US\$19,647) as of December 31, 2018, 2019 and 2020, respectively)	2,795,835	3,231,486	3,124,197	478,804
Amounts due from related parties, current	34,047	29,501	47,303	7,250
Prepaid expenses and other current assets	249,977	302,285	563,182	86,311
<b>Total current assets</b>	<b>13,141,317</b>	<b>16,358,382</b>	<b>18,364,080</b>	<b>2,814,419</b>
<b>Non-current assets:</b>				
Restricted cash	5,000	5,200	17,926	2,747
Property and equipment, net	170,198	281,773	410,081	62,848
Intangible assets, net	39,404	27,746	440,421	67,497
Goodwill	1,504,278	1,504,278	4,071,391	623,968
Long-term investments	70,979	71,664	70,418	10,792
Amounts due from related parties, non-current	2,041	4,509	18,163	2,784
Deferred tax assets	90,179	27,782	79,661	12,209
Other non-current assets	732,805	874,531	258,704	39,647
<b>Total non-current assets</b>	<b>2,614,884</b>	<b>2,797,483</b>	<b>5,366,765</b>	<b>822,492</b>
<b>Total assets</b>	<b>15,756,201</b>	<b>19,155,865</b>	<b>23,730,845</b>	<b>3,636,911</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Accrued expenses and other payables	2,439,948	2,417,438	2,577,709	395,051
Advance from customers	75,017	95,636	127,235	19,500
Deferred revenue	1,510,726	1,370,953	1,315,667	201,635
Income tax payable	119,210	45,489	85,177	13,054
Amounts due to related parties	19,868	36,387	79,895	12,244
<b>Total current liabilities</b>	<b>4,164,769</b>	<b>3,965,903</b>	<b>4,185,683</b>	<b>641,484</b>
<b>Non-current liabilities:</b>				
Other liabilities	24,068	45,534	104,861	16,071
Deferred tax liabilities	455,921	538,487	631,509	96,783
<b>Total non-current liabilities</b>	<b>479,989</b>	<b>584,021</b>	<b>736,370</b>	<b>112,854</b>
<b>Total liabilities</b>	<b>4,644,758</b>	<b>4,549,924</b>	<b>4,922,053</b>	<b>754,338</b>
<b>Net current assets</b>	<b>8,976,548</b>	<b>12,392,479</b>	<b>14,178,397</b>	<b>2,172,935</b>
<b>Mezzanine equity</b>	<b>—</b>	<b>—</b>	<b>1,056,237</b>	<b>161,875</b>
<b>Total Autohome Inc. shareholders' equity</b>	<b>11,135,278</b>	<b>14,629,097</b>	<b>17,625,734</b>	<b>2,701,262</b>
<b>Non-controlling interests</b>	<b>(23,835)</b>	<b>(23,156)</b>	<b>126,821</b>	<b>19,436</b>
<b>Total equity</b>	<b>11,111,443</b>	<b>14,605,941</b>	<b>17,752,555</b>	<b>2,720,698</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>15,756,201</b>	<b>19,155,865</b>	<b>23,730,845</b>	<b>3,636,911</b>

## SUMMARY

### Selected Consolidated Cash Flow Data

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash generated from operating activities . . . . .	3,111,438	2,889,369	3,325,631	509,675
Net cash used in investing activities . . . . .	(3,301,239)	(1,168,267)	(2,985,458)	(457,542)
Net cash (used in)/generated from financing activities . . . . .	(543,968)	68,676	(546,967)	(83,825)
Effect of exchange rate changes on cash and cash equivalents and restricted cash . . . . .	39,151	(13,250)	(17,556)	(2,690)
Net (decrease)/increase in cash and cash equivalents and restricted cash . . . . .	(694,618)	1,776,528	(224,350)	(34,382)
Cash and cash equivalents and restricted cash at beginning of year . . . . .	911,588	216,970	1,993,498	305,516
Cash and cash equivalents and restricted cash at end of year . . . . .	216,970	1,993,498	1,769,148	271,134

Rule 13.46(2) of the Hong Kong Listing Rules requires an overseas issuer to send an annual report or a summary financial report within four months after the end of the financial year to which the report relates. As this document already includes the financial information of the Company for the year ended December 31, 2020, the Company will not separately prepare and send an annual report to its shareholders for the year ended December 31, 2020, which will not be in breach of its constitutional documents, laws and regulations of the Cayman Islands or other regulatory requirements. In addition, the Company will issue an announcement by April 30, 2021 that it will not separately prepare and send an annual report to its shareholders for the year ended December 31, 2020. Furthermore, pursuant to Rule 19C.11 of the Hong Kong Listing Rules, the requirements under Appendix 14 and Appendix 16 of the Hong Kong Listing Rules do not apply to the Company.

## SHAREHOLDING AND CORPORATE STRUCTURE

### Our controlling shareholders

Immediately following the Global Offering, Yun Chen Capital Cayman, or Yun Chen, will hold 224,800,512 Shares, representing approximately 44.53% of our total issued share capital (taking into account Shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Share Incentive Plans, and assuming its shareholding has remained unchanged since December 31, 2020 and will remain unchanged until it sells the Sale Shares, the Over-allotment Option is not exercised and no additional Shares are issued under the Share Incentive Plans), and will be our controlling shareholder. Yun Chen is a subsidiary of Ping An Group, a world-leading technology-powered retail financial services group with a focus on the businesses of insurance, banking, asset management, and technology and whose ordinary shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

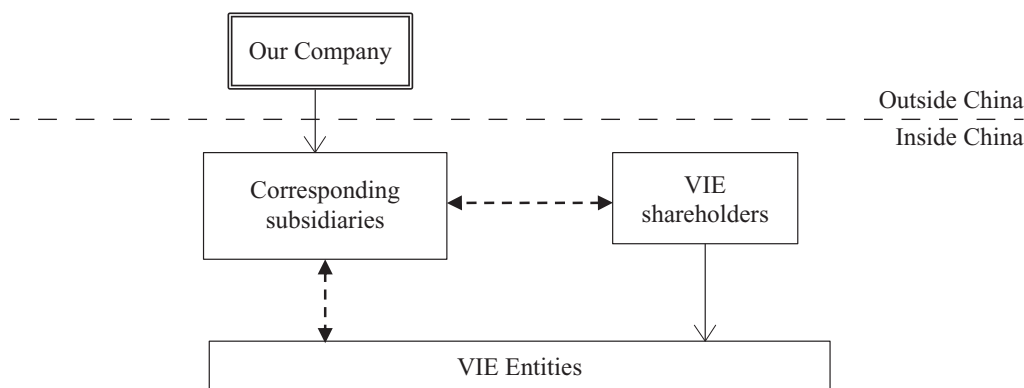
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## SUMMARY

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### Our VIE structure

The diagram below illustrates the general structure of the economic flow and control under the VIE structure created by the contractual arrangements:



*Notes:*

(1) “” denotes the direction of legal and beneficial ownership.

(2) “” denotes the contractual arrangements among the VIE Entities, VIE shareholders, and our subsidiaries.

Due to legal restrictions and prohibitions on foreign investment in Chinese companies that engage in Internet services, we conduct our part of our operations through the variable interest entities and their subsidiaries, with which we have contractual arrangements. We describe our VIE structure and a typical set of contractual arrangements with the variable interest entities in the sub-sections “Agreements that provide us effective control over Autohome Information, Autohome Advertising and Chengshi Advertising” and “Agreements that provide us effective control over Shengtuo Hongyuan, Autohome Used Car Appraisal and Autohome Used Car Brokerage” in “History and Corporate Structure”. As a result, we are able to include the financial results of the variable interest entities and their subsidiaries into our Company’s consolidated financial statements.

Our VIEs hold certain business licenses and operating licenses relevant to our business operations in the PRC. Significant disruption to our business operations could be caused if any or our current or future VIEs are 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. As we generate substantially all our revenues through or with the support of our online platforms, whose operation is dependent on the business or operating licenses held by Autohome WFOE, Chezhiying WFOE and the VIEs, if such licenses are revoked, or if our servers are shut down or our websites and mobile applications are blocked, we may not be able to continue our operation. For details, please refer to “Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations, and we may face significant disruption to our business operations”.

### RISK FACTORS

Our business and the Global Offering involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See “Risk Factors” for details of our risk factors, which we strongly urge you to read in full before

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## SUMMARY

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making an investment in our Shares. Below please find a summary of some, but not all, principal risks we face, organized under relevant headings.

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

- We are dependent on China's automotive industry for substantially all of our revenues and future growth, the prospects of which are subject to many uncertainties, including government regulations and policies and health epidemics.
- We face significant competition, and if we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be materially and adversely affected.
- We may not be able to maintain our current level of growth or ensure the success of our expansion and new business initiatives.
- If we fail to attract and retain users and customers or if our services do not gain market acceptance or result in the loss of our current customer base, our business and results of operations may be materially and adversely affected.
- Our business depends on strong brand recognition, and failure to maintain or enhance our brands could adversely affect our business and prospects.
- Goodwill and intangible assets impairment could adversely affect our results of operations and financial condition.

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

- If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations, and we may face significant disruption to our business operations.
- Our contractual arrangements with our VIEs may not be as effective in providing operational control as direct ownership.
- The shareholders of our VIEs may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs. Any failure by our VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition.
- The contractual arrangements among our subsidiaries and our VIEs may be subject to scrutiny by the PRC tax authorities and a finding that we or our VIEs owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

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

- Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.
- Uncertainties with respect to the PRC legal system could adversely affect us.
- Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

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## SUMMARY

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- We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet business and companies.

### **Risks Related to Our Shares, ADSs and the Listing**

- As a company applying for listing under Chapter 19C, we adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.
- The trading price of our ADSs has been and is likely to continue to be, and the trading price of our Shares can be, volatile, which could result in substantial losses to holders of our Shares and/or ADSs.
- If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research or reports about our business or if they adversely change their recommendations regarding our Shares and/or ADSs, the market price for our Shares and/or ADSs and trading volume could decline.
- Substantial future sales or perceived potential sales of our shares could cause the price of our Shares and/or ADSs to decline.

### **USE OF PROCEEDS**

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,943.8 million after deducting estimated underwriting fees and the estimated offering expenses payable by us and based upon maximum Public Offer Price, HK\$251.8 per Offer Share for both Hong Kong Public Offering and International Offering, and assuming the Over-allotment Option is not exercised, or HK\$6,068.9 million if the Over-allotment Option is exercised in full. We plan to use the net proceeds we will receive from the Global Offering for the following purposes:

- **Invest in our technology and product development:** We will continue to develop our technological leadership in AI, big data, and cloud, as well as AR- and VR-related technologies, to strengthen user engagement, monetization capabilities and operational efficiencies. Through the massive amount of data we have accumulated, we will also continue to refine our data capabilities and provide best-in-class data SaaS solutions to generate more value for the automotive industry. Approximately HK\$1,483.1 million (representing 30% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.
- **Incubate new businesses:** We will further incubate new businesses, such as Internet of Vehicles and online automotive aftermarket services, to unlock additional growth potential for our future development. We believe through developing products and offerings deeply embedded into the industry's value chain, we would better address users and customers' demand and provide solid value to a broad spectrum of industry participants. Approximately HK\$1,483.1 million (representing 30% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.
- **Enhance our domestic and overseas presence and develop an automotive ecosystem:** Exploring geographical expansion to overseas markets is part of our long-term strategy. We have set up two subsidiary companies in the U.K. and Germany, launched an overseas brand platform called YesAuto, and planned to further extend our presence to emerging markets such as Southeast Asia. Domestically, we will continue to selectively explore acquisition or investment opportunities, in businesses, technologies or strategic alliances, to form a strong global automotive ecosystem, like what we have done on TTP, although we have no present commitments or agreements to enter into any acquisitions or investments. Approximately

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## SUMMARY

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HK\$1,483.1 million (representing 30% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.

- **General corporate purposes:** We will use the remaining proceeds for general corporate purposes, working capital, capital expenditure, and other general and administrative matters. Approximately HK\$494.5 million (representing 10% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.

See “Use of Proceeds” for further details.

## THE LISTING

Our ADSs have been listed and traded on the NYSE since December 11, 2013. Dealings in our ADSs on the NYSE have been conducted in U.S. dollars. We have applied for a listing of our Shares on the Main Board under Chapter 19C (Secondary Listings of Qualifying Issuers) of the Hong Kong Listing Rules. Dealings in our Shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars. Our Shares will be traded on the Hong Kong Stock Exchange in board lots of 100 Shares. For additional information, see “Information about This Document and the Global Offering.”

## WAIVERS AND EXEMPTIONS

As we are applying for listing under Chapter 19C of the Hong Kong Listing Rules, we will not be subject to certain provisions of the Hong Kong Listing Rules, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the Listing, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the SFO, and a ruling under the Takeovers Codes. For additional information, see “Waivers and Exemptions.”

We will convene an annual general meeting by December 31, 2021 for the purpose of laying before members the financial statements for the financial year ended December 31, 2020. To that end, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 13.46(2)(b) of the Hong Kong Listing Rules. Please refer to “Waivers and Exemptions—Laying Annual Financial Statements Before Members at an Annual General Meeting within Six Months after the End of Financial Year” for further details.

We enjoy exemptions from certain obligations under U.S. securities laws and the NYSE rules as a foreign private issuer as defined under the U.S. Exchange Act. Investors should exercise care when investing in our Shares and/or ADSs. See “Information about This Document and the Global Offering—Summary of Exemptions as a Foreign Private Issuer in the U.S.”

## ARTICLES OF ASSOCIATION

We are an exempted company incorporated in the Cayman Islands with limited liability and our affairs are governed by our Articles of Association, the Cayman Companies Act, as well as the common law of the Cayman Islands. The laws of Hong Kong differ in certain respects from the Cayman Companies Act, and our Articles of Association are specific to us and include certain provisions that may be different from common practices in Hong Kong. As such, we have applied for, and the Hong Kong Stock Exchange has granted us, among others, a waiver from strict compliance with Rule 19C.07(3) of the Hong Kong Listing Rules, which requires that the appointment, removal and remuneration of auditors must be approved by a majority of a listed company’s members or other body that is

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## SUMMARY

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independent of the listed company's board of directors. See "Risk Factors—Risks Relating to our Shares, ADSs and the Listing—Since we are a Cayman Islands company, the rights of our shareholders may be more limited than those of shareholders of a company organized in the United States or Hong Kong." See "Information about This Document and the Global Offering" and "Waivers and Exemptions—Shareholder Protection Requirements in relation to Approval, Removal and Remuneration of Auditors" for further details.

### IMPACT OF COVID-19 ON OUR OPERATIONS

Our results of operations and financial condition in 2020 were affected by the spread of COVID-19. Going forward, the extent to which COVID-19 impacts our results of operations will depend on the future developments of the outbreak, which are highly uncertain and unpredictable.

Especially during the early stage of the COVID-19 outbreak, the automotive industry in China was negatively impacted, as automobile production and the number of purchasers declined due to precautionary government-imposed closures of certain travel and business, the government's order to delay resumption of service and mass production and the related quarantine measures. The containment efforts led by the government also caused delay in the near-term marketing demand of our automaker and dealer customers.

Despite the impact of the COVID-19 outbreak, our net revenues increased by 2.8% from RMB8,420.8 million in 2019 to RMB8,658.6 million in 2020. As of December 31, 2020, we had cash and cash equivalents and short-term investments of RMB14,629.4 million. We believe our liquidity is sufficient for us to successfully navigate an extended period of uncertainty.

### OFFERING STATISTICS

	Based on the indicative offer price per Offer Share of HK\$251.8 for Both Hong Kong Public Offering and International Offering
Our market capitalization <sup>(1)</sup> . . . . .	HK\$127,119.6 million
Unaudited pro forma adjusted net tangible assets per Share <sup>(2)</sup> . . . . .	RMB38.26 or HK\$45.46

*Notes:*

- (1) The calculation of market capitalization is based on 504,843,600 Shares that will be in issue immediately following the Global Offering, taking into account of the Share Re-designation and the Share Subdivision but without taking into account of any allotment and issuance of Shares upon exercise of the Over-allotment Option, the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs that we may make.
- (2) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix II and is based on a total of 499,918,140 Shares (excluding 4,925,460 Shares that had been issued and reserved for the purpose of the Share Incentive Plans) that will be in issue, assuming that the Global Offering have been completed on December 31, 2020, taking into account of the Share Re-designation and the Share Subdivision but without taking into account of any allotment and issuance of Shares upon exercise of the Over-allotment Option, the Shares reserved or to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time, and any issuance or repurchase of Shares and/or ADSs that we may make.  
The unaudited pro forma adjusted net tangible assets of the Group as disclosed above does not take into account the dividend of US\$0.87 per ADS amounting to RMB680,818,000 declared on February 2, 2021 (assuming 119,930,935 ADSs are entitled to the proposed dividend). The unaudited pro forma adjusted net tangible assets per Share and per ADS would have been RMB36.90 (equivalent to HK\$43.84) per Share and RMB147.60 (equivalent to HK\$175.36) per ADS, respectively, after taking into account the declaration and payment of the dividend.

### DETERMINATION OF OFFER PRICE

We will determine the pricing of the Offer Shares on the Price Determination Date, which is expected to be on or about March 9, 2021 and, in any event, not later than March 10, 2021, by agreement with the Joint Representatives (for themselves and on behalf of the Underwriters).

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## SUMMARY

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The Public Offer Price will be determined by reference to, among other factors, the closing price of our ADS price on the NYSE on the last trading day on or before the Price Determination Date, and the Public Offer Price will not be more than HK\$251.8 per Offer Share.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if, (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on NYSE on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this document, and/or (b) we believe that it is in the best interests of our Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the book-building process.

If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price that is equal to the International Offer Price. Under no circumstance will we set the Public Offer Price above the maximum Public Offer Price as stated in this document or the International Offer Price.

### LISTING EXPENSES

We expect to incur listing expenses of approximately RMB118.8 million (HK\$141.2 million) after December 31, 2020 (assuming that the Global Offering is conducted at the indicative offer price per Offer Share of HK\$251.8 for both Hong Kong Public Offering and International Offering and the Over-allotment Option is not exercised). We expect approximately RMB111.6 million (HK\$132.6 million) of the listing expenses will be recorded as a deduction in equity directly, and approximately RMB7.2 million (HK\$8.6 million) will be recognized as general and administrative expenses. The Selling Shareholder pays the underwriting fees, the Hong Kong Stock Exchange trading fee, SFC transaction levy and SEC registration fee corresponding to the Sale Shares, and we bear other listing expenses.

### RECENT DEVELOPMENTS

Our business operations and financial performance since January 1, 2021 have substantially met our expectations. Our management expects that our net revenues for the first quarter of 2021 will increase from the first quarter of 2020.

On February 2, 2021, our Shareholders resolved to, among other things, conduct the Share Re-designation and Share Subdivision and effective as of February 5, 2021, pursuant to which (i) each Class A Ordinary Share (whether issued or unissued) and Class B Ordinary Share (whether issued or unissued) shall be re-designated to an ordinary share with a par value of US\$0.01 each; and (ii) immediately after the Share Re-designation, each ordinary share (whether issued or unissued) with a par value of US\$0.01 each shall be subdivided into four Shares with a par value of US\$0.0025 each. After the Share Re-designation and Share Subdivision, the authorized share capital of the Company became US\$1,000,000,000 divided into 400,000,000,000 Shares with a par value of US\$0.0025 each.

In addition, on February 7, 2021, the Anti-monopoly Committee of the State Council published the Guideline on Anti-monopoly of Platform Economy Sector, or the Guideline, which became effective on the same day, aiming at enhancing anti-monopoly administration on businesses that operate under the platform model and the overall platform economy. The Guideline intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related merchants and service providers on online platforms, i.e. unfairly locking in exclusive agreements with

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## SUMMARY

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merchants and targeting specific customers with unreasonable big-data driven tailored pricing through their online behavior to eliminate or limit market competition. As of the date of this document, we have not been subject to any regulatory actions or investigations in connection with anti-monopoly and as advised by our PRC Legal Adviser, we do not expect that the Guideline will have a material impact on our business.

In February 2021, a change in the shareholding structure of Yun Chen occurred following which Ping An Group retained control of 100% of the voting rights and more than 80% of the economic interests in Yun Chen.

### **NO MATERIAL ADVERSE CHANGE**

Our directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2020 (being the latest date on which the latest consolidated interim financial information of our Group was prepared) and there has been no event since December 31, 2020 that would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I to this document.

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## DEFINITIONS

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*In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.*

“ADS(s)”	American Depositary Shares (each representing four Shares)
“AI”	artificial intelligence
“Android”	a mobile operating system
“Apple iOS”	the mobile operating system developed by Apple Inc.
“AR”	augmented reality
“Articles” or “Articles of Association”	our fifth amended and restated articles of association, adopted by a special resolution passed on February 2, 2021 and effective as of February 5, 2021, a summary of which is set out in Appendix III
“Autohome Advertising”	Beijing Shengtuo Autohome Advertising Co., Ltd. (北京盛拓車之家廣告有限公司), a company established under the laws of the PRC on September 21, 2010 and a wholly-owned subsidiary of Autohome Information
“Autohome Information”	Beijing Autohome Information Technology Co., Ltd. (北京車之家信息技術有限公司), a company established under the laws of the PRC on August 28, 2006
“Autohome Media”	Autohome Media Limited, a company incorporated under the laws of Hong Kong on September 23, 2009
“Autohome Used Car Appraisal”	Beijing Autohome Used Car Appraisal Co., Ltd (北京必信行二手車鑑定評估有限公司), a company established under the laws of the PRC on January 30, 2015, a wholly-owned subsidiary of Shengtuo Hongyuan
“Autohome Used Car Brokerage”	Beijing Autohome Used Car Brokerage Co., Ltd, (北京大信舊機動車經紀有限公司), a company established under the laws of the PRC on June 10, 2015, a wholly-owned subsidiary of Shengtuo Hongyuan
“Autohome WFOE”	Beijing Cheerbright Technologies Co., Ltd. (北京齊爾布萊特科技有限公司), a company established under the laws of the PRC on September 1, 2006 and one of our Major Subsidiaries
“board” or “board of directors”	our board of directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong or other relevant jurisdictions are generally open for business

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## DEFINITIONS

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“BVI”	British Virgin Islands
“C2B2C”	consumer-to-business-to-consumer
“Cayman Companies Act”	the Companies Act (2020 Revision) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“CBIRC”	the China Banking and Insurance Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System ( <a href="https://ip.ccass.com">https://ip.ccass.com</a> ) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chengshi Advertising”	Beijing Shengtuo Chengshi Advertising Co., Ltd. (北京盛拓成石廣告有限公司), a company established under the laws of the PRC on November 12, 2010 and a wholly-owned subsidiary of Autohome Information
“Chezhiying WFOE”	Beijing Chezhiying Technologies Co., Ltd. (北京車智贏科技有限公司), a company established under the laws of the PRC on May 26, 2015 and one of our Major Subsidiaries

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## DEFINITIONS

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“China” or “the PRC”	the People’s Republic of China, excluding, for the purposes of this document only, Taiwan and the special administrative regions of Hong Kong and Macau, except where the context otherwise requires
“Class A Ordinary Shares”	the class A ordinary shares of the Company with a par value of US\$0.01 each in the share capital of the Company prior to the Share Re-designation and Share Subdivision
“Class B Ordinary Shares”	the class B ordinary shares of the Company with a par value of US\$0.01 each in the share capital of the Company prior to the Share Re-designation and Share Subdivision
“cloud”	cloud computing
“Companies Ordinance”	the <i>Companies Ordinance</i> (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the <i>Companies (Winding Up and Miscellaneous Provisions) Ordinance</i> (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company,” “our Company,” “we” or “us”	Autohome Inc. (formerly known as “Sequel Limited”), incorporated in the Cayman Islands on June 23, 2008 as an exempted company under the laws of the Cayman Islands with limited liability and, where the context requires, its subsidiaries (which includes the consolidated affiliated entities) from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“content-led vertical media company” or “content-led vertical media business”	a media company or business that provides content-based services relating to a specific industry, market, type of content etc.
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context otherwise requires, refers to Yun Chen and the entity(ies) and person(s) that control it, as set out in “Relationship with the Controlling Shareholders”
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Deposit Agreement”	the deposit agreement, dated as of December 10, 2013, as amended, among us, Deutsche Bank Trust Company Americas and our ADS holders and beneficial owners from time to time

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## DEFINITIONS

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“director(s)”	member(s) of our board
“DTC”	The Depository Trust Company, the central book-entry clearing and settlement system for equity securities in the United States and the clearance system for our ADSs
“Extreme Conditions”	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
“Foreign Investment Law”	the <i>PRC Foreign Investment Law</i> (《中華人民共和國外商投資法》), promulgated by the National People’s Congress in March 2019, which became effective on January 1, 2020
“foreign private issuer”	as such term is defined in Rule 3b-4 under the U.S. Exchange Act
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries (including the consolidated affiliated entities) from time to time
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> , as amended or supplemented from time to time
“Hong Kong Offer Shares”	the Shares offered pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, on the terms and conditions described in this document, as further described in “Structure of the Global Offering—The Hong Kong Public Offering”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting—Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated March 3, 2021 relating to the Hong Kong Public Offering and entered into by the Company, the Selling Shareholder, the Joint Representatives and the Hong Kong Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement”
“IDC”	internet data center
“independent director(s)”	our directors who are “independent” under applicable U.S. regulations and considered “independent non-executive directors” for the purpose of Rule 3.10 of the Hong Kong Listing Rules
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company
“International Offer Price”	the final offer price per International Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%)
“International Offer Shares”	the Shares offered pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option
“International Offering”	the offer of the International Offer Shares at the International Offer Price pursuant to a prospectus supplement and the shelf registration statement on Form F-3 that was filed with the SEC and became effective on March 2, 2021
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the Company, the Selling Shareholder, the Joint Representatives and the International Underwriters on or about March 9, 2021, as further described in “Underwriting”

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## DEFINITIONS

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“Internet of Vehicles”	a network where vehicles are connected to and can exchange information with other vehicles and vehicle-related devices
“Joint Bookrunners”	the joint bookrunners as named in “Directors and Parties Involved in the Global Offering”
“Joint Global Coordinators”	the joint global coordinators as named in “Directors and Parties Involved in the Global Offering”
“Joint Lead Managers”	the joint lead managers as named in “Directors and Parties Involved in the Global Offering”
“Joint Policy Statement”	the Joint Policy Statement Regarding the Listing of Overseas Companies jointly issued by the Hong Kong Stock Exchange and the SFC on September 27, 2013
“Joint Representatives”	the joint representatives as named in “Directors and Parties Involved in the Global Offering”
“Joint Sponsors”	the joint sponsors of the listing of the Shares on the Main Board of the Hong Kong Stock Exchange as named in “Directors and Parties Involved in the Global Offering”
“Latest Practicable Date”	February 25, 2021, being the latest practicable date prior to the date of this document for the purpose of ascertaining certain information contained in this document
“Law(s)”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any Governmental Authority (including, without limitation, the Hong Kong Stock Exchange and the SFC) of all relevant jurisdictions
“Listing”	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange under Chapter 19C of the Hong Kong Listing Rules
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about March 15, 2021, on which the Shares are listed and from which dealings in the Shares are permitted to commence on the Main Board of the Hong Kong Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange

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## DEFINITIONS

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“Major Subsidiaries”	our subsidiaries and consolidated affiliated entities as identified in “History and Corporate Structure—Corporate Structure—Major Subsidiaries”
“Memorandum” or “Memorandum of Association”	our fifth amended and restated memorandum of association, adopted by a special resolution passed on February 2, 2021 and effective as of February 5, 2021, a summary of which is set out in Appendix III to this document
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
“Negative List”	the <i>Special Administrative Measures (Negative List) for the Access of Foreign Investment</i> (《外商投資准入特別管理措施(負面清單)(2020年版)》) which was jointly promulgated by the MOFCOM and the NDRC on June 23, 2020 and became effective on July 23, 2020
“New Shares”	the Shares offered for subscription by our Company under the Global Offering
“NYSE”	the New York Stock Exchange
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“Over-allotment Option”	the option to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) under the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to 4,544,000 additional Shares at the International Offer Price to cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering”
“PBOC”	People’s Bank of China
“PCAOB”	the Public Company Accounting Oversight Board
“PFIC”	passive foreign investment company
“Ping An Group”	Ping An Insurance (Group) Company of China, Ltd. (HKEX: 2318; SHA: 601318), a company organized under the laws of the PRC whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively

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## DEFINITIONS

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“PRC Legal Adviser”	Han Kun Law Offices, our legal adviser as to the laws of the PRC
“Price Determination Agreement”	the agreement to be entered into by the Joint Representatives (for themselves and on behalf of the Underwriters) and us on the Price Determination Date to record and fix the price of the Offer Shares
“Price Determination Date”	the date on which the International Offer Price and Public Offer Price will be determined
“Principal Share Registrar”	Maples Fund Services (Cayman) Limited, our share registrar in the Cayman Islands
“Public Offer Price”	the final offer price per Hong Kong Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%)
“Qualifying Issuer”	has the meaning given to it under Chapter 19C of the Hong Kong Listing Rules
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Underwriters, any of their or our Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SaaS”	software as a service
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
“Sale Shares”	the Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Global Offering
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SEC”	the United States Securities and Exchange Commission
“Selling Shareholder”	Yun Chen, in the capacity of a seller of the Sale Shares pursuant to the International Underwriting Agreement

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## DEFINITIONS

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“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the <i>Securities and Futures Ordinance</i> (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Antuo”	Shanghai Antuo Old Vehicle Broker Co., Ltd. (上海安拓舊機動車經紀有限公司), a company established under the laws of the PRC on March 19, 2008
“Shanghai Jinwu”	Shanghai Jinwu Auto Technology Consultant Co., Ltd., (上海謹務汽車技術諮詢有限公司), a company established under the laws of the PRC on September 20, 2007
“Shanghai Tianhe”	Shanghai Tianhe Insurance Brokerage Co., Ltd. (上海天合保險經紀有限公司), a company established under the laws of the PRC on September 13, 2012
“Share(s)”	ordinary share(s) in our share capital upon the Share Re-designation and Share Subdivision with par value of US\$0.0025 each
“Share Incentive Plans”	the 2011 Share Incentive Plan, 2013 Share Incentive Plan, the Amended and Restated 2016 Share Incentive Plan and the Amended 2016 Share Incentive Plan II, details of which are summarized in “Directors and Senior Management—Share Incentive Plans”, and any other share incentive plans adopted by the Company from time to time
“Share Re-designation”	the re-designation of Class A Ordinary Shares (whether issued or unissued) and Class B Ordinary Shares (whether issued or unissued) to ordinary shares with a par value of US\$0.01 each, effective on February 5, 2021, such that immediately following such re-designation, the authorized share capital of the Company became US\$1,000,000,000 divided into 100,000,000,000 ordinary shares with a par value of US\$0.01 each
“Share Subdivision”	the subdivision of each ordinary share (whether issued or unissued) with a par value of US\$0.01 each into four Shares with a par value of US\$0.0025 each, effective on February 5, 2021, such that immediately following such subdivision, the authorized share capital of the Company became US\$1,000,000,000 divided into 400,000,000,000 Shares with a par value of US\$0.0025 each
“shareholder(s)”	holder(s) of Shares and, where the context requires, ADSs
“Shengtuo Hongyuan”	Beijing Shengtuo Hongyuan Information Technology Co., Ltd. (北京盛拓鴻遠信息技術有限公司), a company established under the laws of the PRC on November 8, 2010

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## DEFINITIONS

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“Stabilization Manager”	Goldman Sachs (Asia) L.L.C.
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or around the Price Determination Date between Yun Chen and the Stabilization Manager
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in the Hong Kong Listing Rules and includes the consolidated affiliated entities and variable interest entities
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Track Record Period”	the years ended December 31, 2018, 2019 and 2020
“TTP WFOE”	Shanghai Jinpai E-commerce Co., Ltd. (上海謹拍電子商務有限公司), a company established under the laws of the PRC on July 31, 2015 and an indirect wholly-owned subsidiary of TTP Car Inc.
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Exchange Act”	the <i>United States Securities Exchange Act of 1934</i> , as amended, and the rules and regulations promulgated thereunder
“U.S. GAAP”	accounting principles generally accepted in the United States
“U.S. Securities Act”	the <i>United States Securities Act of 1933</i> , as amended, and the rules and regulations promulgated thereunder
“UK”	the United Kingdom of Great Britain, its territories, its possessions and all areas subject to its jurisdiction
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“variable interest entities,” “VIE” “VIEs” or “VIE Entities”	our variable interest entities, namely Autohome Information, Shengtuo Hongyuan, Chengshi Advertising, Autohome Advertising, Autohome Used Car Appraisal, Autohome Used Car Brokerage, Shanghai Jinwu and Shanghai Antuo, or any one of them, the financial results of which are consolidated into our consolidated financial statements as if they were our subsidiaries

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## DEFINITIONS

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“VAT”	value-added tax; all amounts are exclusive of VAT in this document except where indicated otherwise
“VIE equity holder(s)”	the individual or ultimate shareholders of the variable interest entities
“VIE structure” or “Contractual Arrangements”	variable interest entity structure, and where the context requires, and the agreements underlying it
“VR”	virtual reality
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider, <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Yun Chen”	Yun Chen Capital Cayman, a non-wholly-owned subsidiary of Ping An Group

In this document, the terms “associate(s),” “close associate(s),” “controlling shareholder(s),” “core connected person(s)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of PRC entities, PRC laws or regulations, and PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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## FORWARD-LOOKING STATEMENTS

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Certain statements in this document are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “aim,” “aspire,” “objective,” “target,” “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in “Risk Factors.”

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as at the date on which such statement is made, and, except as required by the Hong Kong Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our directors are made as at the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

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## RISK FACTORS

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*An investment in our Shares involves significant risks. You should carefully consider all of the information set out in this document before making an investment in our Shares, including the risks and uncertainties described below in respect of our business and our industry and the Global Offering. You should pay particular attention to the fact that we are an exempted company incorporated in the Cayman Islands and that our principal operations are conducted in China and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business could be affected materially and adversely by any of these risks.*

*These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-looking Statements” in this document.*

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

***We are dependent on China’s automotive industry for substantially all of our revenues and future growth, the prospects of which are subject to many uncertainties, including government regulations and policies and health epidemics.***

We rely on China’s automotive industry for substantially all of our revenues and future growth. We have greatly benefited from the growth of China’s automotive industry historically. However, this industry has recently experienced headwinds in its development. In July 2018, China’s automotive industry experienced negative growth for the first time in the past 28 years and new automobile purchases in China declined for the whole year of 2019, according to iResearch. In 2019, total new passenger vehicle sales volume in China was 21.4 million units, and total used passenger vehicle sales volume in China was 11.1 million, according to iResearch. We cannot predict how this industry will develop in the future, as it could be affected by complex factors, including general economic conditions in China, the urbanization rate of China’s population, the growth of disposable household income, the costs of new automobiles, the trade barriers and tensions and other governmental protectionist measures, as well as taxes and incentives related to automobile purchases, among other things. Specifically, tariffs or a global trade war could increase the cost of imported automobiles, which could negatively impact the demand for automobiles and adversely impact our business. In addition, governmental policies—including restrictions by major cities on new passenger vehicle plate issuance, increasingly stringent emission standards, and adjustment of purchase tax—may have a considerable impact on the growth of the automotive industry in China.

The automotive industry in China was negatively impacted as well by the outbreak of COVID-19, during which automobile production and the number of purchasers declined due to precautionary government-imposed closures of certain travel and business, the government’s order to delay resumption of service and mass production and the related quarantine measures. The containment efforts led by the government also caused delay in the near-term marketing demand of our automaker and dealer customers. While most of the restrictions on movement within China have been relaxed as of the Latest Practicable Date, there is great uncertainty as to the future development of the COVID-19 outbreak and its impact on the automotive industry. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the re-imposition of restrictions.

Such regulatory developments, health epidemics as well as other uncertainties, may adversely affect the growth prospects of China’s automotive industry, and in turn reduce demand for automobiles. If

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## RISK FACTORS

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automakers and automobile dealers were to reduce their marketing expenditures as a result, our business, financial condition and results of operations could be materially and adversely affected.

***We face significant competition, and if we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be materially and adversely affected.***

The markets for our services are highly competitive. With respect to our auto media business, we face competition from China's automotive vertical websites and mobile applications, such as BitAuto and Dongchedi, from the automotive channels of major internet portals, such as Sina and Sohu, and from companies engaged in mobile social media, news, video and live-streaming applications. We may also face competition from online automobile transaction platforms, such as Uxin and Guazi as we develop our used car transaction business. Our auto finance business faces competition from other auto finance companies, such as Yixin. In addition, we also face competition from companies engaged in data product offering. Competition with these and other websites and mobile applications is primarily centered on increasing user reach, user engagement and brand recognition, relationships with the suppliers, and attracting and retaining customers, among other factors.

Some of our competitors or potential competitors have longer operating histories and may have greater financial, management, technological, sales, marketing and other resources than we do. They may use their experience and resources to compete with us in a variety of ways, including by competing more heavily for users and customers, investing more heavily in marketing, traffic acquisition and research and development, and making more acquisitions. Some of our competitors have entered or may enter into business cooperation agreements with search engines, which may impact our ability to obtain additional user traffic from the same sources. Our competitors may be acquired and consolidated by, or cooperate with, industry conglomerates who are able to further invest with significant resources into our operating space. We cannot assure you that any such large internet business will not in the future focus on the automotive sector. If we are unable to compete effectively and at a reasonable cost against our existing and future competitors, our business, prospects and results of operations could be materially and adversely affected.

For our media business, we also face competition from traditional advertising media, such as newspapers, magazines, yellow pages, television, radio and outdoor media. Advertisers in China generally allocate a significant portion of their marketing budgets to traditional advertising media. If we cannot effectively compete with traditional media for the marketing budgets of our existing and potential customers, our results of operations and growth prospects could be adversely affected. For our online marketplace business, as online automobile transaction is a relatively new business model and consumers in China might be accustomed to make automobile purchases offline, we cannot guarantee that the automobile consumers in China will accept such business model.

Beginning in 2019, we have extended our business to the European market and established two subsidiaries in the UK and Germany, which have not generated significant revenues as of December 31, 2020. Our future business in these regions will face competition from local automotive vertical websites and mobile applications and online automobile transaction platforms, such as Autotrader and mobile.de, whose platforms have more experience in these markets and have relatively more established user bases. We cannot guarantee that we will be able to compete effectively for talents, users or customers. We may also incur additional expenses in our overseas acquisitions and subsequent marketing and other spending to acquire new customers. If we cannot maintain customer recognition and trust in us and successfully attract and retain sufficient users on our overseas platform, our results of operations and growth prospects could be adversely affected.

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## RISK FACTORS

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***We may not be able to maintain our current level of growth or ensure the success of our expansion and new business initiatives.***

Our historical growth rates may not be indicative of our future growth, and we may not be able to generate similar growth rates in the future. Our revenue or profit growth may slow down, or our revenues or profits may decline for any occurrence of possible reasons, including increasing operating expenses, increasing competition, slow growth of our business development, emergence of alternative business models, adjustment of our certain business operations, and changes in government policies or general economic conditions. We cannot assure you that we will grow at the same rate as we had in the past.

We expect to continue to grow our user base and our business operations. We have been implementing our future strategy to integrate and create a consumer centric automotive ecosystem, but we may not have sufficient experience in executing our new business initiatives during this process. These new business initiatives may not be well received by the market and we may determine to cease some new initiatives from time to time. We cannot assure you that they will achieve the success we expect, in which case we may not be able to recoup the resources we invest to develop, optimize and expand our new business initiatives.

To manage the further expansion of our business, we need to continuously expand and enhance our infrastructure and technology, and improve our operational and financial systems, procedures and internal controls. We need to adapt our business management to the local corporate cultures and customs, and train, manage and motivate our growing employee base, especially in case of our newly launched business overseas. In addition, we need to maintain and expand our relationships with automakers, automobile dealers, advertising agencies, financial institutions, insurance companies and other third parties. We cannot assure you that our current and planned personnel, infrastructure, systems, procedures and controls will be adequate to support our expanding operations, neither can we guarantee that we will be able to effectively adapt our business management to the local corporate cultures and customs and attract and motivate sufficient talents to support our business overseas.

We may be required to further increase our research and development expenses in order to enhance our technology capabilities, such as artificial intelligence technologies, big data technologies and cloud technologies, to support any such expansion and our efforts may not be effective. Our new business initiatives may also expose us to new regulatory risks, which are different from what we have experienced before. For example, our future operation via overseas subsidiaries in the UK, Germany and potentially other countries will subject us to laws and regulations of their respective jurisdictions, which are unfamiliar to us, involve uncertainty as a result of the Brexit and the global geopolitical tensions, and may increase our cost for compliance. Lack of experience in handling these new risks may result in failure to generate the expected results of operations and prospects. We need to quickly respond to the market reaction to our new business initiatives and adjust accordingly.

***If we fail to attract and retain users and customers or if our services do not gain market acceptance or result in the loss of our current customer base, our business and results of operations may be materially and adversely affected.***

In order to maintain and strengthen our position as the leading online destination for automobile consumers in China, we must continue to attract and retain users to our websites and mobile applications, which requires us to continue to provide quality content throughout the automobile ownership life cycles. We must also innovate and introduce services and applications that enhance user experience. In addition, we must maintain and enhance our brand recognition among consumers. If we

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## RISK FACTORS

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fail to provide high-quality, enriched and customized content, offer a superior user experience or maintain and enhance our brand recognition, we may not be able to attract and retain users. If our user base decreases, our websites and mobile applications may be rendered less attractive to customers, including automakers and dealers, and our services may become less attractive, which may have a material and adverse impact on our business, financial condition and results of operations.

In addition, one element of our growth strategy is to expand our services to customers. As a result, we have added additional services in the past few years. To serve our dealer customers, we had local sales and service representatives covering 70 cities across China as of December 31, 2020. We intend to increase our penetration in existing dealer advertising and subscription services markets. We have implemented business strategies to further monetize our large dealer network by enlarging the offering of products and services with new technologies on our dealer digital platform, increasing the average spending of our existing dealer subscribers and upselling our dealership packages for our leads generation services. In order to increase the average spending of our existing dealer subscribers, we keep close communications and negotiations with relevant parties such as dealers, dealer groups and automakers. However, we may not succeed in making our customers sufficiently aware of existing and future services or in creating customer acceptance of these services at the prices we would want to charge, and we cannot guarantee that our pricing strategy and measures will always be agreed and accepted by any and all of our customers. We may not be able to achieve the market acceptance of our products and services as we expect and thus may fail to achieve an increase from our “share of wallet” approach. Our existing customers may even terminate their cooperation with us if they are not satisfied with our pricing strategy or measures, which may subject us to negative publicity and adversely impact our business. The decline in the auto market may result in our dealer customers’ cancelation of subscription services from us or even discontinuance of operations, which would directly impact our number of dealer customers. Also, we may not identify trends correctly, or may not be able to bring new services to market as quickly, effectively or price-competitively as our competitors. New services may alienate existing customers or cause us to lose business to our competitors. If the number of our dealer customers decreases, we might not be able to generate sufficient revenues to cover our increased costs and expenses. As a result, our business and results of operations may be materially and adversely affected.

***Our business depends on strong brand recognition, and failure to maintain or enhance our brands could adversely affect our business and prospects.***

Maintaining and enhancing our “Autohome” (“汽車之家”) and “Che168” (“二手車之家”) brands is critical to our business and prospects. We believe that brand recognition will become increasingly important as the number of internet users in China grows and competition in our industry intensifies. A number of factors could prevent us from successfully promoting our brands, including user dissatisfaction with the content offered on our websites or mobile applications, negative publicity involving our business, our management, our brand spokespersons, our relationship with our partners and customers, the failure of our sales and marketing activities, employee relationship and welfare, regulatory compliance and financial conditions. If we fail to maintain and enhance our brands, or if we incur excessive expenses in this effort, our business, results of operations and financial condition might be materially and adversely affected.

***Our auto insurance brokerage businesses are highly regulated. Non-compliance with applicable laws, regulations and regulatory requirements or failure to respond to legal and regulatory changes may materially and adversely affect our business and prospects.***

We have obtained the relevant license to conduct auto insurance brokerage businesses from the China Banking and Insurance Regulatory Commission, or the CBIRC, and such businesses generated an insignificant amount of revenue for us during the Track Record Period. The insurance industry in

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## RISK FACTORS

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China is highly regulated, and the regulatory regime continues to evolve. The CBIRC has extensive authority to supervise and regulate the insurance industry in China. The CBIRC conducts various reviews and inspections on insurance brokerage business operations from time to time, which could cover a broad range of aspects, including financial reporting, tax reporting, internal control and compliance with applicable laws, rules and regulations. If any non-compliance incidents in an insurance brokerage business operation are identified, the insurance brokerage company may be required to take certain rectification measures in accordance with applicable laws and regulations, and would be subject to regulatory actions including penalties, warnings, suspension of operations, revocation of licenses, tax, civil, administrative and criminal liabilities, any one or a combination of which would have material negative impacts on our reputation, businesses, results of operations, financial conditions and prospects.

Furthermore, China's insurance regulatory regime is undergoing significant changes. Development of regulations applicable to online insurance business or our auto insurance brokerage business may result in additional restrictions on its business operations or more intensive competition in this industry. We might be required to spend significant time and resources in order to comply with any material changes in the regulatory environment, which could trigger significant changes to the competitive landscape and we may lose some or all of our competitive advantages on our auto insurance business during this process. The attention of our management team could be diverted to these efforts to cope with an evolving regulatory or competitive environment. Meanwhile, staying compliant with the restriction may result in limitation to our insurance brokerage business and limitation to its product and service offerings, which may reduce the attraction to clients. As a result, our business and results of operations might be materially and adversely affected. The CBIRC and its local counterparts have wide discretion in administration, interpretation and enforcement of these laws, regulations and regulatory requirements, as well as the authority to impose regulatory sanctions on industry participants. We cannot assure you that we will be able to fully rectify all non-compliance incidents in a timely manner or fully satisfy the regulatory requirements on insurance brokerage business, which would materially and adversely affect our business, financial condition, results of operations and prospects.

***Goodwill and intangible assets impairment could adversely affect our results of operations and financial condition.***

We recorded goodwill of RMB1,504.3 million, RMB1,504.3 million and RMB4,071.4 million as of December 31, 2018, 2019 and 2020, respectively, in connection with the acquisition of Cheerbright International Holdings Limited, China Topside Co., Ltd. and Norstar Advertising Media Holdings Co., Ltd. in June 2008 and the acquisition of TTP Car Inc., or TTP, in December 2020. In addition, we recorded intangible assets of RMB440.4 million as of December 31, 2020, primarily consisting of technologies, trademarks, customer relationship and database from the acquisition of TTP. We do not amortize goodwill. We have and will continue to incur amortization expenses as we amortize intangible assets over their estimated useful life on a straight-line basis. We undertake goodwill and intangible assets impairment reviews periodically or more frequently if there are indicators of impairment present. As of December 31, 2018, 2019 and 2020, we performed an impairment assessment and no provisions of goodwill and intangible assets were required. However, if in the future our goodwill or intangible assets is determined to be impaired, we would be required to write down the carrying value or record a provision of impairment loss for goodwill or intangible assets in our financial statements during the period in which our goodwill or intangible assets is determined to be impaired, and this impairment would adversely affect our results of operations and our financial condition. For a detailed discussion on the relevant impairment testing for goodwill and intangible assets, see Note 2 to the Accountant's Report in Appendix I to this document.

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## RISK FACTORS

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***If we are unable to grow our used automobile-related business, we may not be able to achieve our expected business growth and our results of operations may be adversely affected.***

Our *che168.com* website has been focusing on used automobile information and content since October 2011. We also launched *che168.com* mobile application in 2012. Through these platforms, we offer used automobile listing services to used automobile dealers and individual car owners through a user interface that allows potential used car buyers to identify listings that meet their specific requirements and contact the seller. To further enhance user experience and optimize our used automobile-related business, in June 2018, we invested in TTP, a company operating an online bidding platform for used automobiles, and in the fourth quarter of 2020, we acquired control in TTP.

We may not be able to successfully grow our used automobile-related business. Although the used automobile market in China is growing due to the increased number of consumer-owned automobiles, there is still significant uncertainty regarding the extent to which our used automobile-related business may benefit from such growth. We may not be able to source sufficient used automobiles or attract a broad user base to our *che168.com* website and mobile application or be successful compared to our competitors. Even if we are able to do so, we may not be able to establish a business model that allows us to effectively monetize the user traffic. We may not be able to successfully facilitate used car transactions and our services might not be satisfactory to the used car buyers or sellers. Additionally, customers may not respond well to our new business initiatives as we expect. In such cases, we may suffer negative publicity and may not be able to achieve our expected business growth and our results of operations may be adversely affected.

***If we are unable to conduct our marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.***

We have incurred expenses on a variety of marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products and services. Our marketing and promotional activities may not be well received by customers and may not result in the level of sales of products and services that we anticipate. We incurred RMB2,435.2 million, RMB3,093.3 million and RMB3,246.5 million (US\$497.5 million) in sales and marketing expenses in 2018, 2019 and 2020, respectively, representing 33.6%, 36.7% and 37.5%, respectively, of total net revenues in the corresponding years. Marketing approaches and tools in the consumer products market in China are evolving. This further requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and consumer preferences, which may not be as cost-effective as our marketing activities in the past and may lead to significantly higher marketing expenses in the future. We conducted various sales and marketing initiatives to promote our brands through websites, search engines, mobile platforms, navigation sites and traditional media channels, for example, the annual “Singles’ Day” event, the “AR Auto Show” event and TV ad broadcast on China Central Television. We also conducted various offline promotional activities and cooperated with brands and dealers for promotions in target regions. In August 2019, we launched the 818 Global Super Auto Show, the first auto-themed gala in China that created an innovative integration of online and offline promotion elements, which attracted a large number of automakers, dealers and potential auto consumers to participate and further promoted Autohome’s brand awareness to a much wider user base. In addition, we engaged celebrities, primarily athletes, as our brand spokespersons to further promote our brand and stimulate user interest in our platform. We may not be able to continue or conduct these activities efficiently, and our marketing activities may not yield satisfactory results. Failure to refine our existing marketing approaches or to introduce new effective marketing approaches in a cost-effective manner could impact our net revenues and profitability.

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## RISK FACTORS

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***A limited number of automaker customers have accounted for, and are expected to continue to account for, a large portion of our revenues. Failure to maintain or to increase revenues from these customers could harm our prospects.***

A limited number of automaker customers have accounted for, and are expected to continue to account for, a large portion of our revenues. In 2018, 2019 and 2020, 103, 92 and 92 automakers operating in China used our media services, respectively. These automakers include independent Chinese automakers, joint ventures between Chinese and international automakers and international automakers that sell cars made outside of China. In 2020, our top five automaker customers contributed 22.7% of our media services revenues. We believe that our major future revenue growth will be focused on deepening our existing commercial relationships with automakers to increase our share of each automaker's budget. In addition, we have been prioritizing the direct cooperation with the automaker customers on ad placement since 2018. Compared to the indirect cooperation through third party agencies, such direct cooperation model requires us to undertake more obligations and may impose extra costs and risks on us, such as the periodic issuance of advertising reports to the automaker advertisers and a longer payment collection period for advertising fees to be paid by automaker advertisers. We cannot assure you that our automaker customers will continue to be satisfied with our direct cooperation model and strategy as well as our services, or our relationships with any of these automaker customers will continue in the future. Failure to issue and provide deliverables satisfactory to our automaker customers or failure to reach a mutually amicable agreement with our automaker customers on the collection of payable fees may adversely impact our relationships with our automaker customers, which would have a negative impact on our reputation and results of operations. If we lose one or more of our important automaker customers, or if they materially reduce their purchase of our services, our results of operations would be materially and adversely affected.

We typically extend credit terms to automaker customers, which is relatively longer than other customers. We face risk of being unable to collect all the accounts receivable from automaker customers in light of the slowdown in China's domestic automotive market. If we fail to collect accounts receivable from automakers in a timely manner, or at all, our business, results of operations and financial conditions may be materially and adversely affected. See "Risk Factors—Risks Related to Our Business and Industry—We are subject to credit risk in collecting the accounts receivable due from our customers."

Due to the limited number of automakers operating in China, which is exacerbated by the increasing competition and concentration of automakers in China, and our revenue concentration attributable to a small number of these companies, any of the following events, among others, may cause a material decline in our revenue and materially and adversely affect our results of operations and prospects:

- contract reduction, delay or cancelation by one or more significant customers and our failure to identify and acquire additional or replacement customers;
- dissatisfaction with our services by one or more of our significant customers;
- a substantial reduction by one or more of our significant customers in the price they are willing to pay for our services; and
- financial difficulty of one or more of our significant customers who become unable to make timely payment for our services.

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## RISK FACTORS

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***We may be adversely affected by the mergers, acquisitions and other consolidation activities in the automobile industry which may exacerbate our customer concentration.***

The potential mergers, acquisitions and other consolidation activities in China's automobile industry will result in a lower number of automakers and dealers, which make up a major part of our customer base. We are already subject to risks related to customer concentration. See "—A limited number of automaker customers have accounted for, and are expected to continue to account for, a large portion of our revenues. Failure to maintain or to increase revenues from these customers could harm our prospects." Further consolidation within the automobile industry could exacerbate our customer concentration. If we fail to maintain a good relationship with a large customer, our business, results of operations and financial condition could be harmed.

***Our business is subject to fluctuations, including seasonality, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.***

Our quarterly revenues and other operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are beyond our control. Our business experiences seasonal variations in association with the demand for automobiles in China. For example, the first quarter of each year generally contributes the lowest portion of our annual net revenues primarily due to a slowdown in business activity around and during the Chinese New Year holiday, which occurs during the period. Consequently, our results of operations may fluctuate from quarter to quarter. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our historical results as an indication of our future performance. As each of our business lines may have different seasonality factors and the mix of our revenue source may shift from year to year, our past performance may not be indicative of future trends.

In addition, because a portion of our revenues arising from our media services is attributable to new model promotion campaigns, the timing of new car releases of our major automaker advertisers can have a significant impact on our results of operations. The timing of such releases, however, is subject to uncertainty due to various factors, such as automakers' design or manufacturing issues, marketing conditions and government incentives or restrictions. These factors may make our results of operations difficult to predict and cause our quarterly results of operations to fall short of expectations.

***If we are unable to maintain our relationships with advertising agencies or if we are unable to collect accounts receivable from advertising agencies in a timely manner, our results of operations and prospects may be materially and adversely affected.***

Although we consider automakers and automobile dealers to be our end-customers for our media services and have been prioritizing the direct cooperation with the automaker advertisers on ad placement since 2018, we are currently selling a substantial portion of our advertising services and solutions to third-party advertising agencies that represent the automakers and automobile dealers, who could maintain our business relationships with automakers and automobile dealers. We do not have long-term cooperation agreements or exclusive arrangements with these agencies and they may elect to direct business to other advertising service providers, including our competitors. If we fail to retain and enhance our business relationships with third-party advertising agencies, in particular the few ones we frequently transact with, we may suffer from a loss of advertisers and our business, financial condition, results of operations and prospects may be materially and adversely affected. In our agreements with certain major advertising agencies, we undertake to provide them with most favored pricing terms. Such most favored pricing terms may hinder our ability to acquire new customers using special pricing terms.

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## RISK FACTORS

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In addition, we have been relying on third-party advertising agencies for the collection of payment from advertisers and we have been relying on a few advertising agencies to collect a significant portion of our total account receivables. As a result, the financial soundness of advertising agencies may affect our collection of accounts receivable. We make a credit assessment of a potential advertising agency to evaluate the collectability of the advertising service fees before entering into an advertising contract. However, we cannot assure you that we will be able to accurately assess the creditworthiness of each advertising agency, and any failure of advertising agencies to pay us in a timely manner may adversely affect our liquidity and cash flows. Amid the sustained decline in new automobile purchases in China, certain automakers operating in China have suffered declining performance or financial difficulties. As a result, advertising agencies that represent the automakers and automobile dealers may encounter financial and operational difficulties, or even go out of businesses. This in turn causes us to suffer from longer accounts receivable turnover days, allowance for doubtful accounts or even bad debt. Initiating legal proceedings against such advertising agencies can be expensive and time-consuming, and could divert our management's attention and other resources from our business operations, which could adversely affect our results of operations. Even if we receive a favorable judgment in such legal proceedings, it may still be challenging and uncertain for us to collect the outstanding payments promptly and in full from the advertising agencies if they are experiencing financial difficulties or even go bankrupt. Moreover, even if we are able to enforce our rights against any collaterals other than cash for the outstanding payments, it may still be challenging and uncertain for us to effectively liquidate such collaterals.

***If online advertising and promotion do not continue to grow in China, our ability to increase revenue and profitability could be materially and adversely affected.***

With the continuous growth of internet usage in China, the internet has become an increasingly important marketing and advertising channel to China's automotive industry. Although online advertising and promotion have constituted a significant portion of the overall marketing activities of our current and potential advertisers and dealer subscribers, if the promotional effect or outcome realized through online advertising and promotion cannot meet the expectations of advertisers and dealer subscribers or address their needs, our advertisers and dealer subscribers may decrease their spending and efforts on online advertising and promotion and devote more marketing budgets to traditional print and broadcast media. Our ability to increase revenue and profitability from online marketing may be adversely impacted by a number of factors, many of which are beyond our control, including:

- difficulties associated with developing a larger user base with demographic characteristics attractive to advertisers;
- increased competition and potential downward pressure on online advertising prices;
- difficulties in acquiring and retaining advertisers or dealer subscribers;
- uncertainties and changes in regards to PRC regulations on internet advertisements;
- failure to develop an independent and reliable means of verifying online traffic; and
- decreased use of the internet or online marketing in China.

If the internet does not become more widely accepted as an effective media platform for advertising and marketing by China's automotive industry, our business, financial condition and results of operations could be materially and adversely affected.

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## RISK FACTORS

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***We are subject to credit risk in collecting the accounts receivable due from our customers.***

The credit terms we extend to our customers result in accounts receivable. As of December 31, 2018, 2019 and 2020, our accounts receivable (net of allowance for doubtful accounts) were RMB2,795.8 million, RMB3,231.5 million and RMB3,124.2 million, respectively, and we recognized additions to allowance for doubtful accounts of RMB2.2 million, RMB36.7 million and RMB95.7 million in 2018, 2019 and 2020, respectively. We usually make credit assessment of our customers before entering into agreements. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

***Our short-term investments may expose us to default risk and adversely affect our business, financial condition and results of operations.***

During the Track Record Period, we invested in bank deposits, adjustable-rate financial products with original maturities of greater than 3 months but less than 1 year and money market funds that are measured at fair value. As of December 31, 2018, 2019 and 2020, our short-term investments amounted to RMB9,849.5 million, RMB10,806.8 million and RMB12,878.2 million, respectively. During the Track Record Period, we had not encountered any losses from the default of our short-term investments. However, as we are subject to default risk associated with these short-term investments, we cannot assure you that we will receive investment income or will not incur financial losses from our short-term investments before they reach maturity. Changes of inputs such as annual interest rate will change the fair value of certain of our short-term investments. In the event that we incur financial losses from these short-term investments, our business, financial condition and results of operations may be adversely affected.

***Inaccuracy in pricing and listing information provided by third parties on our platform may adversely affect our business and financial performance.***

Our automobile listings and promotional information are provided and updated by third parties on our platform, including the automakers, dealers, independent automobile sellers, financial partners and used car sellers. Users interested in particular vehicle models can conveniently search for up-to-date information on such models without having to visit the local showrooms of relevant dealers or solicit related information from other sources. Although we have optimized our system to detect pricing inaccuracy and have leveraged our advanced technology and third-party data to improve the accuracy of price listings and promotional information on our platform, we cannot assure you that these measures are always effective to ensure the accuracy and reliability of pricing and listing information provided to our users. If such listings and promotional information provided by the third parties on our platform are frequently inaccurate or not reliable, our users may lose faith in our websites and mobile applications, resulting in reduced user traffic to our websites and mobile applications and diminished value to customers. We may receive more customer complaints, and we may need to allocate more resources in responding and handling such complaints. We cannot guarantee that such complaints will be resolved in satisfactory outcome. Our reputation could be harmed, which could adversely affect our business and financial performance. For used car listings on our platforms in particular, we are subject to risks associated with inaccurate representation of used car conditions in the inspection reports we show on the listings. We may receive complaints or claims of damages arising out of such inaccuracies. While we are attempting to mitigate the issue through third-party inspection warranty,

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## RISK FACTORS

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revising the report items and showing inspection methodologies, there is no guarantee that those measures will be effective.

***If complaints or disputes arise from services provided by travel agencies advertised on our traveler channel, our reputation and results of operations may be negatively impacted.***

Our traveler channel, while serving as an engaged community for our users to share road trip experience, allows travel agencies, both our own and external agencies, to showcase tourism products, such as hotels, flights, and road trip packages. We have limited control over the quality of such trip and services provided by external travel agencies offline, and we cannot guarantee that customers are or will be satisfied with the quality of trips and services provided by our own travel agency. If our users are unsatisfied with the services purchased from such travel agencies and leave negative postings or comments on our channel, or if any claim or dispute arises as a result, our traveler channel may be perceived by users as unreliable and visits to our channel may be deterred, resulting in a decline in user traffic and rendering our platform less attractive to advertisers. Additionally, we may face complaints from users or be subject to administrative proceedings or civil law suits as a result, which could be costly and time consuming to resolve. We cannot guarantee that we will be able to resolve such complaints or disputes cost-efficiently and to the satisfaction of users. If any of these occurs, our reputation may be harmed and our business and results of operations could be negatively impacted.

***If we are unable to effectively manage our auto finance business, we may not be able to achieve our expected business growth, our results of operations may be adversely affected and we may be subject to penalties as a result of noncompliance.***

Since 2017, with the collaboration and integration of our business with Ping An Group, we have been developing our auto finance services for our cooperative banks and financial institutions and displaying and marketing their financial products, including financing and financial leasing products, on our platform. We enable our cooperative banks and financial institutions to present their financial products to users of our websites and mobile applications and to accept users' auto financing applications. Although we have an existing large user base, we cannot assure you that the business model of our auto finance business will be attractive to users and financial partners. Failure to provide satisfactory services on our platform or facilitate financing transactions between our users and financial product providers would cause an adverse impact on our auto finance business. As a result, we may not be able to achieve our expected business growth and our results of operations may be adversely affected.

Since our auto finance business is subject to broad regulation and supervision in the PRC, we may need to handle regulatory inspections during our ordinary course of business from time to time. In addition, although we don't have business operations in the U.S., we may nevertheless be subject to its laws and regulations related to our auto finance business such as anti-money laundering laws and regulations. We have developed an internal control system relating to compliance matters for auto finance business. However, as our auto finance business grows rapidly, we cannot assure you that the internal control system could always work effectively in tracking and administering the compliance matters relevant to our auto finance business and we may need to incur increased compliance costs to maintain and upgrade such internal control system effectively. If we cannot satisfy any of the requirements of competent authorities, we would be exposed to the relevant regulatory risks, which may result in penalties imposed against us.

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## RISK FACTORS

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***Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, financial condition and results of operations.***

The global financial markets experienced significant disruptions in 2008 and the United States, European and other economies went into recession. The recovery from the lows of 2008 and 2009 was uneven and the global financial markets are facing new challenges, including the escalation of the European sovereign debt crisis since 2011, the hostilities in the Ukraine, the end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone in 2014. It is unclear whether these challenges will continue to exist and what effects they each may have. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies, including China's. Economic conditions in China are sensitive to global economic conditions. Any prolonged slowdown in China's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of automobiles, and our customers may also defer, reduce or cancel purchasing our services. To the extent any fluctuations in the Chinese economy significantly affect automakers' and dealers' demand for our services or change their spending habits, our results of operations may be materially and adversely affected.

***Failure to properly collect, store or use personal data could subject us to penalties, negatively impact our reputation and brand and deter customers and users from using our platform.***

Ensuring secured transmission of confidential information through public networks is essential to maintaining the confidence of our customers and users. Our existing security measures may not be adequate to protect such confidential information. In addition, computer and network systems are susceptible to breaches by computer hackers. Security breaches could expose us to litigation and potential liability for failing to secure confidential customer information and could harm our reputation and reduce our ability to attract customers and users. Future security breaches, if any, may result in a material adverse effect on our business, financial condition and results of operations.

Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms have recently come under increased public scrutiny. As China's internet industry continues to evolve, PRC government has been strengthening the supervision and regulation on data privacy on the internet. Excessive collection or illegal collection and use of personal information through the internet or app are facing increasingly heavier penalties.

Pursuant to the Civil Code of the PRC, which was promulgated in May 2020 and came into effect in January 2021, the Cyber Security Law of the PRC, which was promulgated in November 2016 and became effective in June 2017, and the E-commerce Law of the PRC, which was promulgated in August 2018 and became effective in January 2019, network operators should, in the course of collecting and using personal information, follow the principles of legitimacy, properness and necessity, disclose their rules with respect to data collection and usage, and clearly indicate the purposes, means and scope of collecting and using information. Network operators are not allowed to collect personal information which is irrelevant to the services they provide or to collect or use personal information in violation of laws, regulations and mutual agreements. In addition, network operators should not divulge, tamper with or damage the personal information they have collected, and should not provide the collected personal information to others without the consent of the data subject, unless such information has been processed to prevent the data subject from being identified and

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## RISK FACTORS

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restored. Also, network operators should adopt technical measures and other necessary measures to ensure the security of the personal information they have collected and prevent such information from being divulged, damaged or lost. If personal information has been or may be divulged, damaged or lost, it is necessary to take remedial measures immediately, inform users promptly and report the same to the relevant competent governmental authorities. In addition, the Standing Committee of the PRC National People's Congress promulgated the Draft Personal Information Protection Law on October 21, 2020 for public opinion, which sets forth more specific requirements on protection of electronic or non-electronic information which is related to identified or identifiable natural persons. See "Regulations—Regulations on Internet Privacy."

The measures we have taken regarding collection, storage, and use of personal data are generally compliant with industry standards. However such measures may still be determined as insufficient, improper, or even as user-privacy invasive, by the relevant authorities which may result in penalties against us. In addition, our practices may become inconsistent with new laws or regulations or national standards or guidelines concerning data protection, or the interpretation and application of existing consumer and data protection laws or regulations, which is often uncertain and in flux. If so, in addition to the possibility of fines, this could result in an order requiring that we change our practices, which could have an adverse effect on our business and operating results. Further, our practice will be subject to the local laws and regulations concerning data protection in the UK and Germany as well once our subsidiaries in these countries commence commercial operation or in the event that residents of the European Economic Area access our website and input protected information. For example, the European Union General Data Protection Regulation, or 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. These laws and regulations in foreign jurisdictions are unfamiliar to us and involve uncertainty as a result of the Brexit. Complying with new or foreign laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, subject us to negative publicity and significant penalties and ultimately cause an adverse effect on our business.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as, on the one hand, the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated, well-funded and constantly evolving, and, on the other hand, more efforts are required to integrate and upgrade the protective measures to satisfy the varying legal requirements across geographies, especially those of UK, Germany and other jurisdictions of the European Economic Area, which are usually more stringent. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information is becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

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## RISK FACTORS

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***We and our directors and officers may be subject to claims, suits, government investigations, and other proceedings that may result in adverse outcomes.***

We and our directors and officers may be subject to claims, suits, and government investigations involving competition, intellectual property, privacy, consumer protection, tax, fiduciary duty, labor and employment, commercial disputes, advertisements and content placed on our websites and mobile applications, and other matters. Our business may also face intellectual property infringement claims, as further discussed elsewhere in this document, that expose us to the risk of reputation damage. Such claims, suits, and government investigations are inherently uncertain and their results cannot be predicted with certainty. Regardless of the outcome, any of these types of legal proceedings can have an adverse impact on us and our directors and officers due to the legal costs, diversion of management resources, negative publicity and other factors involved therein. It is possible that one or more of such proceedings could result in substantial fines and penalties that could adversely affect our business.

***If we fail to protect our intellectual property rights, our brand and business may suffer.***

We rely on a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures, to protect our intellectual property rights. Our major brand names and logos are registered trademarks in China. Most of our originally-generated content and professionally-generated content available on our websites and mobile applications and proprietary software are protected by copyright laws. Despite our precautions, third parties may obtain and use our intellectual property without our authorization. Historically, the legal system and courts of the PRC have not protected intellectual property rights to the same extent as the legal system and courts of the United States, and companies operating in the PRC continue to face an increased risk of intellectual property infringement. Furthermore, the validity, application, enforceability and scope of protection of intellectual property rights for many internet-related activities, such as internet commercial methods patents, are uncertain and still evolving in China and abroad, which may make it more difficult for us to protect our intellectual property. From time to time, other websites may use our articles, photos or other content without our proper authorization. Although such use has not in the past caused any material damage to our business, it is possible that there may be misappropriation on a much larger scale with a material adverse impact to our business. If we are unable to adequately protect our intellectual property rights in the future, our brand and business may suffer.

***We may be vulnerable to intellectual property infringement claims brought against us by others.***

Internet, technology and media companies are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violation of other parties' rights. We have not experienced any material claims on these issues against us in the past, but as we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims. Also, third parties may submit intellectual property infringement claims against us to the app stores where our mobile applications are available. In such cases, our mobile applications may be taken down by the relevant app stores until such claims have been resolved, which could significantly restrict our users from downloading or updating our mobile applications and thus adversely affect our business and results of operations. In addition, we may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. We could also be subject to claims based upon the content that is displayed on our websites, our mobile platforms or accessible from our websites through links to other websites or information on our websites and mobile applications supplied by third parties. Intellectual property claims and litigation are expensive and time-consuming to investigate and defend and may divert

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## RISK FACTORS

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resources and management attention from the operation of our websites and mobile applications. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our websites and mobile applications to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to liability for advertisements and other content placed on our websites and mobile applications.***

The PRC government has adopted regulations governing advertising content as well as internet access and the distribution of information over the internet. Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our websites and mobile applications to ensure that such content is true and accurate and in full compliance with applicable laws and regulations. See “Regulations—Regulations on Advertisements.” Under the Administrative Measures for Internet Information Services, which were promulgated in September 2000 and revised in January 2011, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, compromises national security, harms the dignity or interests of the state, incites ethnic hatred or racial discrimination, undermines the PRC’s religious policy, disturbs social order, disseminates obscenity or pornography, encourages gambling, violence, murder or fear, incites the commission of a crime, infringes upon the lawful rights and interests of a third party, or is otherwise prohibited by law or administrative regulations. Internet service providers are required to conduct verification of identity information of users. If information disseminated by internet users on their internet accounts or internet chat groups contains information prohibited by laws and regulations, the service providers are obliged to take measures including issuing warnings to the relevant users, suspending their publication of the inappropriate information or closing their accounts or chat groups. Under the Provisions on Governance of Network Information Content Ecology, which was promulgated on December 15, 2019 and came into effect on March 1, 2020, the network information content service platform shall strengthen the management of information content, and upon detecting any illegal information, shall immediately take measures prescribed by laws, keep relevant records, and report to the relevant competent authority. Additionally, the network information content platform shall also strengthen the examination and inspection of the advertising space set on the platform and the advertising content displayed on the platform. Those who publish illegal advertisements shall be punished according to laws. See “Regulations—Regulations on Internet Content Services.” Under the regulations on online live-streaming services, online live-streaming service providers shall establish platforms for reviewing live-streaming content. Online live-streaming service providers and online live-streaming publishers that provide internet news information services without permits, or exceeding the scope of their permits, are subject to punishment. In addition, online live-streaming service providers shall make record filings with the local internet information office and the local public security authorities. Online live-streaming service providers that fail to file records with or get relevant permission from relevant authorities will be punished in accordance with laws. See “Regulations—Regulations on Online Performances and Online Live-streaming Services.”

We display automotive advertisements on our websites and mobile applications. In addition, we allow users to upload written materials, images, pictures and other content on our websites, mobile applications, including user forums, and also allow users to share and link to content from other websites through our websites, mobile applications, including user forums. Moreover, we have also added online live-streaming features on our websites and mobile applications. Failure to identify and prevent illegal or inappropriate content from being displayed on or through our websites and mobile applications may subject us to liability. We cannot assure you that all of the advertisements and content shown or posted on our websites and mobile applications adhere to the advertising and internet content

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## RISK FACTORS

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laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations.

If PRC regulatory authorities determine that any advertisements or content displayed on our websites and mobile applications do not adhere to applicable laws and regulations, they may require us to limit or eliminate the dissemination or availability of such advertisements and other content on our websites and mobile applications in the form of take-down orders or otherwise. Such regulatory authorities may also impose penalties on us, including fines, confiscation of advertising income or, in circumstances involving more serious violations by us, the termination of our internet content related licenses, any of which would materially and adversely affect our business and results of operations.

In addition, we may be subject to claims by consumers asserting that the information on our websites and mobile applications is misleading, and we may not be able to recover our losses from advertisers. As a result, our business, financial condition and results of operations could be materially and adversely affected.

***Problems with our network infrastructure or information technology systems could impair our ability to provide services.***

Our ability to provide our users with a high-quality online experience depends on the continuing operation and scalability of our network infrastructure and information technology systems. Our systems are potentially vulnerable to damage or interruption as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses, hacking or similar events. We may encounter problems when upgrading our systems or services and undetected programming errors could adversely affect the performance of the software we use to provide our services. The development and implementation of software upgrades and other improvements to our internet services is a complex process, and issues not identified during pre-launch testing of new services may only become evident when such services are made available to our entire user base.

In addition, we rely on content delivery networks, data centers and other network facilities provided by third parties. Any disruption to these network facilities may result in service interruptions, decreases in connection speed, degradation of our services or the permanent loss of user data and uploaded content. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our reputation or relationships with our users or customers may be damaged and our users and customers may switch to our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

***Computer viruses and hacking may cause delays or interruptions on our systems and may reduce use of our services and damage our reputation and brand.***

Computer viruses and “hacking” may cause delays or other service interruptions on our systems. “Hacking” involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions, loss or corruption of data, including user data, software, hardware or other computer equipment. In addition, the inadvertent transmission of computer viruses could result in significant damage to our hardware and software systems and databases, disruptions to our business activities, including our e-mail and other communications systems, breaches of security and inadvertent disclosure of confidential or sensitive information, interruptions in access to our website through the use of “denial of service” or similar attacks and other material adverse effects on our operations. We have experienced hacking attacks in the past, and although such attacks in the past have

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## RISK FACTORS

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not had a material adverse effect on our operations, there is no assurance that there will be no serious computer viruses or hacking attacks in the future. We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by, computer viruses and hacking. Moreover, if a computer virus or hacking affects our systems and is highly publicized, our reputation and brand could be materially damaged and use of our services may decrease.

***The continuing and collaborative efforts of our senior management, key employees and highly skilled personnel are crucial to our success, and our business may be harmed if we were to lose their services.***

Our success depends on the continuous efforts and services of our senior management team and other key personnel. If one or more of our executive officers or other key personnel are unable or unwilling to continue to provide us with their services, we might not be able to replace them within a short period of time or at all. Our business could be severely disrupted, our financial condition and results of operations could be materially and adversely affected, and we might incur additional expenses to recruit, train and retain personnel. Our senior management team is crucial to executing our business strategies. Failure to retain our key management and personnel may create considerable uncertainty on the direction of our future development. If any of our executive officers joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. Each of our executive officers has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between us and our executive officers, we may have to incur substantial costs and expenses in order to enforce these agreements in China.

Our performance and future success also depend on our ability to identify, hire, develop, motivate and retain skilled personnel for all areas of our organization. Competition in the automotive and internet advertising industries and the online automobile transaction industry for qualified employees is intense, and if competition in these industries further intensifies, it may be more difficult for us to hire, motivate and retain highly skilled personnel. If the personnel holding key positions at our company are not as qualified as we expect or if we do not succeed in attracting additional highly skilled personnel or retaining or motivating our existing personnel, we may be unable to grow effectively or at all.

In addition, employee misconduct could expose us to significant legal liability and reputational harm. If any of our employees and management members engages in improper, illegal or suspicious activities or other misconduct in violation of our ethical policies, regulatory rules or regulations concerning anti-corruption, bribery and other ethical issues, we could suffer serious harm to our reputation, financial condition, relationships with our business partners, automakers and dealers and our ability to attract new users and customers. We could even be subject to regulatory sanctions and significant legal liability.

***We may undertake acquisitions, investments, joint ventures or other alliances, which could prove difficult to integrate, disrupt our business or otherwise negatively impact our results of operations.***

As part of our business strategy, we regularly evaluate potential acquisitions, investments and alliances, including joint ventures, minority equity investments and strategic investments. These transactions involve numerous risks, including:

- the failure to achieve the expected benefits of the acquisition, investment or alliance;
- difficulties in, and the cost of, integrating operations, technologies, services and personnel;
- write-offs of investments or acquired assets;
- non-performance by, or conflicts of interest with, the parties with whom we enter into investments or alliances;

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## RISK FACTORS

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- limited ability to monitor or control the actions of other parties with whom we enter into investments or alliances;
- misuse of proprietary information shared in connection with an acquisition, investment or alliance; and
- depending on the nature of the acquisition, investment or alliance, exposure to new regulatory risks.

The realization of any of these risks could materially and adversely affect our business. To the extent any of our directors or officers also invests in a capacity other than as our director or officer, his or her interest may not be aligned with ours.

In addition, if we finance acquisitions by issuing equity or convertible debt securities, our existing shareholders may be diluted, which could affect the market price of our Shares and/or ADSs.

Furthermore, we may fail to identify or secure suitable acquisition, investment and other strategic opportunities, or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

***Our vendors may raise prices and, as a result, increase our operating expenses.***

We rely on third parties for certain essential services such as internet services and we may not have any control over the costs of the services they provide. The third-party service providers may raise prices, which might not be commercially reasonable to us. If we are forced to seek other providers, there is no assurance that we will be able to find alternative providers that are willing or able to provide comparable high-quality services and that will not charge us higher prices for their services. If the prices that we are required to pay to third-party service providers rise significantly, our results of operations could be adversely affected.

***Divestitures of businesses and assets may have a material and adverse effect on our business and financial situation.***

We have undertaken, and may undertake in the future, partial or complete divestitures or other disposal transactions in connection with certain of our businesses and assets, particularly ones that are not closely related to our core focus areas or might require excessive resources or financial capital, to help our company meet its objectives. We also have and may in the future withdraw from certain of our businesses to shift our focus to other businesses. For example, we substantially withdrew from the direct vehicle sales business in 2016. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgment could be inaccurate, and we may not achieve the desired strategic and financial benefits from these transactions. Our financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses. In addition, as our net (loss)/income from discontinued operations are non-recurrent, it may be difficult for investors and analysts to predict our future earnings potential based on our historical financial performance.

Dispositions may also involve continued financial involvement in the divested business, such as through guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial

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## RISK FACTORS

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results. We may also be exposed to negative publicity as a result of the potential misconception that the divested business is still part of our consolidated group. On the other hand, we cannot assure you that the divesting business would not pursue opportunities to provide services to our competitors or other opportunities that would conflict with our interests. If any conflicts of interest that may arise between the divesting business and us cannot be resolved in our favor, our business, financial condition, results of operations could be materially and adversely affected.

Furthermore, reducing or eliminating our ownership interests in these businesses might negatively affect our operations, prospects, or long-term value. We may lose access to resources or know-how that would have been useful in the development of our own business. Our ability to diversify or expand our existing businesses or to move into new areas of business may be reduced, and we may have to modify our business strategy to focus more exclusively on areas of business where we already possess the necessary expertise. We may sell our interests too early, and thus forego gains that we otherwise would have received had we not sold. Selecting businesses to dispose of or spin off, finding buyers for them (or the equity interests in them to be sold) and negotiating prices for what may be relatively illiquid ownership interests with no easily ascertainable fair market value will also require significant attention from our management and may divert resources from our existing business, which in turn could have an adverse effect on our business operations.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to spin-off a subsidiary entity and list it on the Hong Kong Stock Exchange within three years of the Listing. While we do not have any specific plans with respect to the timing or details of any potential spin-off listing on the Hong Kong Stock Exchange as at the date of this document, we continue to explore the ongoing financing requirements for our various businesses and may consider a spin-off listing on the Hong Kong Stock Exchange for one or more of those businesses within the three-year period subsequent to the Listing. As of the Latest Practicable Date, we have not identified any target for a potential spin-off. As a result, we do not have any information relating to the identity of any spin-off target or any other details of any spin-off. Accordingly, there is no material omission of any information relating to any possible spin-off in this document. The waiver granted by the Hong Kong Stock Exchange is conditional upon us confirming to the Hong Kong Stock Exchange in advance of any spin-off that it would not render us, excluding the business to be spun off, incapable of fulfilling either the eligibility or suitability requirements under Rules 19C.02 and 19C.05 of the Hong Kong Listing Rules based on the financial information of the entity or entities to be spun off at the time of our Listing (calculated cumulatively if more than one entity is spun off). We cannot assure that any spin-off will ultimately be consummated, whether within the three-year period after the Listing or otherwise, and any such spin-off will be subject to market conditions at the time and approval by the Listing Committee. In the event that we proceed with a spin-off, our interest in the entity to be spun off (and its corresponding contribution to the financial results of our Group) will be reduced accordingly. For additional information, see “Waivers and Exemptions—Three Year Restrictions to Spin-offs”.

***Ping An Group has substantial influence over our company and its interests may not be aligned with ours.***

As of December 31, 2020, Yun Chen, a subsidiary of Ping An Group, owned 49.0% of the total equity interest in our company. Because Ping An Group beneficially owns a significant percentage of the voting rights in our company, it has substantial influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other

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## RISK FACTORS

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significant corporate actions. Without the consent of Ping An Group, we may be prevented from entering into transactions that could be beneficial to us. The interests of Ping An Group may differ from the interests of our other shareholders. Furthermore, Ping An Group's business activities, although not related to our operations, may adversely impact reputation. As Ping An Group is a public company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange and beneficially controls a significant percentage of our voting rights, Ping An Group may be required to disclose information on us from time to time, which may subject us to additional costs and efforts in making such disclosures.

We have and expect to continue to have related party transactions with Ping An Group. In 2018, 2019 and 2020, Ping An Group provided us with services and assets in the amount of RMB88.7 million, RMB107.7 million and RMB156.4 million (US\$24.0 million), respectively. In 2018, 2019 and 2020, we provided services to Ping An Group in the amount of RMB473.5 million, RMB447.0 million and RMB621.8 million (US\$95.3 million), respectively. Although we did not and do not expect to rely upon revenues from Ping An Group, if Ping An Group decides to reduce or even terminate its transactions with us, our business, financial conditions and results of operations may be adversely affected.

***If we fail to maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our Shares and/or ADSs may be adversely impacted.***

The U.S. Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on the company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2020. Our independent registered public accounting firm has issued an attestation report, which has concluded that our internal control over financial reporting was effective in all material aspects as of December 31, 2020. However, if we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. This could in turn result in loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our Shares and/or ADSs. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

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

As of the Latest Practicable Date, we maintained all the insurance policies required by PRC laws and regulations. We consider that the coverage from the insurance policies maintained by us is in line with the industry norm. However, insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. We do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

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## RISK FACTORS

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

We are vulnerable to health epidemics, natural disasters, and other calamities. Any of such occurrences could cause severe disruption to our daily operations, and may even require a temporary closure of our offices, which may disrupt our business operations and adversely affect our results of operations. In addition, our results of operations could be adversely affected to the extent that any of these catastrophic events harms the Chinese economy in general. Recently, our business has been negatively impacted by the COVID-19 outbreak, during which operation of ours in China and in Europe, automakers and dealers slowed down, automobile production and purchases declined and the general economy of China and Europe was negatively impacted due to, among others, the precautionary government-imposed closures of certain travel and business, the government's order to delay resumption of service and mass production and the related quarantine measures.

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

***If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations, and we may face significant disruption to our business operations.***

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that provide internet content services in China. Pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment promulgated in June 2020 and became effective in July 2020, or the Negative List, foreign investors are not allowed to own more than 50% of the equity interests in a commercial internet content provider or other value-added telecommunication service provider (other than e-commerce, domestic multiparty communications, store-and-forward and call center) and the major foreign investor making investment in a value-added telecommunication service provider must have experience in providing value-added telecommunications services overseas and maintain a good track record. In addition, foreign investors are prohibited from investing in companies engaged in internet audio-visual programs businesses, internet culture businesses (except for music) and radio and television program production businesses. We are a Cayman Islands company and foreign legal person under PRC laws. Accordingly, neither we nor our wholly foreign-invested PRC subsidiaries are currently eligible to apply for the required licenses for providing internet content services or other value-added telecommunication services or conduct other businesses which foreign-owned companies are prohibited or restricted from conducting in China.

As such, we conduct our business activities related to internet content services by entering into a series of contractual arrangements with two of our VIEs in China, namely, Autohome Information and Shengtuo Hongyuan, and their respective shareholders. In particular, Autohome Information currently holds a license for provision of internet information services, or the ICP license, a Value-added Telecommunications License for Online Data Processing and Transaction Processing Business (for operational e-commerce only), a Surveying and Mapping Qualification Certificate for Internet Mapping, an Operating License for the Production and Dissemination of Radio and Television Programs, an internet Audio/Video Program Transmission License which is in the process of renewal, and an Internet Culture Business Permit. In addition, Autohome Information is the sole shareholder of Shanghai Tianhe, an insurance brokerage company, which has completed the registration process required for engaging in online insurance business in the PRC. Autohome Information is also the sole shareholder of Shanghai Leyulv Travel Agency Co., Ltd., which obtained a Travel Agency Business License in 2019 and is qualified to conduct travel business in the PRC. Shengtuo Hongyuan currently holds an ICP license which is in the process of renewal, a Surveying and Mapping Qualification

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## RISK FACTORS

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Certificate for Internet Mapping, and an Operating License for the Production and Dissemination of Radio and Television Programs and is operating the *che168.com* website and automobile application-related business. Shengtuo Hongyuan is expected to obtain the updated ICP license in March 2021.

These two VIEs are currently owned by individual shareholders who are PRC citizens and hold the requisite licenses or permits to operate internet business in China. We do not have any equity interests in these two VIEs but substantially control their operations and receive the economic benefits through contractual arrangements. We have been and are expected to continue to be dependent upon these two VIEs and their respective subsidiaries for the above mentioned business operations. For more information regarding these contractual arrangements, see “Related Party Transactions—Contractual Arrangements with Our Variable Interest Entities.”

In consideration of the previous restrictions imposed on the shareholders of foreign-invested companies engaging in advertising business, we once conducted advertising business by entering into a series of contractual arrangements with the other two VIEs in China, namely Guangzhou You Che You Jia Advertising Co., Ltd., or Guangzhou Advertising, and Shanghai You Che You Jia Advertising Co., Ltd., or Shanghai Advertising, and two subsidiaries of Autohome Information, namely, Autohome Advertising and Chengshi Advertising. Since the relevant regulatory environment developed, such restrictions were lifted in 2015. Therefore, in 2015, we completed the migration of our advertising business from Guangzhou Advertising, Shanghai Advertising and other PRC entities to the PRC subsidiaries of Autohome Media, a Hong Kong advertising and marketing company previously named as Prbrownies Marketing Limited. We have completed the dissolution and deregistration of Guangzhou Advertising and Shanghai Advertising in November 2018 and July 2020, respectively.

Based on the advice of our PRC legal counsel, Han Kun Law Offices, the corporate structure of our VIEs and our subsidiaries in China are in compliance with all existing PRC laws and regulations. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, we cannot assure you that the PRC government would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If we or any of our current or future VIEs or subsidiaries are 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 regulatory authorities, including the Ministry of Industry and Information Technology, or the MIIT, the Cyberspace Administration of China, which regulates internet information services companies, the CBIRC, whose predecessor is China Insurance Regulatory Commission, and the China Securities Regulatory Commission, or the CSRC, would have broad discretion in dealing with such violations, including, without limitation, levying fines, confiscating our income or the income of Autohome WFOE, Chezhiying WFOE, TTP WFOE and the VIEs, revoking the business licenses or operating licenses of Autohome WFOE, Chezhiying WFOE, TTP WFOE and the VIEs, shutting down our servers or blocking our websites and mobile applications, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, or taking other enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, including our business operations not carried out through the VIEs, and severely damage our reputation, which would in turn materially and adversely affect our business and results of operations. As we generate

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## RISK FACTORS

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substantially all our revenues through or with the support of our online platforms, whose operation is dependent on the business or operating licenses held by Autohome WFOE, Chezhiying WFOE, TTP WFOE and the VIEs, if such licenses are revoked, or if our servers are shut down or our websites and mobile applications are blocked, we may not be able to continue our operation. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the VIEs or our right to receive their economic benefits, we would no longer be able to consolidate the VIEs.

***Our contractual arrangements with our VIEs may not be as effective in providing operational control as direct ownership.***

We have relied and expect to continue to rely on (i) contractual arrangements with Autohome Information and its shareholders and (ii) contractual arrangements with Shengtuo Hongyuan and its shareholders to operate our business. For a description of these contractual arrangements, see “Related Party Transactions—Contractual Arrangements with Our Variable Interest Entities.” These contractual arrangements may not be as effective in providing us with control over our VIEs as direct ownership. If we had direct ownership of these entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by these entities and their shareholders of their contractual obligations to exercise control over our VIEs. Therefore, our contractual arrangements with our VIEs may not be as effective in ensuring our control over their operations as direct ownership would be.

***The shareholders of our VIEs may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs. Any failure by our VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition.***

The shareholders of our VIEs may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs. If our VIEs or their shareholders fail to perform their obligations under the contractual arrangements, we may have to incur substantial costs and expend resources to enforce our rights under the contracts. We may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. For example, if the shareholders of Autohome Information and Shengtuo Hongyuan were to refuse to transfer their equity interests in those companies to us or our designee when we exercise the call option pursuant to these contractual arrangements, if they transfer the equity interests to other persons against our interests, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in 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 law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our VIEs, and our ability to conduct our business may be negatively affected.

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## RISK FACTORS

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***The contractual arrangements among our subsidiaries and our VIEs may be subject to scrutiny by the PRC tax authorities and a finding that we or our VIEs owe additional taxes could substantially reduce our consolidated net income and 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 within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among Autohome WFOE, Chezhiying WFOE, TTP WFOE, our VIEs and the shareholders of our VIEs do not represent arm's length prices and consequently adjust Autohome WFOE, Chezhiying WFOE and TTP WFOE's or our VIEs' 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 our VIEs, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties on Autohome WFOE, Chezhiying WFOE, TTP WFOE or our VIEs for any unpaid taxes. Our consolidated net income may be materially and adversely affected if Autohome WFOE, Chezhiying WFOE and TTP WFOE or our VIEs' tax liabilities increase or if they are subject to late payment fees or other penalties.

***The interests of the individual nominee shareholders of our VIEs may be different from our interests, which may materially and adversely affect our business.***

The individual nominee shareholders of Autohome Information and Shengtuo Hongyuan are Quan Long, the chairman of our board of directors and our chief executive officer, and Haiyun Lei, an employee of the affiliate of Yun Chen who has been working with Ping An Group and its affiliates for more than 20 years. They each hold 50% of the equity interests in Autohome Information and Shengtuo Hongyuan. Each of these two individuals is a PRC citizen. The individual nominee shareholder of Shanghai Jinwu is Weiwei Wang and the individual nominee shareholders of Shanghai Antuo are Weiwei Wang and Butao Yu. Weiwei Wang is a PRC citizen and the founder of TTP Car Inc.. Butao Yu is a PRC citizen and an employee of TTP Car Inc.. The interests of the individual nominee shareholders of our VIEs may be different from our interest. For example, the individual nominee shareholders of our consolidated affiliated entities do not have a significant equity stake in our company. These shareholders may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs, which would have a material and adverse effect on our ability to effectively control our VIEs and receive substantially all the economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when a conflict of interest arises, any or all of these shareholders will act in the best interests of our company or such conflict will be resolved in our favor.

Currently, we rely on our contractual arrangements with these individual nominee shareholders and do not have other arrangements to address any potential difference of interests between them and our company. We rely on these individuals to comply with the laws of the PRC, which protect contracts, provide that directors and executive officers owe a duty of loyalty and a duty of diligence to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gain. We also rely on Mr. Quan Long, the chairman of our board of directors and our chief executive officer, to abide by the laws of the Cayman Islands, which provide that directors owe a duty of care to our company. However, the legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any difference of interests or dispute between us and the shareholders of

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## RISK FACTORS

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our VIEs, 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.

The individual nominee shareholders of our VIEs may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the relevant VIEs and the validity or enforceability of our contractual arrangements with the relevant entity and its shareholders. For example, in the event that any of such individual nominee shareholders divorces his or her spouse, the spouse may claim that the equity interests of the relevant VIE held by such individual nominee shareholder is part of their community property and should be divided between such individual nominee shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interests may be obtained by the individual nominee shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over the relevant VIE by us. Similarly, if any of the equity interests of our VIEs is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over the relevant VIE or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, the VIEs and their individual nominee shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of Autohome WFOE, Chengzhiying WFOE and TTP WFOE, we cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the case any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

***We may rely to a significant extent on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.***

We are a holding company and conduct all of our business through our operating subsidiaries. We may rely to a significant extent on dividends and other distributions on equity to be paid by our wholly owned PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. 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 distributions to us.

Under PRC laws and regulations, our PRC subsidiaries, as wholly foreign-owned enterprises in the PRC, may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, according to PRC Company Law, before the distribution of the dividends, enterprises in PRC are required to set aside at least 10% of their accumulated after-tax profits, if any, each year to fund certain statutory reserve funds, until the aggregate amount of such funds reach 50% of their registered capital. These statutory reserve funds are not distributable as cash dividends.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

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## RISK FACTORS

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***PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our equity offerings to make loans to our PRC subsidiaries and VIEs or to make additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.***

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and VIEs. We may make loans to our PRC subsidiaries and VIEs, or we may make additional capital contributions to our PRC subsidiaries. Any loans by us to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries to finance its activities cannot exceed statutory limits and must be registered with the competent local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. We may also decide to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be filed with the MOFCOM and the SAMR or their local counterparts. Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to our VIEs, which are PRC domestic companies. Further, we are not likely to finance the activities of our VIEs by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in internet content services.

Pursuant to the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19 which became effective on June 1, 2015 and the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16 which was promulgated in June 2016, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or choose to follow the “conversion-at-will” system for foreign currency settlement. SAFE Circular 19 and SAFE Circular 16, therefore, have substantially lifted the restrictions on the usage by a foreign-invested enterprise of its Renminbi registered capital, foreign debt and repatriated funds raised through overseas listing converted from foreign currencies. According to SAFE Circular 19 and SAFE Circular 16, such Renminbi capital, foreign debt and repatriated funds raised through overseas listing may be used at the discretion of the foreign-invested enterprise and SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, it is still not clear whether foreign-invested enterprises like our PRC subsidiaries are allowed to extend intercompany loans to our VIEs. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. As SAFE Circular 28 is relatively new and the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice. See “Regulations—Regulations on Foreign Exchange.”

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, filings or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations, filings or obtain such approvals, our ability to use the proceeds we received from our equity offerings 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.

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## RISK FACTORS

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***If our PRC subsidiaries or VIEs become the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy some of our key assets, which could reduce the size of our operations and materially and adversely affect our business, our ability to generate revenues and the market price of our Shares and/or ADSs.***

As of the date of this document, we conduct our business mostly through our PRC subsidiaries and the VIEs, which hold operating permits and licenses and some of the key assets that are important to the operation of our business. We expect to continue to be dependent on these VIEs to operate our business related to internet content services in China. If the above-mentioned VIEs go bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which would materially and adversely affect our business, financial condition and results of operations. If such VIEs undergo a voluntary or involuntary liquidation proceeding, their equity holders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which would materially and adversely affect our business, our ability to generate revenues and the market price of our Shares and/or ADSs.

***We are subject to changing laws and regulations regarding regulatory matters, corporate governance and public disclosure that may increase both our costs and the risk of non-compliance.***

We are subject to rules and regulations by various governmental and self-regulatory organizations at various levels of the governing bodies, including, for example, the SEC and financial market exchange entities, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, and various regulatory authorities in China, the Cayman Islands, the British Virgin Islands, Germany, Ireland and the UK, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

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

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

The majority of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the Chinese

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## RISK FACTORS

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government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese 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, the growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these 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. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

***Uncertainties with respect to the PRC legal system could adversely affect us.***

We conduct our business primarily through our PRC subsidiaries and VIEs in China. Our operations in China are governed by PRC laws and regulations. Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us. In 1979, 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 several decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

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

In March 2019, the Foreign Investment Law was enacted by the National People's Congress and it became effective in January 2020. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The VIE structure has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "Related Party Transactions—Contractual Arrangements with Our Variable Interest

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## RISK FACTORS

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Entities” and “Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.” Although the Foreign Investment Law does not explicitly classify “contractual arrangements” as a form of foreign investment, it contains a catch-all provision under the definition of “foreign investment” which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still reserves certain leeway for future legislation by the State Council to provide “contractual arrangements” as a form of foreign investment, in which case it will be uncertain as to whether our contractual arrangements with our VIEs will be deemed to be in violation of the market access requirements for foreign investments under the PRC laws and regulations, such as the Negative List. According to the 2015 Catalog and the Negative List, the provision of internet content services, which we conduct through our VIEs, is subject to foreign investment restrictions. Therefore, such foreign investment restrictions will be inevitably imposed on our VIEs if our contractual arrangements with our VIEs are further defined or regarded as a form of foreign investment by any future provisions stipulated in laws or administrative regulations or other methods prescribed by the State Council. In addition, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we could complete such actions in a timely manner, or at all, and our business and financial condition may be materially and adversely affected. Given the foregoing, uncertainties still exist in relation to the interpretation and implementation of the Foreign Investment Law, which may result in adverse impact on our current corporate structure.

If our contractual arrangements with our VIEs are defined or regarded as a form of foreign investment in the future, our corporate governance practice may be impacted and our compliance costs may increase. For instance, the Foreign Investment Law requires foreign investors or foreign-funded enterprises to submit the investment information to competent governmental authorities for review. Although the contents and scope of such information shall be determined under the principle of necessity and the information that can be obtained through interdepartmental information sharing will not be required to be resubmitted, foreign investors or foreign-funded enterprises which fail to report their investment information as requested will be required to take corrective measures and/or be subject to fines. Moreover, the Foreign Investment Law provides that a security examination mechanism will be established to examine any foreign investment activity that affects or may affect national security. The decision made upon the security examination may impact the operations of the foreign-funded enterprises.

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## RISK FACTORS

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

The PRC government extensively regulates the internet industry, 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 uncertainties. As a result, in 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 the PRC government regulation of the internet industry include, but are not limited to, the following:

- We only have contractual control over our websites and mobile applications. We do not own the websites or the mobile applications due to the restriction on foreign investment in businesses providing value-added telecommunication services in China, which include internet content provision services.
- There are uncertainties relating to the regulation of the internet industry in China, including evolving licensing requirements. This means that permits, licenses or operations at some of our subsidiaries and VIEs may be subject to challenge, or we may fail to obtain permits or licenses that applicable regulators may deem necessary for our operations, or we may not be able to obtain or renew permits or licenses. For example, both Autohome Information and Shengtuo Hongyuan may be required to obtain additional licenses, including internet publishing licenses and internet news information service licenses, if the release of articles and information on the mobile applications and the websites *autohome.com.cn* and *che168.com* is deemed by the PRC regulatory authorities as being provision of internet publishing service, internet news information service. See “Regulations—Regulations on Internet Publishing” and “Regulations—Regulations on Internet News Information Service” for additional details.
- The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in March 2018, the State Council announced to transform the Central Leading Group for Cyberspace Affairs into a new department, the Office of the Central Cyberspace Affairs Commission (with the involvement of the State Council Information Office, the MIIT, and the Ministry of Public Security). The primary role of this new agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry, and the National Computer Network and Information Security Management Center was adjusted to be managed by the Office of the Central Cyberspace Affairs Commission Office instead of the MIIT.
- New laws and regulations may be promulgated to regulate internet activities, including online advertising businesses and online auto finance businesses. As such, additional licenses may be required for our 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.
- New government policies and internal rules relating to the regulations on internet activities may negatively affect our user traffic growth. For example, the E-commerce Law, which took effect on January 1, 2019, provides that the character “advertisement” should be noticeably marked on the commodities or services ranked under competitive bidding. Complying with such requirements may negatively affect the growth rate of user traffic on our websites and mobile applications. The promulgation of laws and regulations relating to the internet activities may further impair our user traffic growth.

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## RISK FACTORS

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On July 13, 2006, the Ministry of Information Industry (the predecessor of the MIIT), issued the Notice of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services. This notice prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this notice, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The notice also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. Currently, Autohome Information and Shengtuo Hongyuan, two of our VIEs, own the related domain names and trademarks and hold the ICP licenses, necessary to conduct our operations for websites and mobile applications in China.

In addition, on February 7, 2021, the Anti-monopoly Committee of the State Council published the Guideline on Anti-monopoly of Platform Economy Sector, or the Guideline, which became effective on the same day, aiming at enhancing anti-monopoly administration on businesses that operate under the platform model and the overall platform economy. The Guideline intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related merchants and service providers on online platforms, i.e. unfairly locking in exclusive agreements with merchants and targeting specific customers with unreasonable big-data driven tailored pricing through their online behavior to eliminate or limit market competition. As of the date of this document, we have not been subject to any regulatory actions or investigations in connection with anti-monopoly and as advised by our PRC Legal Adviser, we do not expect that the Guideline will have a material impact on our business. However, as the Guideline is newly enacted, there remains uncertainties as to how the Guideline will be implemented, and we cannot assure you that the governmental authorities will not take an opposite opinion. Any failure or perceived failure by us to comply with the Guideline and other anti-monopoly 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 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. We cannot assure you that we will be able to maintain our existing licenses or obtain any new licenses if required by any new laws or regulations. There are also risks that we may be found to violate existing or future laws and regulations given the uncertainty and complexity of China's regulation of the internet industry. If we or our VIEs fail to obtain or maintain any of the required assets, licenses or approvals, our continued business operations in the internet industry may subject us to various penalties, including the confiscation of illegal net revenues, fines and the discontinuation or restriction of our operations, any of which would materially and adversely affect our business and results of operations.

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

Shareholder claims or regulatory investigations that are common in jurisdictions outside China 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 China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to

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## RISK FACTORS

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implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States or other jurisdictions 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 investigation or evidence collection activities within the territory of the PRC, and without the consent by the Chinese securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business to any foreign party. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigation or evidence collection activities within China and the potential obstacles for information provision may further increase difficulties you face in protecting your interests. See also “—Risks Related to Our Shares, ADSs and the Listing—You may face difficulties in protecting your interests, and your ability to protect your rights through the Hong Kong courts or the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we conduct substantially all of our operations in China and substantially all of our directors and officers reside outside Hong Kong and the United States” for risks associated with investing in us as a Cayman Islands company.

***There are substantial uncertainties with respect to the interpretation and implementation of the E-commerce Law and how it may impact our business operations.***

On August 31, 2018, the Standing Committee of the National People’s Congress of China issued the E-commerce Law, which came into effect on January 1, 2019. Pursuant to the E-commerce Law, operators of e-commerce platforms shall verify and register the basic information of e-commerce operators on their platforms, including the identity, address, contact and administrative license, and establish archives with regular updates for such information. It further provides that operators of e-commerce platforms shall submit information on the identification of e-commerce operators to department for market regulation, and submit e-commerce operators’ identification information and other information relating to tax payment to tax authority. Additionally, operators of e-commerce platforms shall record and save information released on their platform about commodities and services, and report to competent authorities, if such information show that e-commerce operators have failed to obtain the administrative license when they are subject to the relevant administrative approval, or commodities sold or services offered by e-commerce operators are found to be in violation of certain requirements to safeguard personal safety, property security and the requirements on environmental protection, or to be prohibited by laws and administrative regulations. The E-commerce Law establishes obligations to protect consumers for operators of e-commerce platforms, such as obligations to protect consumers’ personal information and record information of deals concluded on their platforms, obligations to refund guarantee deposits to consumers in a timely manner and obligations to noticeably label commodities or services ranked under competitive bidding with the word “Advertisement.” E-commerce operators shall not conduct false or misleading commercial publicity by fabricating transactions, making up user reviews or any other means, to cheat or mislead consumers. E-commerce platform operators shall not delete consumers’ ratings of commodities sold or services provided on the platform.

We have carried out compliance work in accordance with these regulatory requirements. However, in consideration that the E-commerce Law is relatively new, there are substantial uncertainties with respect to the interpretation and implementation of the E-commerce Law and how it may impact our business operations. We cannot guarantee that the compliance measures we have taken are fully consistent with the interpretation of regulators, and there is a risk that the company will be punished by those regulators because of any non-compliance activities.

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## RISK FACTORS

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***The implementation of the Cyber Security Law may result in our substantial costs and diversion of resources and management attention.***

On July 1, 2015, the Standing Committee of the National People's Congress of China issued the National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard sovereignty, security and development interests of cyberspace in the state, and the state shall establish a national security review and supervision system to review foreign investment, key technologies, internet and information technology products and services and other important activities that are likely to impact the national security of China.

The Cyber Security Law, which was issued by the Standing Committee of the National People's Congress of China on November 7, 2016 and became effective on June 1, 2017, is the first PRC law that focuses exclusively on cyber security. The Cyber Security Law sets high requirements for the operational security of facilities deemed to be part of PRC's "key information infrastructure facilities," and includes the integration of national security examinations under certain circumstances. Pursuant to the Cyber Security Law, the State shall, based on the classified protection system for cyber security, focus on protecting both the key information infrastructure used for public communications and information service, energy, transport, water conservancy, finance, public services, e-government affairs and other important industries and fields and other key information infrastructure that will result in serious damage to the national security, national economy and people's livelihood and public interests once destroyed. The Cyber Security Law provides that key information infrastructure facilities operators must set up specialized internal security management divisions and assign appropriate person(s) responsible for security management. Additionally, these operators must conduct background checks on the person(s) responsible for security management and on personnel in critical positions. It further provides that when operators of key information infrastructure facilities purchase network products or services that may affect or involve national security, the operator must pass a security examination jointly arranged by the national network and information authority and the relevant government departments and the national security examination process under the National Security Law will be triggered. The operators of key information infrastructure facilities must store important data collected and generated, including citizens' personal information, exclusively within the territory of the People's Republic of China. The Cyber Security Law also sets increasingly more stringent requirements for network operators. The Cyber Security Law establishes censorship duties for network operators, including digital information distribution service providers and application software download service providers. When these operators notice a prohibited publication, or the transmission of illicit information, they must promptly stop transmitting the information and take measures necessary to prevent the spread of that information. Operators must maintain a record of these incidents when they occur and report them to the competent authorities. The Cyber Security Law provides relevant subjects with solid legal authorities who are empowered to take measures to cut off any transmission(s) of prohibited information on communication networks. Upon finding prohibited information, those authorities will require that the network operators stop the transmission and take the necessary measures to remove any prohibited content. Where the above prohibited information comes from outside the territory of China, these authorities may request that all related institutions to take necessary measures to stop the flow of prohibited information.

As the Cyber Security Law was relatively new, there remain substantial uncertainties with respect to its interpretation and implementation which may increase the costs for us to comply with it, which may also divert our resources and management attention.

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## RISK FACTORS

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***Fluctuations in exchange rates may have a material adverse effect on your investment.***

Substantially all of our revenues and costs are denominated in RMB. The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. In July 2005, the PRC government changed its decades-old policy of pegging the value of the RMB to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB 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 the RMB and the U.S. dollar in the future. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, RMB is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the RMB depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. This depreciation halted in 2017, and the RMB appreciated approximately 7% against the U.S. dollar during this one-year period. Between February 2018 and December 31, 2018, the RMB depreciated significantly, over 8% against the U.S. dollar. During the period from August 2019 to December 2019, the RMB depreciated to over seven per U.S. dollar, the lowest rate in over a decade. During 2020, the RMB appreciated about 6.3% against the U.S. dollar. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the RMB 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 the RMB and the U.S. dollar in the future.

Significant revaluation of the RMB may have a material and adverse effect on your investment. To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us. In addition, a significant depreciation of the RMB 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 Shares and/or ADSs.

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

***Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.***

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in

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## RISK FACTORS

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RMB. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares and/or ADSs.

***Certain regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.***

Among other things, certain regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, these regulations require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council on August 3, 2008 and amended on September 18, 2018, are triggered. According to the Implementing Rules Concerning Security Review on Mergers and Acquisitions by Foreign Investors of Domestic Enterprises issued by the MOFCOM in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the MOFCOM. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the MOFCOM or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. We may elect to grow our business in the future in part by directly acquiring, or investing in, complementary businesses in China. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM, may delay or inhibit our ability to complete such transactions.

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

In December 2006, the People's Bank of China, or PBOC, promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, which sets forth the respective requirements for foreign exchange transactions by individuals (both PRC and non-PRC citizens) under either the current account or the capital account. In January 2007, SAFE issued relevant implementing rules which were further revised by SAFE in 2016, that specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock incentive plans or share option plans of an overseas publicly listed company. In February 2012, SAFE promulgated the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies, or the Stock Option Notice. The Stock Option Notice supersedes the requirements and procedures for the registration of PRC resident individuals' participation in stock incentive plans set forth by certain rules promulgated by SAFE in March 2007

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## RISK FACTORS

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and January 2008. Under these measures, PRC resident individuals who participate in an employee stock incentive plan or a share option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. A PRC domestic qualified agent appointed through the PRC subsidiaries of such overseas listed company must file applications on behalf of such PRC resident individuals with SAFE or its local counterpart to obtain approval for an annual allowance with respect to the foreign exchange in connection with stock holding or share option exercises. With the approval from SAFE or its local counterpart, the PRC domestic qualified agent must open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, payment received upon sales of shares, dividends issued on the stock and any other income or expenditures approved by SAFE or its local counterpart. We and our PRC resident employees who participate in our share incentive plans are subject to these regulations as we are an overseas listed company. We have made registration with the local counterparts of SAFE for our PRC resident employees who participate in our share incentive plans as required under the Stock Option notice and relevant rules. If we or our PRC plan participants fail to comply with these regulations, we or our PRC plan participants may be subject to fines and other legal or administrative sanctions. See “Regulations—Regulations on Employee Stock Options Plans.”

***We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.***

On February 3, 2015, the State Administration of Taxation, or the SAT, issued SAT Notice 7, which was amended in December 2017, to supersede the existing tax rules in relation to the indirect transfer of assets by non-PRC resident enterprises. SAT Notice 7 introduces a more sophisticated anti-avoidance guidance. SAT Notice 7 extends its tax jurisdiction to capture not only indirect transfer but also transactions involving transfer of movable and immovable property in China of a foreign company through the offshore transfer of a foreign intermediate holding company. According to SAT Notice 7, if a non-resident enterprise indirectly transfers PRC taxable properties through an arrangement without reasonable commercial purpose but to avoid PRC Corporate Income Tax, the indirect transfer shall be re-characterized and treated as a direct transfer of PRC taxable properties. SAT Notice 7 also interprets the term “transfer of the equity interests in a foreign intermediate holding company” broadly. In addition, SAT Notice 7 provides clearer criteria on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to the public trading of shares in a listed company holding taxable PRC assets and indirect transfers resulting from a corporate restructuring.

Further, SAT Notice 7 adopts a voluntary reporting regime. Both the foreign transferor and the transferee, and the PRC tax resident enterprise whose equity interests being transferred may voluntarily report the transfer by submitting the documents required in SAT Notice 7. In addition to the voluntary reporting, SAT Notice 7 empowers the Chinese tax authorities to require various documents from the parties involved. Although SAT Notice 7 provides clarities in many important areas such as reasonable commercial purpose and reporting requirements, it brings challenges to both the foreign transferor and transferee of the indirect transfer as they are required to make a self-assessment on whether the transaction should be subject to PRC tax and to file or withhold the PRC tax accordingly.

On October 17, 2017, the State Administration of Taxation issued the Announcement of the State Administration of Taxation on Matters Concerning Withholding of Income Tax of Non-Resident Enterprises at Source, or SAT Circular 37, which became effective on December 1, 2017. The SAT Circular 37 applies the principle of withholding of income tax of non-resident enterprises at source. The SAT Circular 37 stipulates that the taxable income from equity transfers refers to the balance of deducting the net value of equity transferred from the total income from the applicable equity transfer. Pursuant to SAT Circular 37, the payer, namely the principal, the designator, or the warrantee or the

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## RISK FACTORS

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guaranteed party, should assume the obligation of withholding income tax in the circumstances where the payer entrusts an agent or designates a third party to make payments on its behalf, or the payments should be made by a third-party warrantor or guarantor as provided in the applicable guarantee contracts or applicable laws.

SAT Notice 7 became effective on February 3, 2015, but it also applies to indirect transfers which occurred before its issuance but have not received assessments from the tax authorities. SAT Circular 37 and SAT Notice 7 may be determined by the tax authorities to be applicable to our corporate restructuring where non-resident investors were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under SAT Circular 37 and SAT Notice 7 and we may be required to expend valuable resources to comply with SAT Circular 37 and SAT Notice 7 or to establish that we should not be taxed under the general anti-avoidance rule of the amended PRC Enterprise Income Tax Law, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors' investments in us.

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

The amended Enterprise Income Tax Law and its implementation rules permit certain “high and new technology enterprises strongly supported by the state”, or HNTes, which hold independent ownership of core intellectual property to enjoy a preferential enterprise income tax rate of 15% subject to certain qualification criteria. In addition, PRC laws permit reduction in income tax for “key software enterprises”, or KSEs, or “software enterprises”. All of these statuses are subject to review and renewal, with HNTes to be renewed every three years and KSEs and software enterprises annually. Currently we have eight subsidiaries eligible for preferential tax treatments, one of which is recognized as HNTe only and is eligible for the preferential 15% enterprise income tax rate, three of which are recognized as software enterprises and are exempt from income tax for the tax years of 2019 and 2020, while the other four of which are accredited as KSEs and enjoy a preferential enterprise income tax rate of 10%. However, if any of these subsidiaries fails to pass the review by, and filing with, the relevant tax authorities to be qualified as a HNTe, a KSE or a software enterprise, such company will no longer enjoy the corresponding preferential tax treatment described above.

***Our global income and the dividends that we may receive from our PRC subsidiaries, dividends distributed to our non-PRC shareholders and ADS holders, and gains recognized by such shareholders or ADS holders, may be subject to PRC taxes under the Enterprise Income Tax Law, which would have a material adverse effect on our results of operations.***

Under the Enterprise Income Tax Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, and its implementation rules, which became effective on January 1, 2008 and was most recently amended on April 23, 2019, an enterprise established outside of the PRC with “de facto management bodies” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, on April 22, 2009, which was amended in 2013 and 2017 respectively. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. On August 3, 2011, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), which became effective on September 1, 2011 and was most recently

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## RISK FACTORS

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amended in 2018, to provide more guidance on the implementation of SAT Circular 82. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a PRC resident enterprise and may therefore be subject to enterprise income tax at a rate of 25% on our global income. If we are considered a PRC resident enterprise and earn income other than dividends from our PRC subsidiaries, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Pursuant to the amended Enterprise Income Tax Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors, which are non-PRC tax resident enterprises without an establishment in China, or whose income has no connection with their institutions and establishments inside China, are subject to withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we conduct our business through our wholly-owned subsidiaries and VIEs in the PRC, of which Autohome WFOE and Chezhiying WFOE are the primary beneficiaries of our VIEs. Autohome WFOE is 100% owned by Cheerbright International Limited, or Cheerbright, our wholly owned subsidiary located in the British Virgin Islands. The British Virgin Islands currently does not have any tax treaty with China with respect to withholding tax. As long as Cheerbright is considered a non-PRC resident enterprise, dividends that it receives from Autohome WFOE may be subject to withholding tax at a rate of 10%. As to our subsidiaries located in Hong Kong, such as Autohome Media, the shareholder of our PRC subsidiaries currently engaging in advertising business, and Autohome Link Hong Kong Limited, the shareholder of Chezhiying WFOE, under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion, effective on January 1, 2007, as long as each of our Hong Kong subsidiaries is considered a non-PRC resident enterprise and directly holds at least 25% of the equity interests of its respective PRC subsidiaries, dividends that it receives from its PRC subsidiaries may be subject to withholding tax at a preferential rate of 5%, if it is the beneficial owner of the dividends, upon receiving the approval from the local tax authority. In August 2015, the SAT promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015. The SAT Circular 60 was replaced by the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Treaties, or SAT Circular 35, promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020. Pursuant to the SAT Circular 35, non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate, and non-resident enterprises and their withholding agents may, by self-assessment and upon their confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms when performing tax filings. Moreover, non-resident enterprises and their withholding agents shall keep the supporting documents for post-filing examinations by the relevant tax authorities.

As uncertainties remain regarding the interpretation and implementation of the amended Enterprise Income Tax Law and its implementation rules, we cannot assure you that if we are regarded as a PRC resident enterprise, any dividends to be distributed by us to our non-PRC enterprise shareholders and ADS holders would not be subject to any PRC withholding tax at a rate of 10% and to non-PRC individual shareholders and ADS holders would not be subject to PRC individual income tax at a rate of 20%. Similarly, any gain recognized by such non-PRC shareholders or ADS holders on the sale of shares or ADSs, as applicable, may also be subject to PRC tax. If our dividends payable to our

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## RISK FACTORS

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non-PRC enterprise shareholders, non-PRC individual shareholders and ADS holders, or on gains recognized by such non-PRC shareholders or ADS holders are required under the Enterprise Income Tax Law and the Individual Income Tax Law to be subject to PRC tax, such investors' investment in our Shares or ADSs may be materially and adversely affected.

***Increases in labor costs and enforcement of stricter labor-related laws and regulations may adversely affect our business and our results of operations.***

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. 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 users and customers by increasing prices for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract law, which became effective in January 2008, as amended in December 2012 and effective as of July 1, 2013, and its implementation rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employment contracts or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011 and was amended on December 29, 2018. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees. On February 18, 2019, the Ministry of Human Resources and Social Security and eight other departments issued the Circular on Further Regulating Recruitment Activities to Promote Equal Employment for Women, or Circular on Promoting Equal Employment for Women, which came into force simultaneously. The Circular stipulates that if employers or human resources agencies are found to have posted hiring advertisements containing discriminatory content, they may be ordered to correct such discriminatory advertisements. Failure to correct the discriminatory advertisements as ordered will be punishable by a maximum fine of RMB50,000. Inquiring about a female applicant's marital and childbearing status, conducting pregnancy test in the entry medical examination and other behaviors involving gender discrimination are also prohibited by the Circular on Promoting Equal Employment for Women.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice does not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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***The approval of the China Securities Regulatory Commission may be required in connection with this offering, and, if required, we cannot predict whether we will be able to obtain such approval.***

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies, including the CSRC, which became effective on September 8, 2006 and was amended on June 22, 2009, purport to require an offshore special purpose vehicle that is directly or indirectly controlled by PRC companies or individuals for the purpose of the domestic companies actually owned by such PRC companies or individuals (through acquisitions of the equity held by such domestic companies' shareholders or the equity newly issued by such domestic companies by those means with equity as consideration specified in the M&A Rules) seeking a public listing on an overseas stock exchange 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. We publicly listed our ADSs on NYSE on December 11, 2013 and to the Latest Practicable Date have not received any notice or document requiring us to obtain such CSRC approval. Based on our understanding of current M&A Rules, the CSRC's approval is not required for the listing and trading of our Shares on the Main Board under Chapter 19C of the Hong Kong Listing Rules (Secondary Listings of Qualifying Issuers) in the context of this offering. However, the application of the M&A Rules remains unclear and there is no consensus among leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. Currently, there remains uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and our understanding is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules.

If it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our PRC subsidiary, or other actions that 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 shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the shares that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the shares we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

***Proceedings instituted by the SEC against certain PRC-based accounting firms, including the auditor of our consolidated financial statements, could result in financial statements being determined to be not in compliance with the requirements of the U.S. Exchange Act.***

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms in China, including the auditor of our consolidated financial statements, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain other PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the initial administrative law judge presiding over the matter rendered an initial decision that each of the firms had violated the SEC's rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

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## RISK FACTORS

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On February 6, 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and to audit US-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. While we cannot predict if the SEC will further challenge the four PRC-based accounting firms' compliance with U.S. law in connection with U.S. regulatory requests for audit work papers or if the results of such a challenge would result in the SEC imposing penalties such as suspensions, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements could ultimately lead to our delisting from the NYSE or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

***Our auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board ("PCAOB"), and consequently investors may be deprived of the benefits of such inspection. As a result of recent legislation, if such a PCAOB inspection of our auditor cannot be completed within the next three years, we will be required to remove our listing and cease all trading of our securities in the U.S. capital markets. During the intervening period, this and other recent legislative and regulatory developments related to U.S.-listed China-based companies due to lack of PCAOB inspection may have a material adverse impact on our listing and trading in the U.S. and the trading prices of our ADSs and/or ordinary shares.***

Our auditor, the independent registered public accounting firm that issued the audit reports included in our prior Form 20-F filed with the SEC, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance applicable professional standards. The auditor of our consolidated financial statements is located in, and organized under the laws of, the PRC, which is a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities. In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges.

Subsequently, in December 2018 and April 2020, the SEC and the PCAOB issued two joint statements highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, on May 20, 2020, the U.S. Senate passed S. 945, the Holding Foreign Companies Accountable Act, or the Act. The Act was approved by the U.S. House of Representatives on December 2, 2020, and signed into law by the president of the United States on December 18, 2020. In essence, the Act requires the SEC to prohibit foreign companies from listing securities on U.S. securities exchanges if a company retains a foreign accounting firm that

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## RISK FACTORS

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cannot be inspected by the PCAOB for three consecutive years, beginning in 2021. The enactment of the Act and any additional rulemaking efforts to increase U.S. regulatory access to audit information in China could cause investor uncertainty for affected SEC registrants, including us, the market price of our ADSs and Shares could be materially adversely affected, and we could be delisted in the United States if we are unable to meet the PCAOB inspection requirement in time.

The lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes 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 PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

***Changes in international trade policies and rising political tensions, particularly between the U.S. and China, may adversely impact our business and operating results.***

There have been changes in international trade policies and rising political tensions, particularly between the U.S. and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. While the "Phase One" agreement was signed between the United States and China on trade matters, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade, tax policy related to international commerce, or other trade matters. The situation is further complicated by the political tensions between the United States and China that escalated during the COVID-19 pandemic and in the wake of the PRC National People's Congress' decision on Hong Kong national security legislation and sanctions and restrictions imposed by the U.S. government on Chinese companies and citizens. Against this backdrop, China has implemented, and may further implement, measures in response to the Chinese trade policies, treaties, tariffs and sanctions and restrictions against Chinese companies initiated by the U.S. government. For example, the MOFCOM published Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures on January 9, 2021, which applies to cases where the extraterritorial application of foreign laws and measures violates international law and basic norms of international relations, and improperly prohibits or restricts PRC citizens, legal persons or other organizations from conducting normal economic, trade and related activities with third countries (regions) and their citizens, legal persons or other organizations. Rising trade and political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. It could also adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our overseas expansion, our financial condition, and results of operations.

While cross-border business currently may not be an area of our focus, we have expanded our business into the Europe and may continue to extend our global footprint in the future. Any rising trade and political tensions or unfavorable government policies on international trade and Chinese companies could impact our competitive position or hinder our commercial activities in certain countries. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

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## RISK FACTORS

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### **Risks Related to Our Shares, ADSs and the Listing**

***As a company applying for listing under Chapter 19C, we adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.***

As we are applying for listing under Chapter 19C of the Hong Kong Listing Rules, we will not be subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the Listing, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Codes and the SFO. As a result, we will adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers. For additional information, see “Waivers from Strict Compliance with the Hong Kong Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.”

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our Shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Codes and the SFO, which could result in us having to amend our corporate structure and Articles of Association and our incurring of incremental compliance costs.

***The trading price of our ADSs has been and is likely to continue to be, and the trading price of our Shares can be, volatile, which could result in substantial losses to holders of our Shares and/or ADSs.***

The trading price of our ADSs has been and is likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. The trading price of our Shares, likewise, can be volatile for similar or different reasons. For example, the daily closing trading prices for our ADSs ranged from US\$63.71 to US\$105.89 in 2020. The trading price for our Shares and/or ADSs may continue to fluctuate in response to factors including, without limitation, the following:

- regulatory developments in our target markets affecting us, our customers or our competitors;
- conditions in the entire automotive ecosystem;
- conditions in the online industry;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions to our expected results;
- changes in financial estimates by securities research analysts;
- fluctuations of exchange rates among the RMB, the Hong Kong dollar and the U.S. dollar;
- announcements of studies and reports relating to the quality of our services or those of our competitors;
- changes in the economic performance or market valuations of other companies that provide online automotive related services;

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## RISK FACTORS

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- announcements by us or our competitors of new solutions, acquisitions, strategic relationships, joint ventures or capital commitments;
- additions to or departures of our senior management;
- release or expiry of lock-up or other transfer restrictions on our outstanding Shares or ADSs;
- sales or perceived potential sales of additional Shares or ADSs;
- obtaining or revocation of any operating license or permit in relation to our business;
- pending or potential litigation or administrative investigation;
- publicity involving our business and the effectiveness of our sales and marketing activities; and
- alleged untrue statement of a material fact or alleged omission to state a material fact in our public announcements or press releases or misinterpretation thereto.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. Particularly, concerns over economic slowdown resulting from the COVID-19 pandemic have triggered a US key market-wide circuit breaker for several times since March 9, 2020, leading to a historic drop for the US capital market. No guarantee can be given on how the capital markets will react although actions have been taken worldwide to combat the spread of the coronavirus. These broad market and industry fluctuations may adversely affect the market price of our Shares and/or ADSs. The market price of our Shares and/or ADSs may also be adversely affected by any alleged untrue statement or alleged omission to state a material fact in our public announcements or press releases, which may even lead to securities class action suits against us. In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations. Volatility or a lack of positive performance in our Shares and/or ADS price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

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

The trading market for our Shares and/or ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If we do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares and/or ADSs or publishes inaccurate or unfavorable research about our business, the market price for our Shares and/or ADSs would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares and/or ADSs to decline.

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## RISK FACTORS

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***Although we adopted regular dividend policy in 2019, we cannot assure you that our existing dividend policy will not change in the future or the amount of dividends that you may receive, neither can we guarantee that we will have sufficient profits, reserves set aside from profits or otherwise funds to justify and enable dividend declaration and payment in compliance with laws for any year and, therefore, you may need to rely on price appreciation of our Shares and/or ADSs as the sole source for return on your investment.***

In November 2019, our board of directors resolved to adopt a regular dividend policy. Under this policy, we may issue recurring cash dividend every year from 2020 in an amount of approximately 20% of the net income generated in the previous fiscal year, with the exact amount to be determined by our directors based on our financial performance and cash position prior to the distribution. On February 19, 2020, our board of directors declared a cash dividend of US\$0.77 per ordinary share (or per ADS) in favor of holders of our Shares as of the close of business on April 15, 2020 in accordance of the dividend policy, which cash dividend was paid on or about April 22, 2020. On February 2, 2021, our board of directors declared a cash dividend of US\$0.87 per ADS (or US\$0.2175 per Share after reflecting the proposed 4-for-1 share split effective on February 5, 2021) for fiscal year 2020, which is expected to be paid on March 5, 2021 to shareholders of record as of the close of business on February 25, 2021 in accordance with our dividend policy.

Despite a regular dividend policy being in place, before any dividend is declared and paid for any given year, we need to have enough profits to justify such declaration and payment, or we need to have sufficient reserves set aside from profits previously generated that our board of directors determines are no longer needed. In addition, we must be able to pay our debts as they fall due in the ordinary course of business immediately following the dividend payment. We cannot assure you that we will be able to meet all of such conditions to enable dividend declaration and payment in compliance with laws. Even if our board of directors decides to declare and pay dividends, the timing and amount of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Therefore, the amount of dividends that you may receive is uncertain and subject to change.

Furthermore, our regular dividend policy is subject to change at any time at the discretion of our board of directors, and there can be no assurance that we will not adjust or terminate our dividend policy in the future. Accordingly, you should not rely on your investment in our Shares and/or ADSs as a source for any future dividend income and the future return on your investment in our Shares and/or ADSs will likely depend entirely upon any future price appreciation of our Shares and/or ADSs. There is no guarantee that our Shares and/or ADSs will appreciate in value or even maintain the price at which you purchased the Shares and/or ADSs. You may not realize a return on your investment in our Shares and/or ADSs and you may even lose your entire investment in our Shares and/or ADSs.

***Substantial future sales or perceived potential sales of our shares could cause the price of our Shares and/or ADSs to decline.***

Sales of our Shares and/or ADSs in the public market or through private transactions, or the perception that these sales could occur, could cause the market price of our Shares and/or ADSs to decline. Yun Chen owned 49.0% of our total outstanding shares as of December 31, 2020. In addition to unregistered sale, it can also dispose of these shares through registered transaction as it has the right to cause us to register under the Securities Act the sale of its shares. Sales of these shares, or the perception that such sales could occur, could cause the price of our Shares and/or ADSs to decline.

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## RISK FACTORS

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Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. 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 Shares and/or ADSs.

In addition, if we issue additional ordinary shares, through private transactions or in the public markets in the United States, Hong Kong or other jurisdiction, your ownership interests in our company would be diluted and this, in turn, could have a material and adverse effect on the price of our Shares and/or ADSs.

***Holders of our ADSs may not have the same voting rights as the holders of our Shares and may not receive voting materials in time to be able to exercise their right to vote.***

Except as described in this document and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the Shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the Shares represented by the ADSs. Upon receipt of the voting instructions from holders of our ADSs, the depositary will vote the underlying ordinary shares in accordance with these instructions.

Pursuant to our Memorandum and Articles, we may convene a shareholders' meeting upon fourteen calendar days' notice. If we give timely notice to the depositary under the terms of the deposit agreement (30 business days' notice), the depositary will notify holders of our ADSs of the upcoming general meeting and 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 instruct the depositary to vote the Shares underlying the ADSs held by them, and it is possible that holders of our ADSs, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that holders of our ADSs may not be able to exercise their right to vote and there may be nothing they can do if the Shares underlying their ADSs are not voted as they requested. In addition, although holders of our ADSs may directly exercise their right to vote by withdrawing the Shares underlying their ADSs and become a registered holder of such shares prior to the record date for the general meeting, they may not receive sufficient advance notice of an upcoming shareholders' meeting to withdraw the Shares underlying their ADSs to allow them to vote with respect to any specific matter.

***The right of our ADS holders to participate in any future rights offerings may be limited, which may cause dilution to their holdings, and they may not receive cash dividends if it is illegal or impractical to make them available to them.***

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to holders of our ADSs in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to holders of our ADSs unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings.

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## RISK FACTORS

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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 Shares or other deposited securities after deducting its fees and expenses. Holders of our ADSs will receive these distributions in proportion to the number of Shares their ADSs represent. However, the depositary is not responsible if it decides that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may 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 those 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 the distribution we make on our Shares or any value for them if it is illegal or impractical for us to make them available to them. These restrictions may have a material adverse effect on the value of their ADSs.

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

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it 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 in accordance with the terms of the deposit agreement.

***You may face difficulties in protecting your interests, and your ability to protect your rights through the Hong Kong courts or the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we conduct substantially all of our operations in China and substantially all of our directors and officers reside outside Hong Kong and the United States.***

We are incorporated in the Cayman Islands and conduct most of our operations in China through our PRC subsidiaries and VIEs. Most of our directors and officers reside outside Hong Kong and the United States and a substantial portion of the assets of such directors and officers are located outside of Hong Kong and 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 Cayman Islands or in China in the event that you believe that your rights have been infringed under the 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. There is no statutory recognition in the Cayman Islands of judgments obtained in Hong Kong or the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

Our corporate affairs are governed by our Memorandum and Articles, as amended and restated from time to time, and by the Cayman Companies Act and common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors and officers, actions by minority shareholders and the fiduciary responsibilities of our directors 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 English common law, which provides persuasive, but not binding, authority. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would

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## RISK FACTORS

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be under statutes or judicial precedents in Hong Kong or the United States. In particular, the Cayman Islands has a less developed body of securities laws than Hong Kong or the United States and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in Hong Kong courts or U.S. federal courts.

As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than shareholders of a corporation incorporated in a jurisdiction in Hong Kong or the United States.

***Our Memorandum and Articles contain anti-takeover provisions that could adversely affect the rights of holders of our Shares and ADSs.***

Our Memorandum and Articles contain certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our Shares and/or ADSs may fall and the voting and other rights of the holders of our Shares and ADSs may be materially and adversely affected. These provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction.

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

Because we qualify as a foreign private issuer under the Securities Exchange Act of 1934, as amended, or the U.S. 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 U.S. 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 U.S. Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock 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. We intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K.

However, the information we are required to file with or furnish to the SEC will be less extensive and less frequent compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a United States domestic issuer.

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## RISK FACTORS

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***As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the New York Stock Exchange listing standards.***

As a Cayman Islands company listed on the New York Stock Exchange, we are subject to the New York Stock Exchange listing standards. However, New York Stock Exchange rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the New York Stock Exchange listing standards. Currently, we rely on home country practice in lieu of the New York Stock Exchange listing standard with respect to our corporate governance, including requirements that listed companies have, among other things, a majority of their board members to be independent and have a nominating and corporate governance committee and a compensation committee composed entirely of independent directors. Therefore, our shareholders may be afforded less protection than they would otherwise enjoy if we complied fully with the New York Stock Exchange listing standards.

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

Under United States federal income tax law, we will be classified as a passive foreign investment company (“PFIC”) for any taxable year if either (i) at least 75% of our gross income for the taxable year is passive income or (ii) at least 50% of the value of our assets (generally based on the average quarterly value of our assets during the taxable 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 not entirely clear, we treat our VIEs as being owned by us for United States federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with such entities, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. Assuming we are the owner of our VIEs for U.S. federal income tax purposes and based on our current income and assets, including goodwill and unbooked intangibles, we do not believe that we were a PFIC for the taxable year ended December 31, 2020 and do not anticipate becoming a PFIC in the current taxable year or in future taxable years.

While we do not believe that we were a PFIC for the taxable year ended December 31, 2020 and do not anticipate becoming a PFIC in the foreseeable future, no assurance can be given in this regard because the determination of whether we will be or become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, on the composition of our income and assets. Fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years because the value of assets for the purpose of the asset test may be determined by reference to the market price of our ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets including cash raised in this offering. Under circumstances where our revenue from activities that produce passive income significantly increase relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

If we were to be or become a PFIC, a U.S. investor may incur significantly increased United States income tax on gains recognized on the sale or other disposition of the ADSs or Shares and on the receipt of distributions on the ADSs or Shares to the extent such gain or distribution is treated as an “excess distribution” under United States federal income tax rules. Further, if we were a PFIC for any

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## RISK FACTORS

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year during which a U.S. investor held our ADSs or Shares, we generally would continue to be treated as a PFIC as to such U.S. investor for all succeeding years during which such U.S. investor held our ADSs or Shares. Alternatively, U.S. investors of PFIC shares can sometimes avoid the rules described above by making certain elections, including a “mark-to-market” election or electing to treat a PFIC as a “qualified electing fund.” However, U.S. investors will not be able to make an election to treat us as a “qualified electing fund” because, even if we were to be or become a PFIC, we do not intend to comply with the requirements necessary to permit U.S. investors to make such election. Each U.S. investor is urged to consult its tax adviser concerning the United States federal income tax consequences of owning and disposing of ADSs or Shares if we were to be or become a PFIC.

***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 Sarbanes-Oxley Act, including Section 404 therein relating to internal control over financial reporting, as well as rules subsequently implemented by the SEC and the NYSE, have detailed requirements concerning corporate governance practices of public companies. 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 is required to devote substantial time and attention to our public company reporting obligations and other compliance matters. We evaluate and monitor 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. We will also incur additional costs as a result of the Listing on the Hong Kong Stock Exchange. Our reporting and other compliance obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

***The different characteristics of the capital markets in Hong Kong and the U.S. may negatively affect the trading prices of our Shares and/or ADSs.***

Upon the Listing, we will be subject to Hong Kong and NYSE listing and regulatory requirements concurrently. The Hong Kong Stock Exchange and NYSE have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our Shares and our ADSs may not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of our Shares, or vice versa. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our Shares notwithstanding that such event may not impact the trading prices of securities listed in Hong Kong generally or to the same extent, or vice versa. Because of the different characteristics of the U.S. and Hong Kong capital markets, the historical market prices of our ADSs may not be indicative of the trading performance of our Shares after the Global Offering.

***Exchange between our Shares and our ADSs may adversely affect the liquidity and/or trading price of each other.***

Our ADSs are currently traded on the NYSE. Subject to compliance with U.S. securities law and the terms of the Deposit Agreement, holders of our Shares may deposit Shares with the depositary in exchange for the issuance of our ADSs. Any holder of ADSs may also withdraw the underlying Shares represented by the ADSs pursuant to the terms of the Deposit Agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of Shares are deposited with the depositary in

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## RISK FACTORS

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exchange for ADSs or vice versa, the liquidity and trading price of our Shares on the Hong Kong Stock Exchange and our ADSs on the NYSE may be adversely affected.

***The time required for the exchange between Shares and ADSs might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of Shares into ADSs involves costs.***

There is no direct trading or settlement between the NYSE and the Hong Kong Stock Exchange on which our ADSs and our Shares are respectively traded. In addition, the time differences between Hong Kong and New York and unforeseen market circumstances or other factors may delay the deposit of Shares in exchange of ADSs or the withdrawal of Shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange of Shares into ADSs (and vice versa) will be completed in accordance with the timelines investors may anticipate.

Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of Shares, cancellation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, shareholders who exchange Shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

### **Risks Related to the Global Offering**

***An active trading market for our Shares on the Hong Kong Stock Exchange might not develop or be sustained and trading prices of our Shares might fluctuate significantly.***

Following the completion of the Global Offering, we cannot assure you that an active trading market for our Shares on the Hong Kong Stock Exchange will develop or be sustained. The trading price or liquidity for our ADSs on the NYSE might not be indicative of those of our Shares on the Hong Kong Stock Exchange following the completion of the Global Offering. If an active trading market of our Shares on the Hong Kong Stock Exchange does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

In 2014, the Hong Kong, Shanghai and Shenzhen Stock Exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and mainland Chinese investors to trade eligible equity securities listed in each other's markets through the trading and clearing facilities of their home exchange. Stock Connect currently covers over 2,000 equity securities trading in the Hong Kong, Shanghai and Shenzhen markets. Stock Connect allows mainland Chinese investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading; without Stock Connect, mainland Chinese investors would not otherwise have a direct and established means of engaging in Southbound Trading. However, it is unclear whether and when the Shares of our Company, with a secondary listing in Hong Kong upon the Listing, will be eligible to be traded through Stock Connect, if at all. The ineligibility or any delay of our Shares for trading through Stock Connect will affect mainland Chinese investors' ability to trade our Shares and therefore may limit the liquidity of the trading of our Shares on the Hong Kong Stock Exchange.

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## RISK FACTORS

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***Since there will be a gap of several days between pricing and trading of our Shares, the price of our ADSs traded on the NYSE may fall during this period and could result in a fall in the price of our Shares to be traded on the Hong Kong Stock Exchange.***

The pricing of the Offer Shares will be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be about four Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the trading price of our Shares could fall when trading commences as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the time trading begins. In particular, as our ADSs will continue to be traded on the NYSE and their price can be volatile, any fall in the price of our ADSs may result in a fall in the price of our Shares to be traded on the Hong Kong Stock Exchange.

***There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs following our initial public offering in Hong Kong and listing of our Shares on the Hong Kong Stock Exchange.***

In connection with our initial public offering of Shares in Hong Kong, or the Hong Kong IPO, we will establish a branch register of members in Hong Kong, or the Hong Kong share register. Our Shares that are traded on the Hong Kong Stock Exchange, including those to be issued in the Hong Kong IPO and those that may be converted from ADSs, will be registered on the Hong Kong share register, and the trading of these Shares on the Hong Kong Stock Exchange will be subject to the Hong Kong stamp duty. To facilitate ADS-ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we also intend to move a portion of our issued Shares from our principal register of members maintained in the Cayman Islands to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.2% of the greater of the consideration for, or the value of, shares transferred, with 0.1% payable by each of the buyer and the seller. See “Information About this Document and the Global Offering—Dealings and Settlement of Ordinary Shares in Hong Kong.”

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their ordinary shares, including ordinary shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisers on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of our ADSs, the trading price and the value of your investment in our Shares and/or ADSs may be affected.

***Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.***

The initial Public Offer Price of our Shares in Hong Kong is higher than the net tangible assets per share of the outstanding Shares issued to our existing shareholders immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate

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## **RISK FACTORS**

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dilution in terms of the pro forma net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Shares may experience further dilution in terms of the net tangible asset value per share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per share.

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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### DIRECTORS' RESPONSIBILITY STATEMENT

This document, for which our directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the *Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong)* and the Hong Kong Listing Rules for the purpose of giving information with regard to us. Our directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

### THE HONG KONG PUBLIC OFFERING AND THIS DOCUMENT

This document is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this document sets out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Joint Representatives (for themselves and on behalf of the Underwriters) agreeing on the pricing of the Hong Kong Offer Shares. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

Neither the delivery of this document nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this document or imply that the information contained in this document is correct as of any date subsequent to the date of this document.

### PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares.”

### STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering.”

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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### OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in “Structure of the Global Offering.”

### RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Offer Shares described in this document.

No action has been taken to permit a public offering of the Offer Shares (except for a registration of Shares on a registration statement on Form F-3 to be filed with the SEC) or the general distribution of this document in any jurisdiction other than in Hong Kong or the United States. Accordingly, this document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

### COMMENCEMENT OF DEALINGS IN OUR SHARES

We expect that dealings in our Shares on the Hong Kong Stock Exchange will commence on March 15, 2021. The Shares will be traded in board lots of 100 Shares each. The stock code of our Shares will be 2518.

### SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

### PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, our Shares or ADSs or exercising any rights attaching to our Shares. We emphasize that none of our Company, the Selling Shareholder, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, our Shares or ADSs or your exercise of any rights attaching to our Shares.

### REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our Principal Share Registrar in the Cayman Islands, and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

Dealings in our Shares registered on our Hong Kong share register will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, our Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of our Shares. In addition, a fixed duty of HK\$5.00 is charged on each instrument of transfer (if required).

To facilitate ADS-ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we also intend to move a portion of our issued Shares from our Cayman share register to our Hong Kong share register. It is unclear whether, as a matter of Hong Kong law, the trading of ADSs representing Shares constitutes a sale or purchase of the underlying Hong Kong-registered common shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisers on this matter. See “Risk Factors—Risks Relating to the Global Offering—There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs following our initial public offering in Hong Kong and listing of our Shares on the Hong Kong Stock Exchange.”

### EXCHANGE RATE CONVERSION

Our reporting currency is Renminbi. This document contains translations of financial data in Renminbi and Hong Kong dollar amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise stated, all translations of financial data in Renminbi into U.S. dollars and from U.S. dollars into Renminbi in this document were made at a rate of RMB6.5250 to US\$1.00, the exchange rate on December 31, 2020 set out in the H.10 statistical release of the Federal Reserve Board; all translations of financial data in Hong Kong dollars into U.S. dollars and from U.S. dollars into Hong Kong dollars were made at a rate of HK\$7.7531 to US\$1.00, the exchange rate on February 19, 2021 set out in the H.10 statistical release of the Federal Reserve Board.

No representation is made that any amounts in Renminbi or U.S. dollars were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

### ROUNDING

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

### LANGUAGE

If there is any inconsistency between the English version of this document and its Chinese translation, the English version shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this document and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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### OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

### THE LISTING

We have applied for a listing of our Shares on the Main Board under Chapter 19C (Secondary Listings of Qualifying Issuers).

We have a track record of good regulatory compliance of at least two full financial years on the NYSE as required by Rule 19C.04 of the Hong Kong Listing Rules for the purposes of our Listing.

We have applied to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued or sold pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or vesting of other awards that have been or may be granted from time to time.

Our ADSs are currently listed and traded on the NYSE. Other than the foregoing, no part of our Shares or loan capital is listed on or traded on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong share register in order to enable them to be traded on the Hong Kong Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by or on behalf of the Hong Kong Stock Exchange.

### REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

Our register of members holding unlisted Shares and a portion of our Shares represented by the ADSs will be maintained by our Principal Share Registrar in the Cayman Islands, and our register of members holding Shares listed on the Hong Kong Stock Exchange and a portion of our Shares represented by the ADSs will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

### Ownership of ADSs

An owner of ADSs may hold his or her ADSs either by means of an ADR (evidencing certificated ADSs) registered in his or her name, through a brokerage or safekeeping account, or through an account established by the depositary bank in his or her name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank, commonly referred to as the “direct registration system,” or DRS. The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and DTC. If an owner of ADSs decides to hold his or her ADSs through his or her brokerage or safekeeping account, he or she must rely on the procedures of his or her broker or bank to assert his or her rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. All ADSs held through DTC are registered in the name of a nominee of DTC.

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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### DEALINGS AND SETTLEMENT OF ORDINARY SHARES IN HONG KONG

Our Shares will trade on the Hong Kong Stock Exchange in board lots of 100 Shares. Dealings in our Shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in our common shares on the Hong Kong Stock Exchange include:

- (a) Hong Kong Stock Exchange trading fee of 0.005% of the consideration of the transaction, charged to each of the buyer and seller;
- (b) SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- (c) trading tariff of HK\$0.50 on each and every purchase or sale transaction. The decision on whether or not to pass the trading tariff onto investors is at the discretion of brokers;
- (d) transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- (e) *ad valorem* stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;
- (f) stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- (g) brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- (h) the Hong Kong share registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited his/her common shares in his/her stock account or in his/her designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his/her broker or custodian before the settlement date.

### CONVERSION BETWEEN SHARES TRADING IN HONG KONG AND ADS

In connection with the initial public offering of our Shares in Hong Kong, or the Hong Kong Public Offering, we have established a branch register of members in Hong Kong, or the Hong Kong share register, which will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, will continue to be maintained by our Principal Share Registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands.

All Shares offered in the Global Offering will be registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Shares registered on the Hong Kong share register will be able to convert these Shares into ADSs, and vice versa.

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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In connection with the Hong Kong Public Offering, and to facilitate fungibility and conversion between ADSs and Shares and trading between NYSE and the Hong Kong Stock Exchange, we intend to move a portion of our issued Shares from our register of members maintained in the Cayman Islands to our Hong Kong share register.

### OUR ADSs

Our ADSs are currently traded on the NYSE. Dealings in our ADSs on the NYSE are conducted in U.S. Dollars.

ADSs may be held either:

- (a) directly (i) by having an American Depositary Receipt (ADR), which is a certificate evidencing a specific number of ADSs, registered in the holder's name, or (ii) by holding uncertificated ADSs in the direct registration system; or
- (b) indirectly, through the holder's broker or other financial institution.

The depositary for our ADSs is Deutsche Bank Trust Company Americas, whose office is located at 60 Wall Street, New York, New York 10005, United States of America.

### Converting Shares trading in Hong Kong into ADSs

An investor who holds Shares registered in Hong Kong and who intends to convert them to ADSs to trade on the NYSE must deposit or have his or her broker deposit the Shares with the depositary's Hong Kong custodian, Deutsche Bank AG, Hong Kong Branch, Hong Kong, or the custodian, in exchange for ADSs.

A deposit of Shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- (a) If Shares have been deposited with CCASS, the investor must transfer Shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.
- (b) If Shares are held outside CCASS, the investor must arrange to deposit his or her Shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.
- (c) Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated by an investor or his or her broker.

For Shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For Shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

***Converting ADSs to Shares trading in Hong Kong***

An investor who holds ADSs and who intends to convert his/her ADSs into Shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Shares from our ADS program and cause his or her broker or other financial institution to trade such common shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying common shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- (a) To withdraw Shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- (b) Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will instruct the custodian to deliver Shares underlying the canceled ADSs to the CCASS account designated by an investor.
- (c) If an investor prefers to receive Shares outside CCASS, he or she must receive Shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register common shares in their own names with the Hong Kong share registrar.

For the Shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For common shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of Shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Shares on the Hong Kong share register to facilitate such withdrawals.

***Depositary requirements***

Before the depositary issues ADSs or permits withdrawal of common shares, the depositary may require:

- (a) production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- (b) compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including, but not limited to, presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar are closed or at any time if the depositary or we determine it advisable to do so.

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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All costs attributable to the transfer of Shares to effect a withdrawal from or deposit of ordinary shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of Shares and ADSs should note that the Hong Kong share registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Shares and ADSs must pay up to US\$5.00 (or less) per 100 ADSs for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of Shares into, or withdrawal of Shares from, our ADS program.

### SUMMARY OF EXEMPTIONS AS A FOREIGN PRIVATE ISSUER IN THE U.S.

As required by Rule 19C.14 of the Hong Kong Listing Rules, set out below is a summary of the exemptions from obligations under U.S. securities laws and NYSE rules that we enjoy as a foreign private issuer in the U.S.

#### *Exemptions from NYSE rules*

Foreign private issuers are exempted from certain corporate governance requirements of the NYSE. Foreign private issuers are permitted to follow home country practice, *i.e.*, for us, the practice of the Cayman Islands, in lieu of such corporate governance requirements, as long as they disclose any significant ways in which their corporate governance practices differ from those required under the NYSE listing standards and explain the basis for the conclusion that the exemption is applicable. Specifically, we are currently entitled to rely upon the exemptions from the requirements to:

- (a) have a majority of independent directors;
- (b) obtain shareholders' approval for all equity-compensation plans and material revisions thereto, with limited exceptions; and
- (c) hold annual meeting of shareholders for each fiscal year.

### EXEMPTIONS FROM SEC RULES AND REGULATIONS UNDER U.S. FEDERAL SECURITIES LAWS

Foreign private issuers are exempted from Regulation FD under the U.S. Exchange Act. Regulation FD provides that when a domestic U.S. issuer, or someone acting on its behalf, discloses material nonpublic information to certain persons (including securities analysts, other securities market professionals, and holders of the issuer's securities who could reasonably be expected to trade on the basis of the information), it must make simultaneous public disclosure of that information (in the case of intentional disclosure) or prompt public disclosure (in the case of non-intentional disclosure). However, the SEC expects foreign private issuers to conduct themselves in accordance with the basic principles underlying Regulation FD.

Section 16 of the U.S. Exchange Act does not apply to foreign private issuers. Therefore, directors, executive officers and 10% beneficial owners of foreign private issuers are not required to file Forms 3, 4 and 5 with the SEC, and are not required to disgorge to the issuer any profits realized from any non-exempt purchase and sale, or non-exempt sale and purchase, of the issuer's equity securities or security-based swap agreements within a period of less than six months.

Foreign private issuers are exempt from the SEC's rules prescribing the furnishing and content of proxy statements under the U.S. Exchange Act, which specify the procedures and required

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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documentation for soliciting shareholder votes. Accordingly, foreign private issuers are not required to disclose certain information in their annual proxy statements, such as whether the work of any compensation consultant has played any role in determining or recommending the form or amount of executive and director compensation has raised a conflict of interest, and, if so, the nature of the conflict and how it is being addressed.

Foreign private issuers are also not required under the U.S. Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic U.S. issuers with securities registered under the U.S. Exchange Act. As a result, our shareholders may be afforded less protection than they would under the U.S. Exchange Act rules applicable to domestic U.S. issuers. Unlike domestic U.S. issuers, foreign private issuers are not required to file quarterly reports (including quarterly financial information) on Form 10-Q. They also are not required to use Form 8-K for current reports, and instead furnish (not file) current reports on Form 6-K with the SEC.

Annual reports on Form 10-K by domestic U.S. issuers are due within 60, 75, or 90 days after the end of the issuer's fiscal year, depending on whether the company is a "large accelerated filer," a "accelerated filer," or a "non-accelerated filer." By contrast, the deadline for foreign private issuers to file annual reports on Form 20-F is four months after the end of their fiscal year.

### OUR ARTICLES OF ASSOCIATION

We are an exempted company incorporated in the Cayman Islands with limited liability and our affairs are governed by our Memorandum of Association and Articles of Association, the Cayman Companies Act and the common law of the Cayman Islands.

The laws of Hong Kong differ in certain respects from the Cayman Companies Act, and our Articles of Association are specific to us and include certain provisions that may be different from common practices in Hong Kong. For example:

- Rule 19C.07 of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange will consider that an issuer such as us seeking a listing under Chapter 19C of the Hong Kong Listing Rules has met the requirements of Rule 19.30(1)(b) of the Hong Kong Listing Rules for standards of shareholder protection if it has met the shareholder protection standards by reference to the eight criteria set out in Rule 19C.07.
- Rule 19C.07(3) of the Hong Kong Listing Rules requires the appointment, removal and remuneration of auditors to be approved by a majority of a Qualifying Issuer's (as defined in the Hong Kong Listing Rules) members or other body that is independent of the issuer's board of directors, but our Articles of Association do not contain this or a similar provision.
- Pursuant to Rule 19C.07(6) of the Hong Kong Listing Rules, a member must abstain from voting to approve a matter in circumstances required by the Hong Kong Listing Rules. We undertake to put forth a resolution at or before the first annual general meeting of our Company after Listing to revise our Articles of Association so that a member's right to vote is subject to the Hong Kong Listing Rules. We obtained an irrevocable undertaking from Yun Chen, our controlling shareholder, that it will vote in favor of such resolution in the annual general meeting.

### COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser, or the Compliance Adviser, upon the Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules. Pursuant to

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## INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

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Rule 3A.23 of the Hong Kong Listing Rules, the Compliance Adviser will provide advice to us upon our request in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this document;
- (d) where the Hong Kong Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules;

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full fiscal year commencing after the Listing Date.

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## WAIVERS AND EXEMPTIONS

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In preparation for the Listing, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules, the SFO and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and have applied for a ruling under the Takeovers Code:

<b>Rules</b>	<b>Subject matter</b>
Rule 2.07A of the Hong Kong Listing Rules	Printed Corporate Communications
Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules	Acquisitions after the Track Record Period
Rules 4.04(3)(a), 4.05(1)(c), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure Requirements Relating to the Accountant's Report
Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in Shares prior to Listing
Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules	Printed Prospectuses
Rule 13.25B of the Hong Kong Listing Rules	Monthly Return
Rule 19C.07(3) of the Hong Kong Listing Rules	Shareholder Protection Requirements in Relation to Approval, Removal and Remuneration of Auditors
Rule 13.46(2)(b) of the Hong Kong Listing Rules	Laying Annual Financial Statements Before Members at an Annual General Meeting within Six Months after the End of Financial Year
Paragraphs 13 and 26 of Appendix 1A to the Hong Kong Listing Rules and Paragraphs 11, 14 and 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Particulars of any Commissions, Discounts and Brokerages, Alterations of Capital and Authorized Debentures
Paragraph 29(1) of Appendix 1A to the Hong Kong Listing Rules and Paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure of Information on Subsidiaries Whose Profits or Assets Make Material Contributions to Us
Paragraph 27 of Appendix 1A to the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure Requirements of Options
Paragraphs 33(2), 33(3), 46(2), 46(3) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments Were Highest
Paragraphs 41(4) and 45 of Appendix 1A to and Practice Note 5 of the Hong Kong Listing Rules	Disclosure of Interests Information

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## WAIVERS AND EXEMPTIONS

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Rules	Subject matter
Paragraph 32 of Appendix 1A to the Hong Kong Listing Rules and Guidance Letter HKEX-GL37-12	Timing Requirement of Liquidity Disclosure
Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules	Disclosure of Offer Price
Rules 10.03(1), 10.03(2) and 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by Existing Shareholders
Paragraph 3(b) of Practice note 15 to the Hong Kong Listing Rules	Three-year Restriction on Spin-offs
Section 4.1 of the Introduction to the Takeovers Codes	Not a public company in Hong Kong under Takeovers Code
Part XV of the SFO	Disclosure of interests under Part XV of the SFO
Paragraphs 28(l)(b)(iii), (iv) and (v) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements in respect of Customers

## PRINTED CORPORATE COMMUNICATIONS

Rule 2.07A of the Hong Kong Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that either the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in a general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and certain conditions are satisfied.

Our ADSs have been listed on the NYSE since December 2013. We have a diverse shareholder base with ADS holders globally.

We do not currently produce or send out any corporate communications to our shareholders or holders of ADSs in printed form unless requested or in limited circumstances. We publicly file or furnish various corporate communications with the SEC which are posted on the SEC's website. Our annual reports on Form 20-F and current reports on Form 6-K and all amendments to these reports are also available free of charge on our website as soon as reasonably practicable after they are filed with or furnished to the SEC. Further, we will post our proxy materials and notices to our shareholders and holders of ADSs on a publicly accessible website. Those documents will also be available on our website.

Apart from the Hong Kong Offer Shares that we will offer for subscription by the public in Hong Kong, the International Offer Shares will be placed to professional, institutional, corporate and other

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## WAIVERS AND EXEMPTIONS

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investors in Hong Kong and elsewhere in the world. Given our diverse shareholder base and the potential number of countries in which our shareholders are located, we consider that it would not be practicable for us to send printed copies of all our corporate communications to all of our shareholders. Further, we consider that it would also not be practicable for us to approach our existing shareholders individually to seek confirmation from them of their wish to receive corporate communications in electronic form, or to provide them with the right to request corporate communications in printed form instead.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 2.07A of the Hong Kong Listing Rules on the conditions that we will:

- (a) issue all future corporate communications as required by the Hong Kong Listing Rules on our own website in English and Chinese, and on the Hong Kong Stock Exchange's website in English and Chinese;
- (b) provide printed copies of proxy materials in English to our shareholders at no costs upon request; and
- (c) ensure that the "Investor Relations" page of our website (<http://ir.autohome.com.cn/>) will direct investors to all of our future filings with the Hong Kong Stock Exchange.

### ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules, the accountant's report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to Rule 4.02A of the Hong Kong Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

### Acquisition since December 31, 2020

Since December 31, 2020, we have proposed to make one acquisition (the "**Acquisition**"), details of which are set out below:

<u>Target<sup>(1)(3)</sup></u>	<u>Consideration</u> (approximately RMB million)	<u>Percentage of shareholding/equity interest<sup>(2)</sup></u>	<u>Principal business activities</u>
Company X .....	1,072	100%	operation of online automotive portals in Malaysia, Indonesia and Thailand

*Notes:*

- (1) Given that we have not yet entered into legally binding agreements for the Acquisition as at the Latest Practicable Date, the information set out above might be subject to further changes.

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## WAIVERS AND EXEMPTIONS

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- (2) The percentage of shareholding/equity interest represents our total pro forma shareholding in Company X after completion of the Acquisition.
- (3) None of the core connected persons at the level of the Company is a controlling shareholder of Company X.

### **Conditions for granting the waiver and its scope in respect of the Acquisition**

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Acquisition on the following grounds:

#### ***The percentage ratios of the Acquisition are all less than 5% by reference to the financial year ended December 31, 2019 and the six months ended June 30, 2020***

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules for the Acquisitions are all less than 5% by reference to the financial year ended December 31, 2019 and the six months ended June 30, 2020.

Accordingly, we believe that the Acquisition is not expected to result in any significant changes to our financial position since December 31, 2020, and all information that is reasonably necessary for the potential investors to make an informed assessment of our activities or financial position has been included in the Prospectus. As such, we consider that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would not prejudice the interests of the investors.

#### ***The historical financial information of Company X fulfilling the disclosure requirement under Rule 4.04 of the Hong Kong Listing Rules would be unduly burdensome to obtain or prepare***

Company X is a public company listed on the Australian Securities Exchange. Note 2 to Rule 4.04 of the Hong Kong Listing Rules requires that “*the financial information on the business or subsidiary acquired, agreed to be acquired or proposed to be acquired must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants’ report or in a separate accountants’ report*”. The historical financial information of Company X was prepared in accordance with Australian Accounting Standards as opposed to U.S. GAAP. In addition, it would require considerable time and resources for us and our reporting accountant to fully familiarize ourselves with the management accounting policies of Company X and compile the necessary financial information in accordance with U.S. GAAP that complies with Rule 4.04 of the Hong Kong Listing Rules for disclosure in the Prospectus. It is equally impractical to request Company X to produce historical financial information in accordance with U.S. GAAP. As such, we believe that it would be impractical and unduly burdensome for us to disclose the audited financial information of Company X as required under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules.

In addition, having considered the Acquisition to be immaterial and that we do not expect the Acquisition to have any material effect on its business, financial condition or operations, we believe that it would not be meaningful and would be unduly burdensome for us to prepare and include the financial information of Company X during the Track Record Period in accordance with U.S. GAAP in the Prospectus. As we do not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, we do not believe that the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules would prejudice the interests of the investors.

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## WAIVERS AND EXEMPTIONS

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### *Alternative disclosure of the Acquisitions in the listing document*

We have provided alternative information about the Acquisition in the Prospectus. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules that our directors consider to be material, including, for example, descriptions of Company X's principal business activities, the investment amounts, and a statement as to whether the core connected persons at the level of the Company is a controlling shareholder of Company X. We have however excluded disclosure on the names of certain targets in connection with the Acquisition given that we have not yet entered into legally binding agreements with respect to the Acquisition as of the Latest Practicable Date, having also considered the competitive nature of the industries in which we operate and the uncertainties underlying the final outcome of the Acquisition. Since each of the relevant percentage ratio of the Acquisition is less than 5% by reference to the most recent fiscal year of the Track Record Period, we believe that the current disclosure is adequate for potential investors to form an informed assessment of the Company. We do not expect to use any proceeds from the Listing to fund the Acquisition.

### **DISCLOSURE REQUIREMENTS RELATING TO THE ACCOUNTANT'S REPORT**

Rules 4.04(3)(a), 4.05(1)(c), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance set out certain historical financial information to be included in a listing document that is not required to be disclosed under U.S. GAAP, including in particular:

- a) balance sheet at a company level;
- b) separate disclosure of the taxation on share of associates' and joint ventures' profits;
- c) aging analysis of accounts receivables;
- d) aging analysis of accounts payables; and
- e) adjustments made to show profits of all periods in accordance with the relevant accounting standards in relation to the last fiscal year reported on.

In accordance with U.S. GAAP, we have applied the modified retrospective method or prospective method to account for the impact of the adoption of certain new accounting standards in the Track Record Period. Under the modified retrospective method and prospective method adopted by our Group, comparative periods in the latest consolidated financial statements are not retrospectively adjusted.

During the Track Record Period, we adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Update 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASC 606"), Accounting Standards Update 2016-02 "Leases", including certain transitional guidance and subsequent amendments within ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01 (collectively, including ASU 2016-02, "ASC 842") and Accounting Standards Update 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASC 326"). The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the Accountant's Report in Appendix I to this document.

ASC 606 permits entities to apply one of two methods: retrospective or modified retrospective, since first adoption on January 1, 2018. ASC 606 was adopted on January 1, 2018 using the modified retrospective method. Results for the Track Record Period are presented under ASC 606. The adoption

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## WAIVERS AND EXEMPTIONS

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changed the presentation of value-added-tax on gross basis to net basis and there was no adjustment to the beginning retained earnings on January 1, 2018.

ASC 842 was adopted on January 1, 2019 by applying the modified retrospective method to those contracts that are not completed as of January 1, 2019, with the comparative information not being adjusted and continued to be reported under historic accounting standards. Adoption of the new lease standard resulted in the recognition of operating lease right-of-use assets of RMB184.8 million and operating lease liabilities of RMB176.4 million on the consolidated balance sheet as of January 1, 2019. The amount of the operating lease right-of-use assets of RMB184.8 million over the operating lease liabilities of RMB176.4 million recognized on January 1, 2019 was credited to prepaid expenses and other current assets on the consolidated balance sheet as of January 1, 2019. The adoption of the new lease standard does not have any significant impact on the consolidated statements of comprehensive income and cash flows and there was no adjustment to the beginning retained earnings on January 1, 2019. Full retrospective application of ASC 842 is not permitted under U.S. GAAP.

ASC 326 was adopted on January 1, 2020 using the modified retrospective transition method, ASC 326 replaces the existing incurred loss impairment model with a forward-looking current expected credit loss (“CECL”) methodology. The Group has developed a CECL model based on historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The cumulative effect from the adoption as of January 1, 2020 was immaterial to the consolidated financial statements. An accounts receivable balance is written off after all collection effort has ceased. Full retrospective application of ASC 326 is not permitted under U.S. GAAP.

The following alternative disclosures with respect to certain items identified above which are relevant to us have been included in this document:

- a) for certain new accounting standards that came into effect during the Track Record Period, the accounting policies as well as the impact of adoption, if any, to the beginning retained earnings of initial application (i.e., January 1, 2018, 2019 and 2020) has been disclosed in the Accountant’s Report in Appendix I to this document in accordance with the relevant requirements under U.S. GAAP; and
- b) disclosure of the relevant accounting policies adopted for the Track Record Period in the Accountant’s Report in Appendix I to this document.

As this document has included the above alternative disclosures and the current disclosure in this document contains all information which is necessary for the investors to make an informed assessment of the business, asset and liability, financial position, trading position, management and prospect of the Group, we believe that it would be of no material value to the Hong Kong investors and be unduly burdensome for the Accountant’s Report in Appendix I to this document to include certain required information pursuant to Rules 4.04(3)(a), 4.05(1)(c), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and that the non-disclosure of such information will not prejudice the interests of investors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 4.04(3)(a), 4.05(1)(c), 4.05(2) and 4.13 of the Hong Kong Listing Rules. We have applied for, and the SFC has granted, an exemption from the requirements under Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous

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## WAIVERS AND EXEMPTIONS

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Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC has granted the exemption referred to above on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before March 4, 2021.

### DEALINGS IN SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the Hong Kong Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the “**Relevant Period**”).

We had 47 subsidiaries and operating entities as of the Latest Practicable Date, and our ADSs are widely held, publicly traded and listed on the NYSE. We consider that we are therefore not in a position to control the investment decisions of our shareholders or the investing public in the US. Solely based on public filings with the SEC as of the Latest Practicable Date, other than Yun Chen Capital Cayman, a subsidiary of Ping An Group, and entities affiliated with Kayne Anderson we had no shareholders who held 10% or more of our issued share capital.

On the basis of the above, we consider that the following categories of persons (collectively, the “**Permitted Persons**”) should not be subject to the dealing restrictions set out in Rule 9.09(b) of the Hong Kong Listing Rules:

- (a) Yun Chen, the Company’s controlling shareholder, in respect of the use of its Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period (“**Category 1**”);
- (b) our directors and chief executives, and the directors and chief executives of our Major Subsidiaries, in respect of their respective use of the Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period (“**Category 2**”);
- (c) directors, chief executives and substantial shareholders of our non-Major Subsidiaries and their close associates (“**Category 3**”); and
- (d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our substantial shareholder (as defined in the Hong Kong Listing Rules) and who is not its director or chief executive, or a director or chief executive of our subsidiaries, or their close associates (“**Category 4**”).

For the avoidance of doubt:

- (a) as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Hong Kong Listing Rules; and

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## WAIVERS AND EXEMPTIONS

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- (b) persons in Category 1 and Category 2 who use their respective Shares other than as described in this section headed “—Dealings in the Shares prior to Listing” are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.

We believe, subject to the conditions set forth below, the dealings in our securities by our core connected persons will not prejudice the interests of the potential investors of the Company and align with the principles in the Hong Kong Stock Exchange’s Guidance Letter GL42-12.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Hong Kong Listing Rules subject to the following conditions:

- (a) where Categories 1 and 2 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares during the Relevant Period;
- (b) Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any of our non-public inside information in relation to the Global Offering given that such persons are not in a position with access to information that is considered material to us taken as a whole. Given the large number of our subsidiaries (including our consolidated affiliated entities) and our vast ADS holder base, we and our management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in our ADSs;
- (c) we will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. (including the NYSE rules) and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which we are aware;
- (d) we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our core connected persons during the Relevant Period when we become aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (e) prior to the Listing Date, other than within the permitted scopes set out above, our directors and chief executive and the directors and chief executives of our Major Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of RSUs, incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under our Group’s share incentive plans.

### PRINTED PROSPECTUSES

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules, we are required to make available copies of this document in printed form.

We do not intend to provide printed copies of this document or of the white and yellow application forms to the public in relation to the Hong Kong Public Offering. A fully electronic application process with a paperless document and application forms is in line with recent amendments to the Hong Kong Listing Rules relating to environmental, social and governance (“ESG”) matters. As the Hong Kong Stock Exchange noted on page 1 of its Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules dated December 2019, such amendments relating to ESG matters “*echo the increasing international focus on climate change and its impact on business.*” Further, electronic, in lieu of printed, prospectuses and application forms will help mitigate the environmental impact of printing, including the exploitation of precious natural resources such as trees and water, the handling and disposal of hazardous materials, air pollution, among others.

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## WAIVERS AND EXEMPTIONS

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We also note that in light of the severity of the ongoing COVID-19 pandemic, the provision of a printed document and printed white and yellow application forms will elevate the risk of contagion of the virus through printed materials. As of the Latest Practicable Date, the government of Hong Kong continued to have in place social distancing measures to restrict public gatherings. While the government of Hong Kong may relax such restrictions as the local COVID-19 situation improves, it is possible that stricter social distancing measures may be necessary later if the number of cases of infection in the territory dramatically increases. In any event, it is impossible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date. In this uncertain environment, an electronic application process with a paperless document will reduce the need for prospective investors to gather in public, including branches of the receiving bank and other designated points of collection, in connection with the Hong Kong Public Offering.

We have adopted a fully electronic application process for the Hong Kong Public Offering and will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Hong Kong Share Registrar has implemented enhanced measures to support **White Form eIPO** Service, including increasing its server capacity and making available a telephone hotline to answer investors' queries in connection with the fully electronic application process. For details of the telephone hotline and the application process, please see "How to Apply for Hong Kong Offer Shares."

We will publish the formal notice with respect to our Hong Kong Public Offering on the official websites of the Hong Kong Stock Exchange and our Company and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription and the enhanced support provided by our Hong Kong Share Registrar in relation to the Hong Kong Public Offering and reminding investors that no printed prospectuses or application forms will be provided. We will also issue a press release to highlight the available electronic channels for share subscription.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of providing copies of this document in printed form based on our specific and prevailing circumstances.

### MONTHLY RETURN

Rule 13.25B of the Hong Kong Listing Rules requires a listed issuer to publish a monthly return in relation to movements in our equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates.

Under the Joint Policy Statement, this common waiver is subject to the condition that the issuer can meet one of the following three conditions:

- (a) it has received a relevant partial exemption from Part XV of the SFO; or
- (b) it publishes a "next day disclosure return" in strict compliance with Rule 13.25A of the Hong Kong Listing Rules, regardless of the waiver of general effect from this Rule for secondary listed issuers; or
- (c) it is subject to overseas laws or regulations that have a similar effect to Rule 13.25B of the Hong Kong Listing Rules and any differences are not material to shareholder protection.

As we have obtained a partial exemption from strict compliance with Part XV of the SFO from the SFC, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict

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## WAIVERS AND EXEMPTIONS

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compliance with the continuing obligations under Rule 13.25B of the Hong Kong Listing Rules. We will disclose information about share repurchases, if material, in our quarterly earnings releases and annual reports on Form 20-F which are furnished or filed with the SEC in accordance with the applicable U.S. rules and regulations.

### **SHAREHOLDER PROTECTION REQUIREMENTS IN RELATION TO APPROVAL, REMOVAL AND REMUNERATION OF AUDITORS**

For an overseas issuer seeking a secondary listing on the Hong Kong Stock Exchange, Rule 19.30(1)(b) of the Hong Kong Listing Rules requires the Hong Kong Stock Exchange to be satisfied that the overseas issuer's primary listing is or is to be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. Rule 19C.06 of the Hong Kong Listing Rules provides that Appendices 3 and 13 to the Hong Kong Listing Rules do not apply to an overseas issuer that is a Non-Greater China Issuer (as defined in the Hong Kong Listing Rules) or a Grandfathered Greater China Issuer seeking a secondary listing under Chapter 19C of the Hong Kong Listing Rules. Rule 19C.07 of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange will consider that a Grandfathered Greater China Issuer seeking a secondary listing has met the requirements of Rule 19.30(1)(b) of the Hong Kong Listing Rules if it has met the shareholder protection standards by reference to eight criteria set out in Rule 19C.07 of the Hong Kong Listing Rules.

We are a Grandfathered Greater China Issuer under Chapter 19C of the Hong Kong Listing Rules.

Rule 19C.07(3) of the Hong Kong Listing Rules requires the appointment, removal and remuneration of auditors to be approved by a majority of the Qualifying Issuer's (as defined in the Hong Kong Listing Rules) members or other body that is independent of the issuer's board of directors (the **"Auditors Provision"**).

Our Articles do not contain an equivalent Auditors Provision. Pursuant to our Articles, the Board has the power to appoint, remove and remunerate the auditors instead. Although the Board has such a power, it has formally delegated this function to our audit committee (the **"Audit Committee"**) since our listing on the NYSE in December 2013.

The Audit Committee is akin to an independent body of the Board on the basis of the independence requirements set out in applicable U.S. laws and the NYSE rules. The Audit Committee comprises of three members, all of whom are independent directors as required by the U.S. Exchange Act and applicable NYSE rules. See "Directors and Senior Managers—Board Committees—Audit Committee" for the current members of the Audit Committee, each of whom has further confirmed his "independence" under the Hong Kong Listing Rules with reference to the factors set out in Rule 3.13 of the Hong Kong Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 19C.07(3) of the Hong Kong Listing Rules.

### **LAYING ANNUAL FINANCIAL STATEMENTS BEFORE MEMBERS AT AN ANNUAL GENERAL MEETING WITHIN SIX MONTHS AFTER THE END OF FINANCIAL YEAR**

Rule 13.46(2)(b) of the Hong Kong Listing Rules requires an overseas issuer to lay its annual financial statements before its members at its annual general meeting (**"AGM"**) within the period of six months after the end of financial year or accounting reference period to which the annual financial statements relate.

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## WAIVERS AND EXEMPTIONS

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Note 2 to Rule 13.46(2)(b) of the Hong Kong Listing Rules provides that if an issuer has significant interests outside of Hong Kong, it may apply for an extension of the six-month period.

The Company is an issuer with significant interests outside of Hong Kong. The Company was incorporated in the Cayman Islands and has a primary listing on the NYSE. The Company has obtained a ruling from the SFC that the Company should not be considered a public company in Hong Kong within the meaning of Section 4.2 of the Introduction on the Takeovers Codes. The Group had more than 3,860 employees based in the PRC and only 43 employees based outside of the PRC as of December 31, 2020. For the years ended December 31, 2019 and 2020, more than 99% and 99% of the Group's net revenues and net profit were generated from the PRC, respectively. As of December 31, 2020, more than 85% of the Group's total assets were based in the PRC.

The Company is expected to be listed on the Hong Kong Stock Exchange in March 2021 and will include in the Prospectus the audited financial information for the year ended December 31, 2020 and other financial disclosures. Upon Listing, the Company will therefore have provided its shareholders with all of the information required under Rule 13.46(2)(b) of the Hong Kong Listing Rules. Accordingly, the Company's shareholders would not be unfairly prejudiced by it not convening an AGM by June 30, 2021 for the purpose of laying its annual financial statements for the financial year ended December 31, 2020 before its members, as required by Rule 13.46(2)(b) of the Hong Kong Listing Rules.

Furthermore, the Company has historically held its AGM in the fourth quarter of each year. The procedures for convening an AGM for a company with a listing in both the U.S. and Hong Kong are burdensome and require global coordination among various parties, including, but not limited to, the Company's ADS depositary bank, Hong Kong share registrar, and Hong Kong Securities Clearing Company Limited. The Company does not have any prior experience in convening an AGM that complies with the requirements under the Hong Kong Listing Rules. Given that the Company has spent significant amount of time and resources in preparation of the Listing, it will need more time after Listing to get familiarized with the procedures and seek thorough consultation from its advisors and all the relevant professional parties. In light of the circumstances, it will be unduly burdensome for the Company to convene an AGM by June 30, 2021 to lay before members annual financial statements for the financial year ended December 31, 2020.

Section 302 of NYSE Listed Company Manual requires that each company listing common stock or voting preferred stock and their equivalents are required to hold an annual shareholders' meeting for the holders of such securities during each fiscal year, and each company has twelve months from the end of the fiscal year to hold an annual shareholders' meeting. There is no requirement under the NYSE rules to hold an AGM within the period of six months after the end of financial year or accounting reference period to which the annual financial statements relate.

The Company's Cayman Islands counsel confirmed that (a) the Cayman Companies Act does not require the Company to follow or comply with the requirement under the Hong Kong Listing Rules to hold an AGM by June 30, 2021 to lay before members annual financial statements for the financial year ended December 31, 2020; and (b) the Company's not holding an AGM by June 30, 2021 will not breach any law, public rule or regulation applicable to the Company currently in force in the Cayman Islands and the Articles.

On the basis of the above, the Company's not holding an AGM before June 30, 2021 to lay its annual financial statements for the financial year ended December 31, 2020 before its members does not contravene the relevant requirements under the NYSE rules, U.S. securities laws, laws of the Cayman Islands and the Articles.

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## WAIVERS AND EXEMPTIONS

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The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 13.46(2)(b) of the Hong Kong Listing Rules in respect of the requirement to hold an AGM within six months after the financial year ended December 31, 2020 for the purpose of laying the Company's annual financial statements before its members, subject to the condition that the Company shall hold an AGM by December 31, 2021 for the purpose of laying before its members the financial statements for the financial year ended December 31, 2020. In the future, we will comply with the requirements of Rule 13.46(2)(b) of the Hong Kong Listing Rules by convening an AGM within six months after the end of each financial year for the purpose of laying before members the annual financial statements of such financial year, starting from an AGM convened in the first six months of 2022 for the financial year ending December 31, 2021.

### **PARTICULARS OF ANY COMMISSIONS, DISCOUNTS AND BROKERAGES, ALTERATIONS OF CAPITAL AND AUTHORIZED DEBENTURES**

Paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraphs 11 and 14 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require the listing document to include the particulars of any commissions, discounts, brokerages or other special terms granted within two years immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group and the particulars of any alterations of capital within two years immediately preceding the issue of the listing document.

Paragraph 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and our subsidiaries to be disclosed in this document.

We have identified 14 entities as our Major Subsidiaries. For further details, see the section headed "History and Corporate Structure—Corporate Structure—Major Subsidiaries". We had 47 subsidiaries (including our consolidated affiliated entities) as of the Latest Practicable Date. We believe that it would be unduly burdensome for us to disclose this information in respect of all of our subsidiaries (including our consolidated affiliated entities) as we would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors.

The Major Subsidiaries include all of our subsidiaries (including our consolidated affiliated entities) that meet the financial threshold for "significant subsidiaries" under Regulation S-X in the U.S. (*i.e.*, contributing more than 10% of our Group's total assets and income) and are representative of our business (including those that hold major assets, intellectual property rights, proprietary technologies and R&D). None of the non-Major Subsidiaries is individually material to us in terms of its contribution to our Company's total net income or total assets or holds any major assets, intellectual property rights, proprietary technologies and R&D. By way of illustration, the aggregate net income of the Major Subsidiaries accounted for 90%, and 97% of the net income of our Group for the years ended December 31, 2019 and 2020, respectively, and the total assets of the Major Subsidiaries represented 82% and 79% of the total assets of our Group as at December 31, 2019 and 2020, respectively. As such, we have disclosed the particulars of the changes in our share capital and the share capital of the Major Subsidiaries in "Statutory and General Information—Further Information About Us" in Appendix IV, and particulars of the commissions, discounts, brokerage fee and authorized debentures in respect of our Major Subsidiaries are set out in "Statutory and General Information—Other Information—Miscellaneous" in Appendix IV.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from the requirements under Paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules. We have applied

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## WAIVERS AND EXEMPTIONS

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for, and the SFC has granted, an exemption from strict compliance with the requirements under Paragraphs 11, 14 and 25 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC has granted the above exemption on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before March 4, 2021.

### **DISCLOSURE OF INFORMATION ON SUBSIDIARIES WHOSE PROFITS OR ASSETS MAKE MATERIAL CONTRIBUTIONS TO US**

Paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require the listing document to include information in relation to the name, date and country of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company the whole of the capital of which or a substantial proportion thereof is held or intended to be held by us, or whose profits or assets make, or will make, a material contribution to the figures in the accountant's report or the next published accounts.

We believe that it would be unduly burdensome for us to procure this information for the reasons as set out in this section headed “—Particulars of any Commissions, Discounts and Brokerages, Alteration of Capital and Authorized Debentures” above. As such, only the particulars in relation to our Major Subsidiaries are set out in “History and Corporate Structure—Corporate Structure—Major Subsidiaries” and “Statutory and General Information—Further Information About Us” in Appendix IV, which should be sufficient for potential investors to make an informed assessment of our Company in their investment decisions.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules. We have applied for, and the SFC has granted, an exemption from strict compliance with the requirements under Paragraph 29 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC exemption was granted on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before March 4, 2021.

### **DISCLOSURE REQUIREMENT OF OPTIONS**

Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules requires our Company to set out in the listing document particulars of any capital of any member of our group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires us to set out in this document, among other things, details of the number, description and amount of any of our shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it was given.

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## WAIVERS AND EXEMPTIONS

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We and our subsidiaries (including our consolidated affiliated entities) may, from time to time, adopt equity incentive plans, including: (a) our 2011 Share Incentive Plan adopted in May 2011; (b) our 2013 Share Incentive Plan adopted in November 2013; and (c) our Amended and Restated 2016 Share Incentive Plan adopted and amended in March 2017 and April 2017, respectively (together the “**Share Option Plans**”). The Share Option Plans are not subject to Chapter 17 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules. The Share Option Plans allow us and our subsidiaries (including our consolidated affiliated entities) to grant options to employees, directors and consultants.

Details of the Share Option Plans are disclosed in “Directors and Senior Management—Compensation—Share Incentive Plans.” The disclosure is substantially the same as those in our 20-F filings and comply with applicable U.S. laws and regulations. The current disclosure in this document is therefore not in strict compliance with the requirements under Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and Paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

For the reasons stated above, we believe that strict compliance with the above requirements would be unduly burdensome, unnecessary and/or inappropriate for us, and would not be material or meaningful to Hong Kong investors. As of December 31, 2020, the total number of Shares underlying outstanding options granted pursuant to the Share Option Plans represent only 0.43% of our total issued share capital.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules. We have applied for, and the SFC has granted, an exemption from the requirements under Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFC has granted an exemption referred to above on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before March 4, 2021.

### **DISCLOSURE REQUIREMENTS OF THE REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WHOSE EMOLUMENTS WERE HIGHEST**

Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information in respect of directors’ emoluments during the three financial years ended December 31, 2018, 2019 and 2020. Paragraph 46(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include the aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer in respect of the last completed financial year, and Paragraph 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires information in relation to an estimate of the aggregate remuneration and benefits in kind payable to directors in respect of the current financial year to be set out in the listing document.

Paragraph 33(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information with respect to the five individuals whose emoluments were highest in the group for the year if one or more individuals whose emoluments were the highest have not been included under Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules.

The aggregate fees, salaries and benefits paid and accrued to our directors and executive officers as a group are disclosed in the section headed “Directors and Senior Management—Compensation”. We confirm that the current disclosure complies with U.S. annual reporting requirements and is in line with our disclosure in our annual reports on Form 20-F.

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## WAIVERS AND EXEMPTIONS

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We believe that additional disclosure required by Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules would be unduly burdensome and would not provide additional meaningful disclosure for potential Hong Kong investors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules, to the extent not strictly met by the current disclosure in this document.

### DISCLOSURE OF INTERESTS INFORMATION

Part XV of the SFO imposes duties of disclosure of interests in shares. Paragraphs 41(4) and 45 of Part A of Appendix 1 and Practice Note 5 to the Hong Kong Listing Rules require the disclosure of interests information in respect of shareholders' and directors' interests in the listing document.

We have applied for, and the SFC has granted, a partial exemption from strict compliance with Part XV of the SFO as set out below under the sub-section headed "Disclosure of Interest under Part XV of the SFO."

The U.S. Exchange Act and the rules and regulations promulgated thereunder require disclosure of interests by shareholders that are broadly equivalent to Part XV of the SFO. Relevant disclosure in respect of the substantial shareholder's interests can be found in "Major Shareholders".

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Paragraphs 41(4) and 45 of Part A of Appendix 1 and Practice Note 5 to the Hong Kong Listing Rules on the following conditions:

- (a) the SFC granting us and our shareholders a partial exemption from strict compliance with Part XV of the SFO;
- (b) we will file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the SEC; and
- (c) we will disclose in present and future listing documents any shareholding interests as disclosed in an SEC filing and the relationship between our directors, officers, members of committees and their relationship to any controlling shareholders.

### TIMING REQUIREMENT OF LIQUIDITY DISCLOSURE

Paragraph 32 of Part A of Appendix 1 to the Hong Kong Listing Rules requires a listing document to include a statement (or an appropriate negative statement) of a new applicant's indebtedness as at a specified most recent practicable date (the "**Most Recent Practicable Date**"), and a commentary on its liquidity, financial resources and capital structure (together, the "**Liquidity Disclosure**").

In accordance with Hong Kong Stock Exchange's Guidance Letter HKEX-GL37-12 ("**GL37-12**"), the Hong Kong Stock Exchange normally expects that the Most Recent Practicable Date for the Liquidity Disclosure, including, among other things, commentary on liquidity and financial resources such as net current assets (liabilities) position and management discussion on this position, in a listing document to be dated no more than two calendar months before: (a) the date of the application proof of the listing document and (b) the final date of the listing document.

As this document is published in March 2021, the Company would otherwise be required to make the relevant indebtedness and liquidity disclosures no earlier than January 2021 pursuant to GL37-12.

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## WAIVERS AND EXEMPTIONS

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Given that the Company expects to include in this document an accountant's report incorporating the audited consolidated financial information of the Group for the three years ended December 31, 2020, it would be unduly burdensome for the Company to re-arrange information for similar liquidity disclosures on a consolidated basis shortly after the end of the Company's latest financial year. For a detailed commentary on the Group's liquidity position, please refer to "Financial Information—Liquidity and Capital Resources" and "—Working Capital".

Strict compliance with the Liquidity Disclosure requirements would constitute an additional one-off disclosure by the Company of its liquidity position on a date that would fall within the first quarter of its financial year, which would otherwise not be required to be disclosed to investors in the U.S. under applicable U.S. regulations and NYSE rules, because the Company is required to announce quarterly results at the end and not in the middle of each quarter of its financial year. Such a one-off disclosure would likely confuse the Company's existing investors and deviate from its customary practice and that of other U.S. listed companies.

In any event, if there are any material changes to such disclosures, the Company would be required to make an announcement pursuant to U.S. regulations and NYSE rules and disclose relevant material facts in this document pursuant to the Hong Kong Listing Rules.

In the event that there is no material change to such disclosures, any similar disclosures made pursuant to GL37-12 would not give additional meaningful information to investors.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the timing requirement for the Liquidity Disclosure in this document under GL37-12, such that the reported date of indebtedness and liquidity information in this document will not exceed the requirement under GL37-12 by one calendar month (i.e. the time gap between the reported date of the Company's indebtedness and liquidity information and the date of this document would be no more than three calendar months).

### DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules provides that the issue price or offer price of each security must be disclosed in the listing document.

The Public Offer Price will be determined by reference to, among other factors, the closing price of our ADS price on the NYSE on the last trading date on or before the Price Determination Date and we have no control on the market price of our ADSs traded on the NYSE. Given the ADSs of our Company are freely tradable on the NYSE, there may be price fluctuations in the ADSs as a result of market volatility and other factors during the period from the bulk-printing of this document until the pricing of the Global Offering.

Setting a fixed price or a price range with a low end Offer Price may adversely affect the market price of the ADSs and the Hong Kong Offer Shares considering, among other factors, that this may indicate an arbitrary floor price and may potentially prejudice our ability to price in the best interest of our Company and our Shareholders.

For the information of the potential investors, we will disclose the historical prices of our ADSs and trading volume on NYSE for the period from January 1, 2020 up to the Latest Practicable Date in "Structure of the Global Offering—Pricing and allocation—Determining the Offer Price."

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## WAIVERS AND EXEMPTIONS

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A maximum Public Offer Price will be disclosed in this document and the Green Application Form. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

Given in no circumstances will the Public Offer Price for the Hong Kong Offer Shares be greater than the maximum Public Offer Price as stated in this document and the Green Application Form, the disclosure of the maximum Public Offer Price in this document will be in compliance with the requirement to disclose the “amount payable on application and allotment on each share” as required by paragraph 9 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules.

### SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

Rule 2.03(2) of the Hong Kong Listing Rules provides that the issue and marketing of securities should be conducted in a fair and orderly manner.

Rule 10.04 of the Hong Kong Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Hong Kong Listing Rules are fulfilled. Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules states that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are as follows:

- (i) that no securities are offered to the purchasers on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and
- (ii) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Hong Kong Listing Rules is achieved.

Rule 19.31 of the Hong Kong Listing Rules provides that the requirement under Rule 8.08 of the Hong Kong Listing Rules to maintain a minimum percentage of public shareholders does not apply to a secondary listing.

The Hong Kong Stock Exchange’s Guidance Letter HKEX-GL85-16 provides that the Hong Kong Stock Exchange will consider granting a waiver from Rule 10.04 of the Hong Kong Listing Rules and consent, pursuant to Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules, allowing an applicant’s existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

As a company listed on the NYSE, we are not in a position to prevent any person or entity from acquiring our listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for us to seek the prior consent of the Hong Kong Stock Exchange for each of our existing shareholders or their close associates who subscribe for Shares in the Global Offering. Since we do not require shareholders’ approval in order to proceed with the Global

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## WAIVERS AND EXEMPTIONS

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Offering, any persons (other than its directors and senior management) who may, as a result of dealings, become our shareholders (together, the “**Permitted Existing Shareholders**”) would have no influence over the Global Offering and would not be in possession of any non-public inside information and would therefore effectively be in the same position as any of the public investors.

Solely based on public filings with the SEC as of the Latest Practicable Date, other than Yun Chen and entities affiliated with Kayne Anderson, we had no shareholder who held 10% or more of our issued share capital.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules in respect of the restriction on Permitted Existing Shareholders to subscribe for or purchase Shares in the Global Offering, subject to the following conditions:

- (a) each Permitted Existing Shareholder is interested in less than 10% of our issued share capital immediately before the Listing;
- (b) each Permitted Existing Shareholder is neither a director nor member of the senior management of the Company and its subsidiaries;
- (c) the Permitted Existing Shareholders do not have the power to appoint directors or any other special rights in us;
- (d) the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and placees in the Global Offering;
- (e) the Permitted Existing Shareholders and their close associates will be subject to the same book-building and allocation process as other investors in the Global Offering; and
- (f) we, the Joint Sponsors, the Joint Representatives, and the Joint Global Coordinators, to the best of our knowledge and belief (and based on discussions between each of us, the Joint Sponsors, the Joint Representatives, and Joint Global Coordinators and confirmations required to be submitted to the Hong Kong Stock Exchange by us and the Joint Representatives), will or have confirmed to the Hong Kong Stock Exchange in writing that, to the best of its knowledge and belief, it has no reason to believe that any preferential treatment has been, nor will be, given to the Permitted Existing Shareholders or their close associates in the allocation process by virtue of their relationship with us.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in our allotment results announcement (other than to the extent that such Permitted Existing Shareholders or close associates subscribe for shares as cornerstone investors) unless such Permitted Existing Shareholders are interested in 5% or more of our issued share capital after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for us to disclose such information given that there is no requirement to disclose interests in equity securities under the U.S. Exchange Act that is applicable to us unless the beneficial ownership of such person (including directors and officers of the company concerned) reaches more than 5% of equity securities registered under Section 12 of the U.S. Exchange Act.

### THREE YEAR RESTRICTIONS TO SPIN-OFFS

Rule 19C.11 of the Hong Kong Listing Rules provides that, among other things, paragraphs 1 to 3(b) and 3(d) to 5 of Practice Note 15 to the Hong Kong Listing Rules do not apply to a Qualifying Issuer that has, or is seeking, a secondary listing on the Hong Kong Stock Exchange. This exception is

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## WAIVERS AND EXEMPTIONS

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limited to circumstances where the spun-off assets or businesses are not to be listed on the Hong Kong Stock Exchange's markets and the approval of shareholders of the Parent is not required.

Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules provides that the Listing Committee would not normally consider a spin-off application within three years of the date of listing of the Parent, because the original listing of the Parent will have been approved on the basis of the Parent's portfolio of businesses at the time of listing, and the expectation of investors at that time would have been that the Parent would continue to develop those businesses.

Our Company, from time to time, consider different opportunities to bring value to our Shareholders, including spinning off any of our business subsidiaries when they have reached a desirable level of maturity. The exact timing of any potential spin-off would depend on the development of each of the business subsidiaries and market conditions. In some cases, it is possible that a spin-off within three years of the Listing may be appropriate. As of the Latest Practicable Date, we have not identified any target for a potential spin-off and as a result we do not have any information relating to the identity of any spin-off target or any other details of any spin-off; and accordingly, there is no material omission of any information relating to any possible spin-off in this document. Any potential spin-offs by our Company will be subject to compliance with all applicable requirements under the Hong Kong Listing Rules, including Practice Note 15 to the Hong Kong Listing Rules, unless otherwise waived by the Hong Kong Stock Exchange.

No shareholders' approval with respect to a potential spin-off will be required under our Articles under applicable U.S. regulations and NYSE listing rules. Further, as we are a Grandfathered Greater China Issuer and therefore exempt from the requirements under Chapter 14 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules, no shareholders' approval will be required under the Hong Kong Listing Rules as well.

The effect of a spin-off to our Shareholders should be the same regardless of whether or not the businesses to be potentially spun-off are to be listed on the Hong Kong Stock Exchange (save with respect to any preferential rights to subscribe for shares that are commonly provided in spin-offs on the Hong Kong Stock Exchange). Given the fact that certain spin-offs by Grandfathered Greater China Issuers are allowed within three years after their listing in Hong Kong pursuant to Rule 19C.11 of the Hong Kong Listing Rules, we believe that the three-year restriction on spin-offs on the Hong Kong Stock Exchange should also be waived and shall not apply to a potential spin-off by our Company.

Our Company and any subsidiary in respect of which a potential spin-off is contemplated will be subject to compliance with all other applicable requirements under the Hong Kong Listing Rules, including the remaining requirements of Practice Note 15 to the Hong Kong Listing Rules and the applicable listing eligibility requirements under the Hong Kong Listing Rules, unless otherwise waived by the Hong Kong Stock Exchange.

Under U.S. securities laws and NYSE listing rules, we are not subject to any restrictions similar to the three-year restriction under paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules in relation to the spin-offs of its business subsidiaries, nor is there any requirement for us to disclose any details of its potential spin-off entities when such information is not available because of the absence of any concrete spin-off plan.

Our directors owe fiduciary duties to our Company, including the duty to act in what they consider in good faith to be in the best interests of our Company; as such they will only pursue a potential spin-off if there are clear commercial benefits both to our Company and the entity to be spun off; and the

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## WAIVERS AND EXEMPTIONS

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directors will not direct our Company to conduct any spin-off if they believe it will have an adverse impact on the interests of our Shareholders.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules, on the following conditions:

- (i) we will not within three years after the Listing spin off any of our business subsidiaries until it confirms with the Hong Kong Stock Exchange with basis that the potential spin-off would not render our Company, excluding the subsidiary to be spun off, failing to meet the eligibility or suitability requirements under Rules 19C.02 and 19C.05 of the Hong Kong Listing Rules based on the financial information of the subsidiary to be spun off at the time of the Listing, and where more than one subsidiary is to be spun off, the assessment will be made on a cumulative basis;
- (ii) we will disclose in this document our intention relating to any potential spin-off within three years after the Listing and the risks relating to the uncertainty and timing of any potential spin-offs. See “Risk factors—Divestitures of businesses and assets may have a material and adverse effect on our business and financial situation” in this document;
- (iii) any potential spin-offs by our Company will be subject to the requirements of Practice Note 15 to the Hong Kong Listing Rules (other than paragraph 3(b) thereof), including that each of our Company and the business subsidiary to be spun off will satisfy the applicable listing eligibility requirements on a standalone basis; and
- (iv) disclosure of this waiver in this document.

### NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE

Section 4.1 of the Introduction to the Takeovers Code provides that the Takeovers Code applies to “public companies in Hong Kong.” The note to Section 4.2 of the Introduction to the Takeovers Code provides that a Grandfathered Greater China Issuer within the meaning of Rule 19C.01 of the Hong Kong Listing Rules with a secondary listing on the Hong Kong Stock Exchange will not normally be regarded as a public company in Hong Kong under Section 4.2 of the Introduction to the Takeovers Code. Where the bulk of trading in the shares of a Grandfathered Greater China Issuer migrates to Hong Kong such that it would be treated as having a dual-primary listing in Hong Kong pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Code will apply to it.

We have applied for, and the SFC has granted, a ruling that our Company is not a “public company in Hong Kong” for the purposes of the Takeovers Code.

### DISCLOSURE OF INTERESTS UNDER PART XV OF THE SFO

Part XV of the SFO imposes duties of disclosure of interests in the securities of companies whose securities are listed on the Hong Kong Stock Exchange on the relevant company, its substantial shareholders and its directors/chief executives. Under the U.S. Exchange Act, any person (including directors and officers of the company concerned) who acquires beneficial ownership, as determined in accordance with the rules and regulations of the SEC and which includes the power to direct the voting or the disposition of the securities, of more than 5% of a class of equity securities registered under Section 12 of the U.S. Exchange Act must file beneficial owner reports with the SEC, and such person must promptly report any material change in the information provided (including any acquisition or disposition of 1% or more of the class of equity securities concerned), unless exceptions apply. Therefore, compliance with Part XV of the SFO would subject our corporate insiders to a second level

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## WAIVERS AND EXEMPTIONS

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of reporting, which would be unduly burdensome to them, would result in additional costs and would not be meaningful, since the statutory disclosure of interest obligations under the U.S. Exchange Act that apply to us and our corporate insiders would provide our investors with sufficient information relating to the shareholding interests of our significant shareholders.

We have applied for, and the SFC has granted, a partial exemption from Part XV of the SFO (other than Divisions 5, 11 and 12) on the following conditions:

- (a) the bulk of trading in the Shares is not considered to have migrated to Hong Kong on a permanent basis in accordance with Rule 19C.13 of the Hong Kong Listing Rules;
- (b) all the disclosures of interest filed in the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosure in the same manner as disclosures made under Part XV of the SFO; and
- (c) we will advise the SFC if there is any material change to any of the information which has been provided to the SFC, including any significant changes to the disclosure requirements in the U.S. and any significant changes in the volume of our worldwide share turnover that takes place on the Hong Kong Stock Exchange.

### DISCLOSURE REQUIREMENTS IN RESPECT OF CUSTOMERS

Paragraphs 28(1)(b)(iii) and (iv) of Part A of Appendix 1 to the Hong Kong Listing Rules require the listing document to include a statement of the percentage of revenue attributable to the group's largest customer and a statement of the percentage of revenue attributable to the group's five largest customers combined, respectively.

Paragraph 28(1)(b)(v) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include a statement of the interest of any of the directors, their close associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuer) in the group's top five customers. Sub-paragraph (vii) further provides that in the event that the percentage which would fall to be disclosed under sub-paragraph (iv) above is less than 30, a statement of that fact shall be given and the information required in sub-paragraphs (iii), (iv) and (v) (in respect of customers) may be omitted.

The Company believes that the specific percentage figures required to be disclosed by Paragraphs 28(1)(b)(iii) and (iv) of Part A of Appendix 1 to the Hong Kong Listing Rules are commercially sensitive and could be exploited by its competitors. The Company has not publicly disclosed the information strictly required by Paragraphs 28(1)(b)(iii) and (iv) of Part A of Appendix 1 to the Hong Kong Listing Rules in its SEC filings, nor is it required to do so under U.S. laws and regulations. The Company has however made alternative disclosures in the section headed "Our Business—Customers and Suppliers" and believes that the current disclosure in this document provides sufficient information to investors to make an informed assessment of the Company's business.

Some of the Company's top five customers are public companies (or entities controlled by them) whose shares are traded on various stock exchanges. As a NYSE-listed company, the Company is not in a position to compel its public shareholders who own more than 5% in its issued shares based on public filings<sup>(1)</sup> to disclose to the Company their shareholding interests in its top five customers during the Track Record Period. It would also be unduly burdensome for these public shareholders of the

(1) These shareholders include (1) entities affiliated with Kayne Anderson, and (2) entities affiliated with Comgest Global Investors S.A.S.. For further details, please refer to "Major Shareholders".

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## WAIVERS AND EXEMPTIONS

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Company to ascertain their shareholding interests in the Company's top five customers (especially the companies whose shares are publicly traded), because the disclosure requirements under Paragraph 28(1)(b)(v) of Part A of Appendix 1 to the Hong Kong Listing Rules are not subject to any materiality or de minimis exemptions or "safe harbors" provisions. The same difficulties would apply to the Company's directors who are otherwise required to disclose their, and their close associates', shareholding interests in the Company's top five customers including the companies whose shares are publicly traded. As of the Latest Practicable Date, based on publicly available information, save for one customer which is owned as to 99% by Ping An Group and which contributed less than 6% of the Company's total revenues in each of the financial year ended December 31, 2018, 2019, and 2020, none of our directors and their close associates or our controlling shareholders, held a 5% or more shareholding interest in our top five customers.

In addition, the Company does not believe that the information strictly required by Paragraph 28(1)(b)(v) of Part A of Appendix 1 to the Hong Kong Listing Rules would provide any additional meaningful information to investors given that it will not in any event be subject to the connected transaction requirements under Chapter 14A of the Hong Kong Listing Rules, and details of its related party transactions are disclosed in the section headed "Related Party Transactions" in this document.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the disclosure requirements under Paragraphs 28(1)(b)(iii), (iv) and (v) of Part A of Appendix 1 to the Hong Kong Listing Rules in respect of the Company's customers, to the extent not strictly met by the current disclosure in this document.

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

### DIRECTORS

Name	Address	Nationality
Quan Long (龍泉) . . . . .	No. 41, Yangfang Hutong, Xicheng District, Beijing, China	Chinese
Dong Liu (劉東) . . . . .	Room 3202, 32/F, No. 6, 258 Lane, Puming Road, Shanghai 200120, China	Chinese
Jing Xiao (肖京) . . . . .	Room 41B, Unit A, Block 1, Hongwan Garden, Beihuan Road, Futian District, Shenzhen, Guangdong, China	Chinese
Zheng Liu (劉錚) . . . . .	2307, Building 401, Wangjing Xincheng, Wangjing Street, Chaoyang District, Beijing, China	Chinese
Junling Liu (劉峻嶺) . . . . .	No. 482, 415 Lane, Longdong Dadao, Pudong District, Shanghai 201203, China	Australian
Tianruo Pu (濮天若) . . . . .	No. 402, No. 1 Gate, 5th Floor, Jingshuyuan Gaojiao Dormitory, Haidian District, Beijing, China	Chinese
Dazong Wang (汪大總) . . . . .	497 Newburne Pointe , Bloomfield Hills, 48304 Michigan, U.S.	American

Further information about our directors and other senior managers are set out in “Directors and Senior Management.”

### PARTIES INVOLVED IN THE GLOBAL OFFERING

<b>Joint Sponsors</b>	<p><b>China International Capital Corporation Hong Kong Securities Limited</b>  29/F, One International Finance Centre  1 Harbour View Street  Central, Hong Kong  <i>(in alphabetical order with no ranking assigned)</i></p> <p><b>Goldman Sachs (Asia) L.L.C.</b>  68/F, Cheung Kong Center  2 Queen’s Road Central, Hong Kong  <i>(in alphabetical order with no ranking assigned)</i></p> <p><b>Credit Suisse (Hong Kong) Limited</b>  Level 88, International Commerce Centre  1 Austin Road West, Kowloon, Hong Kong</p>
<b>Joint Representatives</b>	<p><b>China International Capital Corporation Hong Kong Securities Limited</b>  29/F, One International Finance Centre  1 Harbour View Street  Central, Hong Kong  <i>(in alphabetical order with no ranking assigned)</i></p>

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**Goldman Sachs (Asia) L.L.C.**

68/F, Cheung Kong Center  
2 Queen's Road Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Credit Suisse (Hong Kong) Limited**

Level 88, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

**Joint Global Coordinators****China International Capital Corporation Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Goldman Sachs (Asia) L.L.C.**

68/F, Cheung Kong Center  
2 Queen's Road Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Credit Suisse (Hong Kong) Limited**

Level 88, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

**The Hongkong and Shanghai Banking Corporation Limited**

1 Queen's Road Central, Hong Kong

**Joint Bookrunners****China International Capital Corporation Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Goldman Sachs (Asia) L.L.C.**

68/F, Cheung Kong Center  
2 Queen's Road Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Credit Suisse (Hong Kong) Limited**

Level 88, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

**The Hongkong and Shanghai Banking Corporation Limited**

1 Queen's Road Central, Hong Kong

**Deutsche Bank AG, Hong Kong Branch**

Level 60, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**Joint Lead Managers****Haitong International Securities Company Limited**

22/F, Li Po Chun Chambers,  
189 Des Voeux Road Central, Hong Kong

**China PA Securities (Hong Kong) Company Limited**

Unit 3601, 07&11-13, 36/F, The Center  
99 Queen's Road Central, Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road Central, Hong Kong

**China International Capital Corporation Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Goldman Sachs (Asia) L.L.C.**

68/F, Cheung Kong Center  
2 Queen's Road Central, Hong Kong  
*(in alphabetical order with no ranking assigned)*

**Credit Suisse (Hong Kong) Limited**

Level 88, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

**The Hongkong and Shanghai Banking Corporation Limited**

1 Queen's Road Central, Hong Kong

**Deutsche Bank AG, Hong Kong Branch**

Level 60, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

**Haitong International Securities Company Limited**

22/F, Li Po Chun Chambers,  
189 Des Voeux Road Central, Hong Kong

**China PA Securities (Hong Kong) Company Limited**

Unit 3601, 07&11-13, 36/F, The Center  
99 Queen's Road Central, Hong Kong

**ABCI Securities Company Limited**

10/F, Agricultural Bank of China Tower  
50 Connaught Road Central, Hong Kong

**US Tiger Securities, Inc.**

*(in relation to the International Offering only)*  
437 Madison Ave, 27/F  
New York  
NY 10022  
United States of America

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### **Our Legal Advisers**

*As to Hong Kong and U.S. laws:*

**Skadden, Arps, Slate, Meagher & Flom and affiliates**  
42<sup>nd</sup> Floor, Edinburgh Tower, The Landmark  
15 Queen's Road Central, Hong Kong

*As to PRC laws:*

**Han Kun Law Offices**  
9/F, Office Tower C1, Oriental Plaza,  
1 East Chang An Avenue  
Beijing 100738, P.R. China

*As to Cayman Islands laws:*

**Maples and Calder (Hong Kong) LLP**  
26th Floor Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

### **Legal Advisers to the Joint Sponsors and the Underwriters**

*As to Hong Kong and U.S. laws:*

**Simpson Thacher & Bartlett**  
35/F, ICBC Tower, 3 Garden Road  
Central, Hong Kong

*As to PRC laws:*

**Commerce & Finance Law Offices**  
6/F, NCI Tower  
A12 Jianguomenwai Avenue  
Beijing 100022, PRC

### **Auditor and Reporting Accountant**

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F Prince's Building,  
Central, Hong Kong

### **Industry Consultant**

**Shanghai iResearch Co., Ltd., China**  
3rd Floor, Tower B, Phase II SOHO  
9 Guanghua Road, Chaoyang District, Beijing

### **Receiving Bank**

**Bank of China (Hong Kong) Limited**  
1 Garden Road  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered Office</b>	Maples Corporate Services Limited PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
<b>Principal Executive Offices of Main Operations</b>	18 <sup>th</sup> Floor Tower B, CEC Plaza 3 Dan Ling Street, Haidian District, Beijing 100080, China
<b>Address in Hong Kong</b>	Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
<b>Company's Website</b>	<b><a href="http://ir.autohome.com.cn/">http://ir.autohome.com.cn/</a></b> <i>(The information on the website does not form part of this document)</i>
<b>Authorized Representatives</b>	<b>Anita Chen</b> 18 <sup>th</sup> Floor Tower B, CEC Plaza 3 Dan Ling Street, Haidian District, Beijing 100080, China
<b>Audit Committee</b>	Tianruo Pu (Chairman) Dazong Wang Junling Liu
<b>Compensation Committee</b>	Quan Long (Chairman) Zheng Liu Dazong Wang
<b>Nominating and Corporate Governance Committee</b>	Quan Long (Chairman) Jing Xiao Tianruo Pu
<b>Cayman Islands Principal Share Registrar</b>	<b>Maples Fund Services (Cayman) Limited</b> PO Box 1093, Boundary Hall, Cricket Square Grand Cayman, KY1-1102, Cayman Islands
<b>Hong Kong Branch Share Registrar</b>	<b>Computershare Hong Kong Investor Services Limited</b> Room 1712-1716, 17 <sup>th</sup> Floor Hopewell Center 183 Queen's Road East Wan Chai, Hong Kong
<b>Compliance Adviser</b>	<b>Somerley Capital Limited</b> 20/F., China Building, 29 Queen's Road Central, Hong Kong
<b>Principal Banks</b>	<b>China Merchants Bank</b> 23/F, China Merchants Bank Shenzhen Branch Building 2016 Shennan Boulevard, Futian District, Shenzhen, China

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## HISTORY AND CORPORATE STRUCTURE

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### OVERVIEW

We incorporated our Company under the laws of the Cayman Islands under its former name, Sequel Limited, in June 2008 and adopted its current name in October 2011. We are the leading online destination for automobile consumers in China. Through our two websites, *autohome.com.cn* and *che168.com*, accessible through PCs and mobile devices, our mobile applications and our mini apps, we deliver comprehensive, independent and interactive content to automobile consumers.

### KEY MILESTONES

Our key business milestones are summarized below:

Date	Event
2008	Incorporation of our Company and acquisition all of the equity interests of Cheerbright International Holdings Limited which operates <i>autohome.com.cn</i> and Norstar Advertising Media Holdings Limited which operated <i>che168.com</i> .
2011	Completion of spin-off of our then subsidiaries that were not involved in our core business, after which we have been focusing on serving the automotive industry in China through our <i>autohome.com.cn</i> and <i>che168.com</i> websites.
2013	Acquisition of Autohome Media which had engaged in the advertising business outside the PRC for more than three years at that time. Completion of our initial public offering of 8,993,000 ADSs, representing 8,993,000 Class A Ordinary Shares, and listing of our ADSs on the NYSE under the symbol “ATHM”.
2014	Completion of a public offering in which we offered and sold 2,424,801 ADSs, representing 2,424,801 Class A Ordinary Shares, and our then shareholders sold 7,220,858 ADSs, representing 7,220,858 Class A Ordinary Shares.
2015	Establishment of a strategic joint venture as a full-service auto sales platform, in which we held 49% of its equity interest, and a wholly-owned subsidiary, Beijing Chezhiying Software Co., Ltd., to conduct used automobile-related business, which was subsequently de-registered in January 2021.
2016	Completion of the sale by Telstra, our then largest shareholder, only holder of Class B Ordinary Shares which had weighted voting rights, and a wholly-owned subsidiary of Telstra Corporation Limited, of approximately 47.4% of our then total issued and outstanding shares to Yun Chen, a subsidiary of Ping An Group, for a consideration of US\$1.6 billion.
2017	Acquisition of 100% equity interests of Shanghai Tianhe, a company licensed by the CBIRC to engage in insurance brokerage business in the PRC, through Autohome Information, with a total cash consideration of RMB21.1 million.
2018	Completion of investment in TTP Car Inc., a company operating an online bidding platform for used automobiles, in the form of an 8% three-year convertible bond for a consideration of US\$100 million in cash.
2019	Establishment of three wholly-owned subsidiaries in Europe to extend our business to the European market.
2020	Completion of further investment in TTP Car Inc. through subscription of preferred shares in the capital of TTP Car Inc. for purchase price of US\$143 million.

## HISTORY AND CORPORATE STRUCTURE

### CORPORATE STRUCTURE

#### Major Subsidiaries

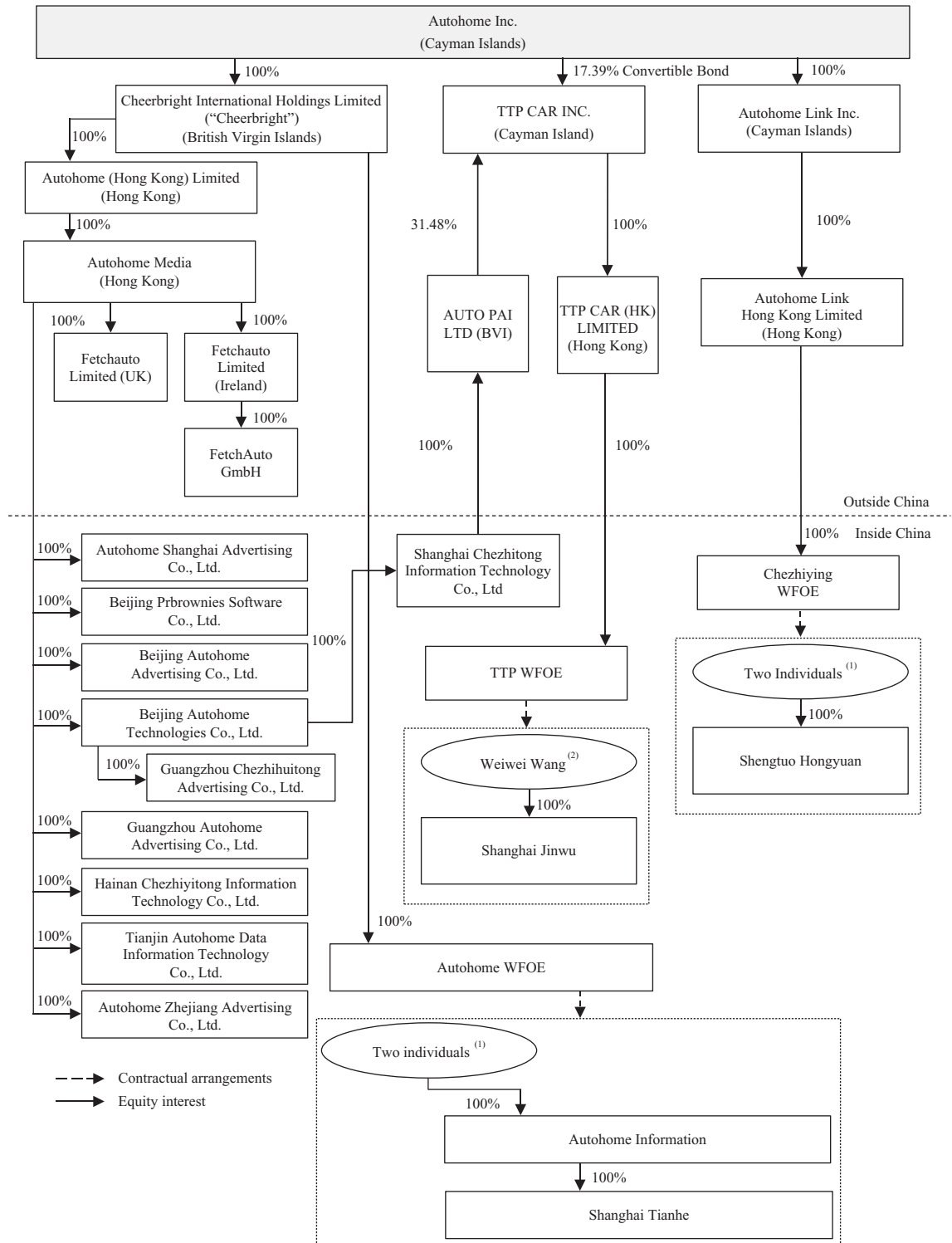
The principal business activities and date of establishment of each of our Major Subsidiaries are shown below:

Subsidiaries	Principal Business Activities	Date and Place of Establishment	Public/private company	Registered capital	Percentage of ownership by the Company
Autohome WFOE	A subsidiary of Cheerbright International Holdings Limited primarily engaged in provision of technical services	September 1, 2006, PRC	Private	USD2,000,000	100%
Autohome Shanghai Advertising Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of media services	September 29, 2013, PRC	Private	RMB40,000,000	100%
Beijing Prbrownies Software Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of technical services	November 12, 2013, PRC	Private	RMB10,000,000	100%
Beijing Autohome Technologies Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of technical services	November 12, 2013, PRC	Private	RMB10,000,000	100%
Beijing Autohome Advertising Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of media services	November 13, 2013, PRC	Private	RMB55,000,000	100%
Guangzhou Autohome Advertising Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of media services	November 25, 2013, PRC	Private	RMB10,000,000	100%
Chezhiying WFOE	A subsidiary of Autohome Link Hong Kong Limited primarily engaged in provision of technical services	May 26, 2015, PRC	Private	RMB5,000,000	100%
Guangzhou Chezhihitong Advertising Co., Ltd.	A subsidiary of Beijing Autohome Technologies Co., Ltd. primarily engaged in provision of media services	August 20, 2018, PRC	Private	RMB10,000,000	100%
Hainan Chezhiyitong Information Technology Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of technical services	August 20, 2018, PRC	Private	RMB10,000,000	100%
Tianjin Autohome Data Information Technology Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of technical services	October 15, 2018, PRC	Private	RMB10,000,000	100%
Autohome Zhejiang Advertising Co., Ltd.	A subsidiary of Autohome Media primarily engaged in provision of media services	December 19, 2018, PRC	Private	RMB10,000,000	100%
Autohome Information	A consolidated affiliated entity primarily engaged in provision of technical services	August 28, 2006, PRC	Private	RMB10,000,000	N/A
Shengtuo Hongyuan	A consolidated affiliated entity primarily engaged in provision of technical services	November 8, 2010, PRC	Private	RMB10,000,000	N/A
Shanghai Tianhe	A consolidated affiliated entity primarily engaged in provision of insurance brokerage services	September 13, 2012, PRC	Private	RMB50,000,000	N/A

## HISTORY AND CORPORATE STRUCTURE

### Our corporate structure

The following diagram illustrates our corporate structure, including our principal subsidiaries and VIEs, as of the Latest Practicable Date:



Notes:

- (1) The two individuals are Quan Long and Haiyun Lei, each a PRC citizen. Each of Quan Long and Haiyun Lei holds 50% of the equity interests in each of Autohome Information and Shengtuo Hongyuan. Quan Long is our director, chairman of the board and chief executive officer. Haiyun Lei is an employee of Ping An Group.

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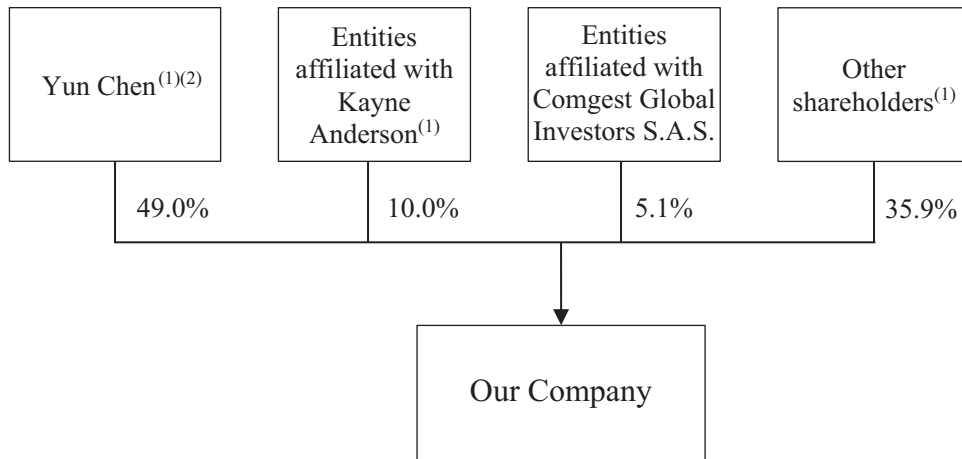
## HISTORY AND CORPORATE STRUCTURE

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- (2) Weiwei Wang, a PRC citizen, holds 100% of the equity interests in Shanghai Jinwu Auto Technology Consultant Co., Ltd.. Weiwei Wang is the founder of TTP Car Inc..

### Shareholding structure

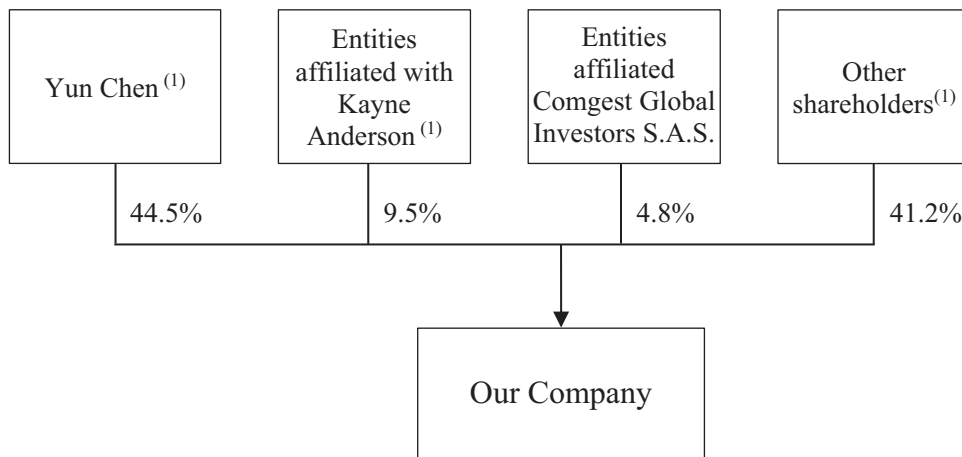
The following diagram illustrates our shareholding structure as at December 31, 2020 (excluding 1,357,393 Class A Ordinary Shares (equivalent to 5,429,572 Shares after the Share Re-designation and Share Subdivision) issued and reserved for future issuance upon the exercising or vesting of awards granted under our Share Incentive Plans):



*Notes:*

- (1) See "Major Shareholders" for further details on the background of Yun Chen, entities affiliated with Kayne Anderson, entities affiliated with Comgest Global Investors S.A.S. and other shareholders.
- (2) Yun Chen is a subsidiary of Ping An Group and as of the Latest Practicable Date, the Company is a subsidiary of Ping An Group.

The following diagram illustrates our shareholding structure immediately upon the completion of the Global Offering (taking into account Shares that had been issued and reserved for the purpose of our Share Incentive Plans as of the Latest Practicable Date, and assuming (i) the shareholding of the major shareholders has remain unchanged since December 31, 2020; (ii) the Over-allotment Option is not exercised; and (iii) no additional Shares are issued under the Share Incentive Plans):



*Notes: Please refer to the details contained in Notes (1) and (2) above.*

### CONTRACTUAL ARRANGEMENTS

#### Overview

PRC laws and regulations currently limit foreign ownership of companies that engage in internet services. We conduct part of our operations in China through the following contractual arrangements by and among the following entities:

- Autohome WFOE, Autohome Information, the shareholders of Autohome Information and two subsidiaries of Autohome Information, namely Chengshi Advertising and Autohome Advertising;
- Chezhiying WFOE, Shengtuo Hongyuan, the shareholders of Shengtuo Hongyuan and two subsidiaries of Shengtuo Hongyuan, namely Autohome Used Car Appraisal and Autohome Used Car Brokerage; and
- TTP WFOE, Shanghai Jinwu, Shanghai Antuo, the shareholders of Shanghai Jinwu and Shanghai Antuo.

In September 2016, the then individual nominee shareholders of Shengtuo Hongyuan and Guangzhou Advertising (our previous VIE that is already dissolved and deregistered) entered into equity interest purchase agreements and debt transfer and offset agreements with Min Lu and Haiyun Lei, pursuant to which the then individual nominee shareholders transferred all of their equity interests in each of the entities to Min Lu and Haiyun Lei. In March 2017, the then individual nominee shareholders of Autohome Information and Shanghai Advertising (our previous VIE that is already dissolved and deregistered) entered into equity interest purchase agreements and debt transfer and offset agreements with Min Lu and Haiyun Lei, pursuant to which the then individual nominee shareholders transferred all of their equity interests in each of the entities to Min Lu and Haiyun Lei. Upon the execution of the above Equity Interest Purchase Agreements and Debt Transfer and Offset Agreements, all contractual arrangements between the then individual nominee shareholders and our wholly owned subsidiaries have been terminated. Autohome WFOE entered into a series of contractual agreements with (i) Autohome Information and each of its individual nominee shareholders in March 2017, (ii) Autohome Information and each of its subsidiaries, namely Autohome Advertising and Chengshi Advertising, in September 2016, and (iii) Shanghai Advertising and each of its individual nominee shareholders in March 2017. Chezhiying WFOE entered into a series of contractual agreements with Shengtuo Hongyuan, each of its individual nominee shareholders, Autohome Used Car Appraisal and Autohome Used Car Brokerage in September 2016. Autohome WFOE has executed the termination agreements with respect to the contractual agreements that it has entered into with Shanghai Advertising and each of their individual nominee shareholders to terminate the contractual arrangements on the same date of the issuance of an approval notice for the deregistration of Shanghai Advertising by the competent authority for market regulation in charge of Shanghai Advertising. We have completed the dissolution and deregistration of Shanghai Advertising in July 2020. We also entered into a series of contractual arrangements with Guangzhou You Che You Jia Advertising Co., Ltd., or Guangzhou Advertising, and each of its then individual nominee shareholders previously. We terminated such agreements and completed the dissolution and deregistration of Guangzhou Advertising in November 2018.

In December 2020, the Company acquired TTP which conduct its business related to internet content services in China through Shanghai Jinwu and Shanghai Antuo. In August 2015, TTP WFOE entered into a series of contractual agreements with Shanghai Jinwu and Weiwei Wang, being the individual nominee shareholder of Shanghai Jinwu. In August 2015, TTP WFOE entered into a series of contractual agreements with Shanghai Antuo and each of its individual nominee shareholders, namely Weiwei Wang and Butao Yu. The contractual arrangements of TTP WFOE with Shanghai Jinwu and Shanghai Antuo and their respective shareholders allow TTP to (i) exercise effective control over

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## HISTORY AND CORPORATE STRUCTURE

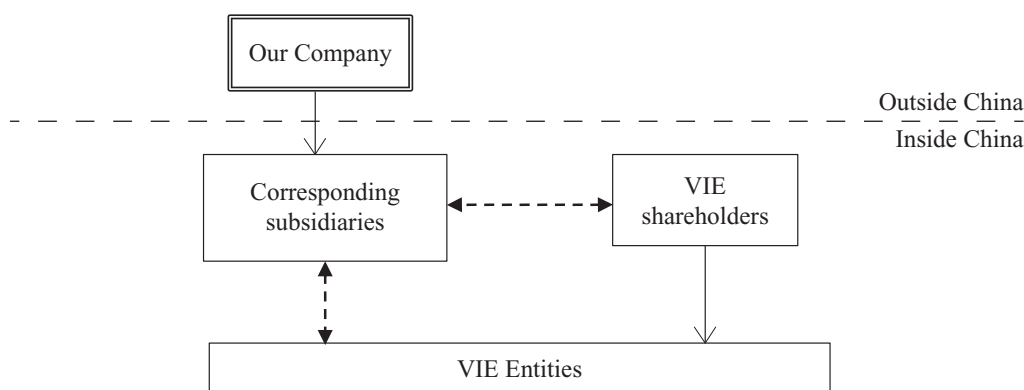
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Shanghai Jinwu and Shanghai Antuo, (ii) receive substantially all of the economic benefits of Shanghai Jinwu and Shanghai Antuo, and (iii) have an exclusive option to purchase all or part of the equity interests in Shanghai Jinwu and Shanghai Antuo when and to the extent permitted by the PRC laws.

In February 2021, Min Lu, the then individual nominee shareholder of Autohome Information and Shengtuo Hongyuan, entered into equity interest transfer agreements and debt transfer and offset agreements with Quan Long and other related parties, pursuant to which Min Lu transferred all his equity interests in each of Autohome Information and Shengtuo Hongyuan to Quan Long. In February 2021, Autohome WFOE entered into a termination agreement with Autohome Information and its then individual nominee shareholders, namely, Min Lu and Haiyun Lei, to terminate the contractual agreements in connection with Autohome Information made in March 2017, and Chezhiying WFOE entered into a termination agreement with Shengtuo Hongyuan and its then individual nominee shareholders, namely, Min Lu and Haiyun Lei, to terminate the contractual agreements in connection with Shengtuo Hongyuan made in September 2016. Upon the execution of the above agreements, all contractual arrangements made by and among Min Lu, Haiyun Lei, Autohome Information, Shengtuo Hongyuan and our wholly-owned subsidiaries have been terminated.

In February 2021, Autohome WFOE entered into a series of contractual agreements with Autohome Information and each of its individual nominee shareholders, namely, Quan Long and Haiyun Lei, and Chezhiying WFOE entered into a series of contractual agreements with Shengtuo Hongyuan and each of its individual nominee shareholders, namely, Quan Long and Haiyun Lei.

The diagram below illustrates the general structure of the economic flow and control under the VIE structure created by the contractual arrangements:



Notes:

(1) “” denotes the direction of legal and beneficial ownership.

(2) “” denotes the contractual arrangements among the VIE Entities, VIE shareholders, and our subsidiaries.

Autohome WFOE and Chezhiying WFOE recognized service fees from all the VIEs in the amount of RMB289.5 million in 2018, RMB221.7 million in 2019 and RMB219.5 million (US\$33.6 million) in 2020 in consideration for services provided to the VIEs. In the years ended December 31, 2018, 2019, and 2020, our VIEs contributed in aggregate 9.3%, 8.3% and 8.1%, respectively, of our total net revenue. See “Related Party Transactions” for more information on the agreements between us and our related parties, including the variable interest entities.

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that provide Internet content services in the PRC. Pursuant to the applicable PRC laws, foreign investors

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## HISTORY AND CORPORATE STRUCTURE

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are not allowed to own more than 50% of the equity interests in any entity conducting value-added telecommunication service provider (other than e-commerce, domestic multiparty communications, store-and-forward and call center) and the major foreign investor making investment in a value-added telecommunication service provider must have experience in providing value-added telecommunications services overseas and maintain a good track record. The principal business of Autohome Information and Shengtuo Hongyuan involves provision of Internet content services through websites and mobile apps and online data processing and transaction processing services, which falls within the scope of “value-added telecommunication services” under the Telecommunications Regulations. Autohome Information and Shengtuo Hongyuan each holds an ICP license. Given that the services provided by our VIEs fall under the scope of value-added telecommunication services businesses, our VIEs are required to hold such licenses which are subject to foreign ownership restrictions. Furthermore, both Autohome Information and Shengtuo Hongyuan provide maps on their websites and mobile applications for the convenience of our users to locate certain service providers. Pursuant to the applicable PRC laws, entities engaging in Internet mapping services, such as geographic positioning and uploading of geographic information, are required to obtain a surveying qualification certificate for Internet mapping services, and the operation of Internet mapping services is subject to foreign investment restrictions. Autohome Information and Shengtuo Hongyuan each holds Surveying and Mapping Qualification Certificate for Internet Mapping.

In addition, foreign investors are prohibited from investing in companies engaged in internet audio-visual programs businesses, Internet culture businesses (except for music) and radio and television program production businesses. Autohome Information currently holds an Operating License for the Production and Dissemination of Radio and Television Programs, an Internet Audio/Video Program Transmission License and an Internet Culture Business Permit. Shengtuo Hongyuan currently holds an Operating License for the Production and Dissemination of Radio and Television Programs.

For further details the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please refer to “Regulations” and “Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations”.

### **Agreements that provide us effective control over Autohome Information, Autohome Advertising and Chengshi Advertising**

The following is a summary of the currently effective contractual arrangements by and among Autohome WFOE, Autohome Information, the shareholders of Autohome Information, Autohome Advertising and Chengshi Advertising (as applicable).

#### *Equity Interest Pledge Agreements*

Pursuant to the equity interest pledge agreements between Autohome WFOE and each of the two shareholders of Autohome Information entered into in February 2021, each shareholder of Autohome Information pledges to Autohome WFOE all of his or her equity interests in Autohome Information to secure the performance of such shareholder’s respective obligations and Autohome Information’s obligations under the loan agreements, equity option agreements, and the exclusive technology consulting and service agreements. Without Autohome WFOE’s consent, shareholders of Autohome Information shall not create or permit to create any encumbrances on the pledged equity interests in

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## HISTORY AND CORPORATE STRUCTURE

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Autohome Information. In the event of default, Autohome WFOE is entitled to request immediate repayment of the outstanding amounts payable under the loan agreements, the equity option agreements and the exclusive technology consulting and service agreements or to dispose of the pledged equity interests at Autohome WFOE's sole discretion. The equity pledge agreements have an indefinite term and will terminate after all the secured obligations under these agreements have been satisfied in full or the pledged equity interests have been transferred to Autohome WFOE or its designee.

Pursuant to the equity interest pledge agreements between Autohome WFOE and Autohome Information entered into in September 2016, Autohome Information pledges to Autohome WFOE all of its equity interests in Chengshi Advertising and Autohome Advertising to secure the performance of its obligations under the equity option agreements and the obligations of Chengshi Advertising and Autohome Advertising under the exclusive technology consulting and service agreements. These equity interest pledge agreements contain substantially the same terms as the equity interest pledge agreements between Autohome WFOE and the shareholders of Autohome Information.

### *Exclusive Technology Consulting and Service Agreements*

Pursuant to the exclusive technology consulting and service agreements entered into between Autohome WFOE and each of Autohome Information, Autohome Advertising and Chengshi Advertising in February 2021, September 2016 and September 2016, respectively, Autohome WFOE has the exclusive right to provide each of these VIEs comprehensive technology and management consulting services. In addition, Autohome WFOE is obligated to provide financing support to each of these VIEs to ensure the cash flow requirements of the day-to-day operations of these VIEs. Each of these VIEs is obligated to pay to Autohome WFOE service fees, which are calculated based on such VIE's revenues reduced by its tax, operating expenses and an appropriate amount of retained profit that is determined pursuant to our tax planning strategies and relevant tax laws. Such service fees may be adjusted by Autohome WFOE at Autohome WFOE's sole discretion. Autohome WFOE owns the intellectual properties arising from the performance of these agreements. These agreements have a 30-year term that can be automatically extended for another 10 years at the option of Autohome WFOE and can only be terminated by the parties' mutual written consent or by Autohome WFOE's prior 30-day notice at its sole discretion. During the term of these agreements, these VIEs may not enter into any agreements with third parties for the provision of any technology or management consulting services without prior consent of Autohome WFOE.

### *Equity Option Agreements*

Pursuant to the equity option agreements among Autohome WFOE, Autohome Information and each of the two shareholders of Autohome Information entered into in February 2021, each shareholder of Autohome Information jointly and severally grants to Autohome WFOE an option to purchase all or part of his or her equity interests in Autohome Information at a price equivalent to the lowest price permitted by PRC law. The purchase price is to be offset against the loan repayments under the loan agreements. If there will be additional payments to be made by Autohome Information to these shareholders required by the PRC law, these shareholders must immediately return the received payments to Autohome WFOE. Autohome WFOE may exercise its option at any time or transfer the rights and obligations under the equity option agreement to any of its designated parties. The equity option agreements have an indefinite term and will terminate at the earlier of (i) the date on which the equity interests in Autohome Information have been transferred to Autohome WFOE or its designated parties, or (ii) the unilateral termination by Autohome WFOE.

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## HISTORY AND CORPORATE STRUCTURE

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Pursuant to the equity option agreements among Autohome WFOE, Autohome Information and two of Autohome Information's subsidiaries, namely Autohome Advertising and Chengshi Advertising, entered into in September 2016, Autohome Information granted Autohome WFOE or its designated parties an option to purchase all or part of Autohome Information's equity interests in these Autohome Information subsidiaries at a price equivalent to the lowest price permitted by PRC laws. Autohome WFOE may exercise its option at any time. The equity option agreements have an indefinite term and will terminate at the earlier of (i) the date on which all of Autohome Information's equity interests in these subsidiaries have been transferred to Autohome WFOE or its designated parties, or (ii) the unilateral termination by Autohome WFOE.

### *Powers of Attorney*

In February 2021, each of the shareholders of Autohome Information executed an irrevocable power of attorney appointing Autohome WFOE, or any person designated by Autohome WFOE, as their attorney-in-fact, to vote on their behalf at the shareholders' meetings of Autohome Information and to exercise full voting rights as the shareholders of the company with powers granted under PRC laws and regulations and the articles of association of the company, including the rights to appoint directors and management personnel. In September 2016, Autohome Information executed irrevocable powers of attorney appointing Autohome WFOE, or any person designated by Autohome WFOE, as their attorney-in-fact, to vote on their behalf at the shareholders' meetings of Autohome Advertising and Chengshi Advertising and to exercise full voting rights as the shareholders of these companies with powers granted under PRC laws and regulations and the articles of association of each of the above companies, including the rights to appoint directors and management personnel.

### *Loan Agreements*

Pursuant to the loan agreements between Autohome WFOE and each of the two shareholders of Autohome Information entered into in February 2021, Autohome WFOE granted interest-free loans to these two shareholders of Autohome Information. The loans are to be used solely for the purpose of making capital contributions to the registered capital of Autohome Information. The term of the loans is indefinite and must be repaid in the manner specified in the agreements upon written notice from Autohome WFOE at any time in Autohome WFOE's sole discretion or upon an event of default by the shareholders of Autohome Information.

### **Agreements that provide us effective control over Shengtuo Hongyuan, Autohome Used Car Appraisal and Autohome Used Car Brokerage**

#### *Equity Interest Pledge Agreements*

In February 2021, Chezhiying WFOE and each of the shareholders of Shengtuo Hongyuan entered into equity interest pledge agreements with respect to their equity interest in Shengtuo Hongyuan. The terms of these agreements are substantially the same as the equity interest pledge agreements between Autohome WFOE and each of the two shareholders of Autohome Information described above. In September 2016, Chezhiying WFOE and Shengtuo Hongyuan entered into equity interest pledge agreements with respect to the latter's equity interest in each of Autohome Used Car Appraisal and Autohome Used Car Brokerage. The terms of these agreements are substantially the same as the equity interest pledge agreements between Autohome WFOE and Autohome Information. As of the date of

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## HISTORY AND CORPORATE STRUCTURE

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this document, we are in the process of applying for the registration of the equity interest pledge in connection with Autohome Information and Shengtuo Hongyuan.

### *Exclusive Technology Consulting and Service Agreements*

In February 2021, Chezhiying WFOE and Shengtuo Hongyuan entered into an exclusive technology consulting and service agreement. In September 2016, Chezhiying WFOE and each of Autohome Used Car Appraisal and Autohome Used Car Brokerage entered into exclusive technology consulting and service agreements. The terms of these agreements are substantially the same as the exclusive technology consulting and service agreements between Autohome WFOE and each of Autohome Information, Autohome Advertising and Chengshi Advertising described above.

### *Equity Option Agreements*

In February 2021, Chezhiying WFOE, Shengtuo Hongyuan and each of the shareholders of Shengtuo Hongyuan entered into equity option agreements. The terms of these agreements are substantially the same as the equity option agreements among Autohome WFOE, Autohome Information and each of the two shareholders of Autohome Information described above. In September 2016, Chezhiying WFOE, Shengtuo Hongyuan and each of Autohome Used Car Appraisal and Autohome Used Car Brokerage entered into equity option agreements. The terms of these agreements are substantially the same as the equity option agreements among Autohome WFOE, Autohome Information and each of Autohome Advertising and Chengshi Advertising.

### *Powers of Attorney*

In February 2021, each of the shareholders of Shengtuo Hongyuan executed an irrevocable power of attorney appointing Chezhiying WFOE, or any person designated by Chezhiying WFOE, as their attorney-in-fact, to vote on their behalf at the shareholders' meetings of Shengtuo Hongyuan and to exercise full voting rights as the shareholders of these companies with powers granted under PRC laws and regulations and the articles of association of the company, including the rights to appoint directors and management personnel. In September 2016, Shengtuo Hongyuan executed irrevocable powers of attorney appointing Chezhiying WFOE, or any person designated by Chezhiying WFOE, as their attorney-in-fact, to vote on their behalf at the shareholders' meetings of Autohome Used Car Appraisal and Autohome Used Car Brokerage and to exercise full voting rights as the shareholders of these companies with powers granted under PRC laws and regulations and the articles of association of each of the above companies, including the rights to appoint directors and management personnel.

### *Loan Agreements*

In September 2016, Chezhiying WFOE and each of the shareholders of Shengtuo Hongyuan entered into loan agreements. The terms of these agreements are substantially the same as the loan agreements between Autohome WFOE and each of the two shareholders of Autohome Information described above.

### **Agreements that provide us effective control over Shanghai Jinwu and Shanghai Antuo**

In December 2020, the Company acquired TTP which conduct its business related to internet content services in China through Shanghai Jinwu and Shanghai Antuo. In August 2015, TTP WFOE entered into a series of contractual agreements with Shanghai Jinwu and Weiwei Wang, being the individual

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## HISTORY AND CORPORATE STRUCTURE

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nominee shareholder of Shanghai Jinwu. In August 2015, TTP WFOE entered into a series of contractual agreements with Shanghai Antuo and each of its individual nominee shareholders, namely Weiwei Wang and Butao Yu. The contractual arrangements of TTP WFOE with Shanghai Jinwu and Shanghai Antuo and their respective shareholders allow TTP to (i) exercise effective control over Shanghai Jinwu and Shanghai Antuo, (ii) receive substantially all of the economic benefits of Shanghai Jinwu and Shanghai Antuo, and (iii) have an exclusive option to purchase all or part of the equity interests in Shanghai Jinwu and Shanghai Antuo when and to the extent permitted by the PRC laws. Please see “Statutory and General Information—Further Information About Our Business—Summary of the Contractual Arrangements” for the list of contracts in relation to the contractual arrangements with TTP WFOE.

### **Confirmations and risks relating to the variable interest entity structure**

Our PRC Legal Adviser is of the opinion that:

- (a) The current ownership structure of the VIE Entities and our corresponding subsidiaries in China is not in violation of applicable PRC laws and regulations currently in effect;
- (b) each of the contractual arrangements entered into by the VIE Entities, the corresponding subsidiaries and the respective VIE shareholders governed by PRC laws and regulations is valid, legal and binding except that the pledge on the shareholders’ equity interests in Autohome Information and Shengtuo Hongyuan would not be deemed validly created until it is registered with the competent SAMR, and does not and will not violate any applicable PRC laws and regulations or their respective articles of association currently in effect; and
- (c) each of the contractual arrangements entered into by the VIE Entities, the corresponding subsidiaries and the respective VIE shareholders governed by PRC laws and regulations are not void under the Civil Code of the PRC.

Based on the above, our directors believe that the agreements underlying the contractual arrangements as described above that confer significant control and economic benefits from the VIE Entities on us are enforceable under the relevant laws. Nevertheless, any violations by the VIE Entities of our agreements with them could disrupt our operations or adversely affect our services. See “Risk Factors—Risks related to our corporate structure”. Appropriate arrangements have been made to protect the Company’s interests in the event of death or bankruptcy of the VIE shareholders.

Additionally, we have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC Laws. Accordingly, PRC regulatory authorities or courts may take a view that is contrary to the opinion of our PRC Legal Adviser. It is uncertain whether any new PRC laws relating to contractual arrangements will be adopted, what the Laws would provide. If we or any of the VIE Entities is found to be in violation of existing or future PRC laws, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authority would have broad discretion to take action in dealing with the violation or failure, in which case we could be subject to severe penalties, including being prohibited from continuing our operations or unwinding the contractual arrangements. See “Risk factors—Risks related to our corporate structure” and “Risk factors – Risks related to doing business in China”.

We have considered the costs and difficulties of acquiring insurance on commercially reasonable terms, and consider it impractical for us to have insurance to cover these risks. Accordingly, we have not purchased insurance to cover the risks relating to the contractual arrangements.

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## HISTORY AND CORPORATE STRUCTURE

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As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC regulators in operating our business through our VIE Entities under the contractual arrangements.

### **Listing on the NYSE**

On December 11, 2013, we listed our ADSs on the NYSE under the ticker symbol “ATHM”. Since the date of our listing on the NYSE and up to the Latest Practicable Date, our directors confirm that we had no instances of non-compliance with the rules of the NYSE in any material respects and to the best knowledge of our directors having made all reasonable enquiries, there is no matter that should be brought to investors’ attention in relation to our compliance record on the NYSE.

We believe that the Listing on the Hong Kong Stock Exchange will present us with an opportunity to further expand our investor base and broaden our access to capital markets.

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## INDUSTRY OVERVIEW

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*The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged iResearch for preparing the iResearch Report, an independent industry report in respect of the Global Offering. We believe that the sources of the information in this section and other sections of this document are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering except iResearch, and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the iResearch Report that would qualify, contradict or have a material impact on the information in this Section.*

*Except as otherwise noted, all of the data and forecasts contained in this section have been derived from the iResearch Report.*

### Overview of Automotive Industry in China

China is the world's largest automotive market as measured by sales volume of new passenger vehicles in 2019. According to the iResearch Report, in 2019, total new passenger vehicle sales volume in China was 21.4 million units, compared to 17.1 million units in the United States<sup>1</sup>, 4.3 million units in Japan, 3.6 million units in Germany, and 2.3 million units in the United Kingdom. It is expected by 2025, total new passenger vehicle sales volume in China shall reach 25.8 million units.

Total used passenger vehicle sales volume in China has increased from 6.0 million units in 2015 to 11.1 million units in 2019, representing a compound annual growth rate ("CAGR") of 16.5%. Total used passenger vehicle sales volume in the United States, however, was 40.8 million units in 2019, indicating large room of growth for China market. It is expected that total used passenger vehicle sales volume in China shall increase from 10.8 million units in 2020 to 19.5 million units in 2025, representing a CAGR of 12.6%.

Despite total passenger vehicle sales volume (including both new and used cars) in China decreased by 42.6% year-on-year in the first quarter of 2020 due to the negative impact from COVID-19 on both the demand and supply side, the sales volume has increased by 1.6% year-on-year in the second quarter of 2020 and 8.5% year-on-year in the third quarter of 2020, due to a well-contained pandemic in China and supportive government policies.

According to the iResearch Report, the main factors driving the growth of China's automotive industry include the following:

- *Low vehicle ownership penetration rate.* Automobile ownership was 186 units per 1,000 people in China as the end of 2019, much lower than 837 in the United States, 591 in Japan, 589 in Germany, 458 in South Korea, 433 in Malaysia and 250 in Thailand at the same time point, implying large room for further ownership increase.

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<sup>1</sup> Total new passenger vehicle sales volume in the United States includes light trucks.

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## INDUSTRY OVERVIEW

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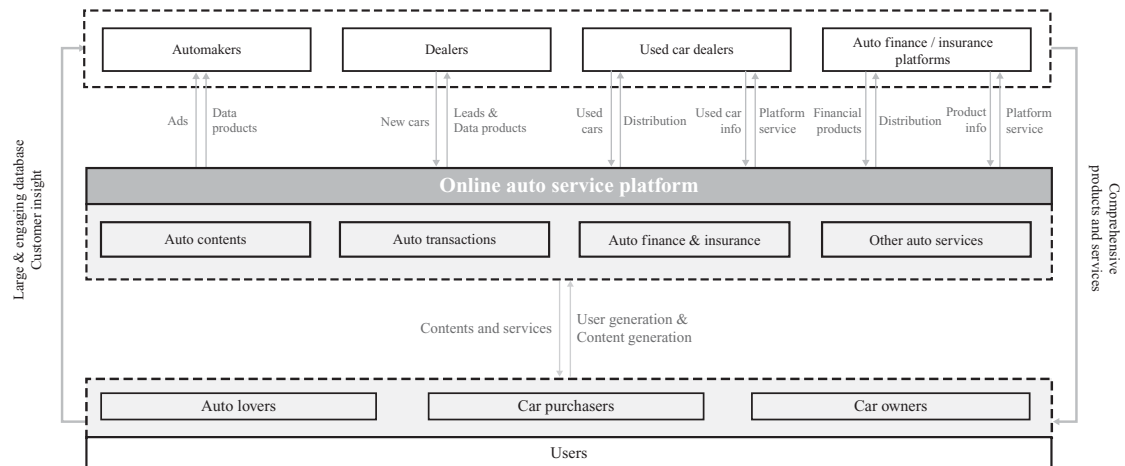
- *Urbanization and increasing affluence.* The urban population as a percentage of China's total population increased from 55.5% in 2015 to 60.3% in 2019, leading to an increase in travel distances for urban dwellers. Annual per capita disposable income increased from RMB21,966 in 2015 to RMB30,733 in 2019, indicating a CAGR of 8.8%. With increasing prosperity, durable consumer goods, including automobiles, have become more affordable to Chinese consumers.
- *Large infrastructure investment.* In parallel to this greater urbanization, the Chinese Government has been investing extensively in transportation infrastructure, with China's total mileage of highways growing from 123.5 thousand kilometers in 2015 to 149.6 thousand kilometers in 2019. As a result, automobiles, which bring higher mobility to consumers, have become an increasingly important form of transportation in China.
- *Favorable government initiatives.* China has witnessed a preferential policy environment for auto transactions in recent years, for example:
  - The central government and local governments in cities with restricted vehicle purchases such as Beijing and Shenzhen, are gradually encouraging the appropriate increase in number of vehicle license plates and purchase targets, to drive the consumption of vehicles and related products.
  - Local governments such as Shanghai and Guangdong, are providing subsidies to trade-in transactions of fuel vehicles, and rural residents' purchase of vehicles.
  - The State Council and relevant ministries announced in 2020 the extension of subsidy and exemption of purchase tax on new energy vehicle purchase till 2022, to promote the domestic automobile consumption and protect the new energy vehicle industry chain.
  - The People's Bank of China and the China Banking and Insurance Regulatory Commission elevated the maximum permitted loan-to-value ratio for both new and used cars in 2017 to facilitate consumers' purchase of vehicles through better leveraging of financial tools.

### Overview of Online Auto Service Platform Industry in China

Online auto service platform mainly serves as a link between the upstream participants and downstream consumers. On one hand, it attracts auto consumers with various auto related services and accumulates user data. On the other hand, it establishes cooperation with upstream suppliers, including automakers, dealers, used car sources, and financing, insurance and other aftersales market product providers, and monetizes through serving as an important distribution channel for auto advertising, leads, new and used vehicles, financial and insurance products, and data products, etc.

Going forward, leading online auto service platforms are expected to empower more service scenarios to attract and deposit user assets, while penetrate into more related upstream markets to enlarge business potential and monetization opportunities.

## INDUSTRY OVERVIEW

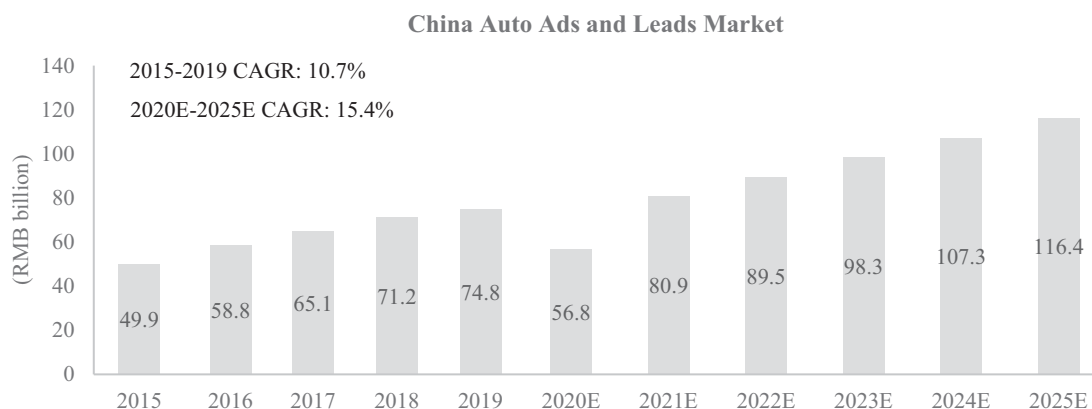


### Online Automobile Advertising and Auto Leads Generation Markets in China

Sales and marketing activities of automakers and dealers include both offline and online channels. Offline channels include traditional media-based advertising such as print media or outdoor billboards, as well as offline promotional events such as product exhibition and other PR campaign. Online channels include online advertising on automotive vertical websites and mobile application, internet portals, social media, news, video and live-streaming applications.

Total sales and marketing spending on new passenger vehicles by automakers in China has increased from RMB257.7 billion in 2015 to RMB309.4 billion in 2019, representing a CAGR of 4.7%, and is expected to increase from RMB249.3 billion in 2020 to RMB377.6 billion by 2025, representing a CAGR of 8.7%.

Auto advertisements and leads market in China, in terms of total spending on auto advertisements and leads subscription, has increased from RMB49.9 billion in 2015 to RMB74.8 billion in 2019, indicating a CAGR of 10.7%, and is expected to increase from RMB56.8 billion in 2020 to RMB116.4 billion by 2025, indicating a CAGR of 15.4%.

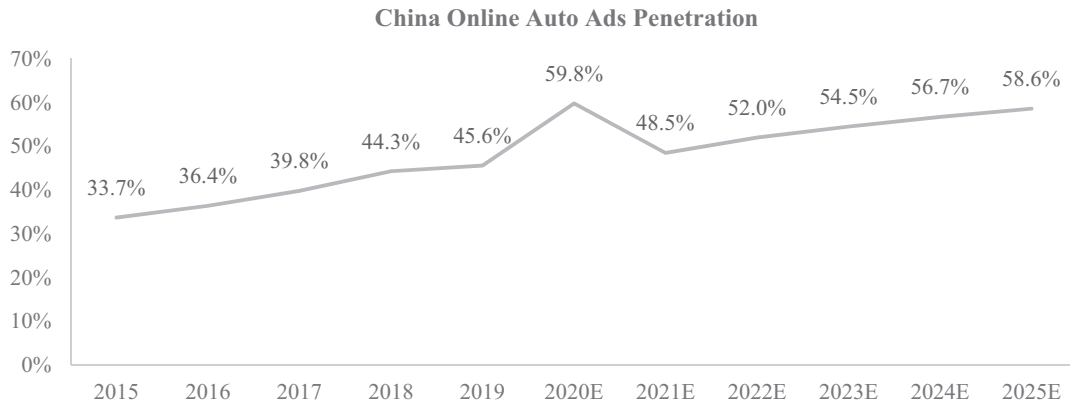


- Auto advertising market in China, in terms of total auto advertisements spending, increased from RMB42.9 billion in 2015 to RMB56.8 billion in 2019, indicating a CAGR of 7.2%, and is expected to increase from RMB38.5 billion in 2020 to RMB76.7 billion in 2025, indicating a CAGR of 14.8%.
- Auto leads market in China, in terms of total online spending on leads subscription, increased from RMB7.0 billion in 2015 to RMB18.1 billion in 2019, indicating a CAGR of 26.8%, and is

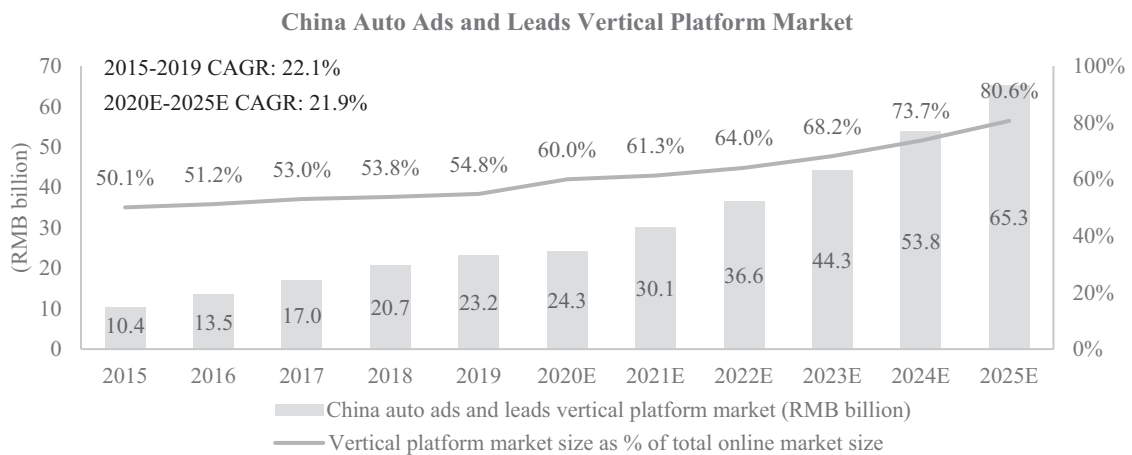
## INDUSTRY OVERVIEW

expected to increase from RMB18.3 billion in 2020 to RMB39.7 billion in 2025, indicating a CAGR of 16.8%.

Online auto advertisements penetration, in terms of online auto advertisements spending as a percentage of total auto advertisements spending, has increased from 33.7% in 2015 to 45.6% in 2019. With the COVID-19 pandemic, the online penetration is expected to reach 59.8% in 2020. Going forward, the shift of marketing budget from offline to online is expected to continue, with online penetration expected to be 58.6% in 2025.



Auto advertisements and leads vertical platform market in China, in terms of total spending on auto advertisements and leads subscription on online auto service platforms, has increased from RMB10.4 billion in 2015 to RMB23.2 billion in 2019, indicating a CAGR of 22.1%, and is expected to increase from RMB24.3 billion in 2020 to RMB65.3 billion by 2025, representing a CAGR of 21.9%. Vertical platforms are taking larger share of the online advertising pocket over time, over competing online channels.



As the industry is reshaping, we see some key trends emerging that benefit the industry:

- Consumers are spending more and more time online, and online channels are now serving as the most important sources of information for consumers. The recent COVID-19 pandemic has accelerated the change in consumers' behavior, with the frequency and duration of usage of online auto service platforms increasing significantly post the pandemic, and accordingly forced various industry players to adapt their offering to an ever more online ecosystem.

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## INDUSTRY OVERVIEW

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- Consumers have indicated strong preference for platforms with high quality, personalized and rich content (e.g. professionally-generated content, user-generated content), and all the more for platforms offering diversified formats (e.g. AR, VR, live streaming, short videos, etc.). This has resulted in an increasing demand for innovative and interactive online marketing tools, such as virtual showroom or live streaming event. More and more industry players are capturing this opportunity through adopting pioneering intelligent showroom and live streaming functions, that integrate augmented and virtual reality, big data, and voice recognition to achieve panoramic car shopping, smart recommendations, and shopping guides, which are particularly useful for virtual auto shows, especially during this COVID-19 pandemic.
- Increasing demand from automakers and dealers for performance-based marketing solution and precise audience reach and customized advertising leveraging AI and big data, benefiting players with rich user data and the capability to provide personalized content to customers.

### Auto Data Products Market in China

Auto data products primarily consist of data reports and intelligent tools in the form of SaaS that assist the R&D, marketing, sales and aftersales of automakers and dealers along the car life cycle.

Data products tap into both the sales and marketing budgets of automakers in China which is estimated to be RMB309.4 billion in 2019, and RMB377.6 billion by 2025, as well as the research & development (R&D) budgets of automakers in China, which is estimated to be RMB111.7 billion in 2019, and RMB164.8 billion by 2025.

The development of auto data product market is still at the early stage. Total spending on data products by automakers and dealers in China was only RMB1.0 billion in 2019, and is expected to increase to RMB23.0 billion by 2025, representing a CAGR of 67.8%.

According to the iResearch Report, the main factors driving the growth of China's auto data products market include the following:

- *Automakers' and dealers' digitalization transformation in their sales & marketing and R&D efforts to increase efficiency.*
  - R&D: To address the increasing market demand to produce innovative new car models with technology features, automakers need to leverage data products to improve R&D capabilities.
  - Marketing and operations: To provide consumers with intelligent life cycle services, automakers and dealers need to rely more on technology and data tools. For example, to provide precise marketing through big data analysis in customer acquisition stage; to leverage VR technologies to provide consumers with a real sense in car selection stage; to conduct performance and price evaluations with AI in car purchase stage; and to provide timely maintenance reminders through intelligent monitor of auto parts performance in aftersales stage, etc.
- *The enhanced capability of SaaS providers to offer various solutions that satisfy disparate needs.* The user data accumulated and improving end-to-end SaaS capabilities enable data products providers to offer comprehensive digital services to automakers and dealers along the full spectrum of auto value chain, driving the demand of automakers and dealers for digitalized services.

### Online Used Car Transaction Market in China

According to the iResearch Report, total used passenger vehicle transaction value in China has increased from RMB431.7 billion in 2015 to RMB740.4 billion in 2019, representing a CAGR of 14.4%, and is expected to increase from RMB723.4 billion in 2020 to RMB1,242.2 billion by 2025, representing a CAGR of 11.4%. The total addressable market of used passenger vehicle transaction services market in China, consisting of the potential commission fees used car transaction platforms are able to receive, is expected to increase from RMB35.0 billion in 2020 to RMB64.6 billion by 2025, representing a CAGR of 13.0%.

The main factors driving the growth of China's online used car transaction market include the following:

- *Used car transactions in China are yet to be more active.* Used passenger vehicle transaction volume as percentage of new passenger vehicle sales volume in China was 51.5% in 2019, lower than 343.7% in the United Kingdom, 239.2% in the United States, and 136.7% in Japan of the same period.
- *Improvement of information transparency and integrity on used car transactions.* The pain points of uneven seller reputation, unfair transaction prices and opaque vehicle conditions in used car market in China are gradually being solved with the improvement of credit system across the society and the development of comprehensive used car platforms. Thus, consumers in China are having stronger confidence in used car transactions.
- *Rectification of price gap between new and used vehicles.* The price inversion between new and used vehicles once greatly hindered the used car market in China. The gradual rationalization of the prices of new and used vehicles are providing more incentives for used car transactions.
- *Users' strong willingness to leverage online auto service platforms to purchase used cars.* According to investigation by iResearch, users are generally more prone to purchasing used cars on online auto platforms than in offline stores after viewing information on the online platforms. Consider the strong user willingness of online view and online purchase, and trust on the C2B2C model provided and backed by online platforms, there exists huge potential for online used car transactions.
- *Supportive government policies on used car transactions.* Premier Li Keqiang mentioned in *Report on the Work of the Government* in 2018 that the policy of restriction on the relocation of used cars should be completely abolished. Thereafter, both the Ministry of Commerce and various provincial governments have stated to speed up the implementation of the policy to support the prosperity of used car market. Besides, the Ministry of Finance and State Administration of Taxation, jointly announced in 2020 to slash the value-added tax rate on used car sales from 2 percent to 0.5 percent, to further promote the used car transactions.

### Auto Financing, Insurance and Aftersales Markets in China

#### *Auto Financing and Insurance*

According to the iResearch Report, auto financing market in China, in terms of total auto retail loan balance, has increased from RMB305.2 billion in 2015 to RMB719.4 billion in 2019. The total addressable market of online auto financing transaction services market in China, consisting of the potential commission fees online auto financing platforms are able to receive, is estimated to be RMB26.1 billion by 2025. Also according to the iResearch Report, auto insurance market in China, in terms of total automobile insurance premium, has increased from RMB619.9 billion in 2015 to

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## INDUSTRY OVERVIEW

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RMB818.8 billion in 2019. The total addressable market of online auto insurance transaction services market in China, consisting of potential commission fees online auto insurance platforms are able to receive, is estimated to be RMB35.8 billion by 2025.

The main factors driving the growth of China's auto financing and insurance market include the following:

- *Under-penetrated auto financing market in China.* The penetration of auto financing in China, in terms of sales volume with auto financing as a percentage of total, was approximately 43.0% for new passenger vehicles in 2019, which was much lower than 86.0% in the United States, 75.0% in Germany, and 70.0% in France in 2018. The penetration of auto financing for used passenger vehicles in China, in terms of sales volume with auto financing as a percentage of total, was approximately 28.0% in 2019, also much lower than the approximately 50.0% level in developed European and American markets. Still in the early stage of development, China's auto financing market has broad space for development. It is expected by 2025, the penetration of auto financing for new passenger vehicles shall reach approximately 61.0% in China.
- *Increasing receptiveness of consumer credit and insurance products of Chinese population.* Consumers in China, especially younger generations, are increasingly spending with consumer credits, under the prevalence of advanced consumerism, and the backdrop of improvement in personal credit system across the society. Insurance products are gaining increasing popularity as well, with the strengthening of health awareness among young and middle-aged generations. Auto finance and insurance, as a category of consumer credit and insurance in a vertical sector, shall benefit from the trend as well.
- *Technology innovations leading to a greater variety of products and a higher degree of efficiency.* The application of big data and artificial intelligence is increasingly helping auto finance and insurance institutions gain deeper insights into user behaviors, thus facilitating their product development, marketing and customer acquisition, and risk control.

### ***Auto Aftersales Market***

Auto aftersales market incorporates various services surrounding the use of vehicles post consumers' purchase, including maintenance and repair, rental services and auto accessories (car interiors and hardware for Internet of Vehicles, etc.). Online auto aftersales market, refers to those services facilitated and transacted online.

According to the iResearch Report, auto aftersales market in China has increased from RMB751.0 billion in 2015 to RMB1,269.8 billion in 2019, representing a CAGR of 14.0%, and is expected to increase from RMB1,366.4 billion in 2020 to RMB2,122.3 billion by 2025, representing a CAGR of 9.2%.

Also according to the iResearch Report, online auto aftersales market in China has increased from RMB157.6 billion in 2015 to RMB330.8 billion in 2019, representing a CAGR of 20.4%, and is expected to increase from RMB391.6 billion in 2020 to RMB710.8 billion by 2025, representing a CAGR of 12.7%.

### **Competitive Landscape**

We are the largest automotive service platform in terms of mobile daily active users ("DAU") as of December 2020 with full-service offerings. We face challenges from other major players that include automotive vertical websites and mobile applications, and online automotive transaction platforms. For example, according to iResearch, *BitAuto*, which was founded in 2000 and was listed on the NYSE

## INDUSTRY OVERVIEW

from 2010 to 2020, provides online auto information to Chinese auto consumers and advertising, leads generation and other services to automakers and dealers; *Dongchedi*, founded in 2017, is an online auto information platform with online media and leads subscription as its major service offerings; *Guazi*, founded in 2015, is an online auto service provider focused on the used-car market in China; *Uxin*, which was founded in 2011 and has been listed on NASDAQ since 2018, also focuses on the used-car market. We also face competition from companies engaged in social media business who compete for online traffic, and traditional dealerships with whom consumers in China might be more accustomed to making automobile purchases.

The comprehensiveness in service offerings to users is the key to maintain and grow a large and engaging user base, which in turn, allows the industry players to provide a one-stop solution to automakers and dealers, maximizing the lifetime value for each customer and establishing a significant barrier of entry. We are the only player with offerings covering full auto ownership life cycle.

Company	Average daily mobile active users (million) <sup>(1)(2)</sup>	Average daily application access rate per user (mobile applications) (times) <sup>(1)</sup>	Service offerings						
			Media	New car leads	Data products	New car transaction	Used car transactions	Financing <sup>(3)</sup>	Aftermarket
Autohome (汽车之家) ..	42.1	3.5	✓	✓	✓	✓	✓	✓	✓
Company A .....	6.9	2.8	✓	✓	✓			✓	✓
Company B .....	4.4	3.4	✓	✓	✓			✓	✓
Company C .....	0.6	3.2				✓	✓	✓	✓
Company D .....	0.1	2.6					✓	✓	

Notes:

- (1) Mobile active users and average daily application access rate per user (mobile applications) are based on QuestMobile data, in December 2020.
- (2) Average daily mobile active users include users from mobile websites, primary mobile applications and mini-apps for us, and primary mobile applications and mini-apps for competitors, as QuestMobile did not collect the mobile website data of competitors. Excluding users of our mobile websites, our average mobile daily users were 15.4 million, in December 2020.
- (3) For auto financing, we and our competitors only provide platforms for cooperative banks and financial institutions to display and market financial products, and facilitate loans, but do not engage in lending directly due to license restrictions, as none of them hold an auto financing license.

According to the iResearch Report, we are the largest online automotive advertising and leads generation service provider with a 29.9% market share, in terms of media services and leads generation revenue, in China's online auto vertical media advertising and leads generation market in 2019. Other major players include automotive vertical websites and mobile applications.

Company	Online auto vertical media advertising and leads generation market share in 2019
Autohome (汽车之家) .....	29.9%
Company A .....	16.8%
Company B .....	3.9%

Note:

- (1) According to iResearch, neither Company C nor Company D has media and leads generation services as its major service offerings, and the market share of each in China's online auto vertical media advertising and leads generation market in 2019 is negligible (thus not disclosed here).

### Key Entry Barriers in the Online Auto Service Platform Industry in China

According to the iResearch Report, the main entry barriers to enter the online auto service platform industry in China include the following:

- Upstream barriers, including stable sources of vehicles and license of auto financing. Stable sources of new and used passenger vehicles through deep relationship with automakers and

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## INDUSTRY OVERVIEW

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dealers enable users to have more choices for information and decision making on the platform. Cooperation with institutions with the license helps users make purchase decisions in a more efficient manner.

- Platform barrier, primarily proprietary technology and data insight. Technology capability and user knowledge empower automakers' sales and marketing and R&D, and provide users with unique purchase experiences through VR, AI and personalized solutions.
- Downstream barriers, including quality contents and valuable loyal user group. Quality PGC and professional user-generated contents from top creators and early release of premium contents guarantee the competitiveness of the platform. A stable user group with leading scale helps promote reputation of the platform, thus facilitating the branding and new user acquisition.

### Source of Information

In connection with the Global Offering, we have engaged iResearch to conduct a detailed analysis and prepare an industry report on the markets in which we operate. iResearch is an independent and a PRC-based market research institution that provides consumer insights and market data to companies in various industries, including mobile internet, big data, information technology, e-commerce, advertising. We incurred a total of RMB780,000 in fees and expenses for the preparation of the iResearch Report. The payment of such amount was not contingent upon our successful Listing or on the results of the iResearch Report. Except for the iResearch Report, we did not commission any other industry report in connection with the Global Offering.

We have included certain information from the iResearch Report in this document because we believe such information facilitates an understanding of the markets in which we operate for potential investors. iResearch prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, iResearch contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. iResearch believes that the basic assumptions used in preparing the iResearch Report, including those used to make future projections, are factual, correct and not misleading. iResearch has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. iResearch research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

In preparing the iResearch Report, iResearch relied on market information which has a variety of data sources, including external information channels and iResearch internal database. External information channels consist of both primary and secondary research sources, including the National Bureau of Statistics of China, the World Bank, the China Association of Automobile Manufacturers and the China Automobile Dealers Association, etc.

**Our Mission**

To engage, educate, and inform consumers about everything auto.

**Our Vision**

To become the world's largest intelligent automotive ecosystem, covering all stages of ownership life cycle of automobiles.

**Overview**

We are the leading online destination for automobile consumers in China, ranking first among automotive service platforms in terms of mobile daily active users as of December 31, 2020 according to QuestMobile. Through our two websites, *autohome.com.cn* and *che168.com*, accessible through PCs, mobile devices, our mobile applications and mini apps, we deliver comprehensive, independent and interactive content and tools to automobile consumers as well as a full suite of services to automakers and dealers across the auto value chain.

We began in 2008 as a content-led vertical media company focusing on media services ("1.0 Media"). In 2016, we launched our "4+1" strategic transformation initiative ("2.0 Platform"), building a platform that covers "auto contents," "auto transactions," "auto financing" and "auto lifestyle" to transform and upgrade from a content-led vertical company to a data and technology-driven automotive platform. Since 2018, we have focused on developing a full suite of intelligent products and solutions with artificial intelligence ("AI"), big data and cloud technologies (collectively, "ABC") to build an integrated ecosystem that connects all participants in the auto industry by providing end-to-end data-driven products and solutions across the value chain ("3.0 Intelligence"). Going forward, we plan to continue leveraging our "software as a service" ("SaaS") capabilities together with our core AI, big data, and cloud technologies ("4.0 ABC + SaaS") to expand both horizontally and vertically.

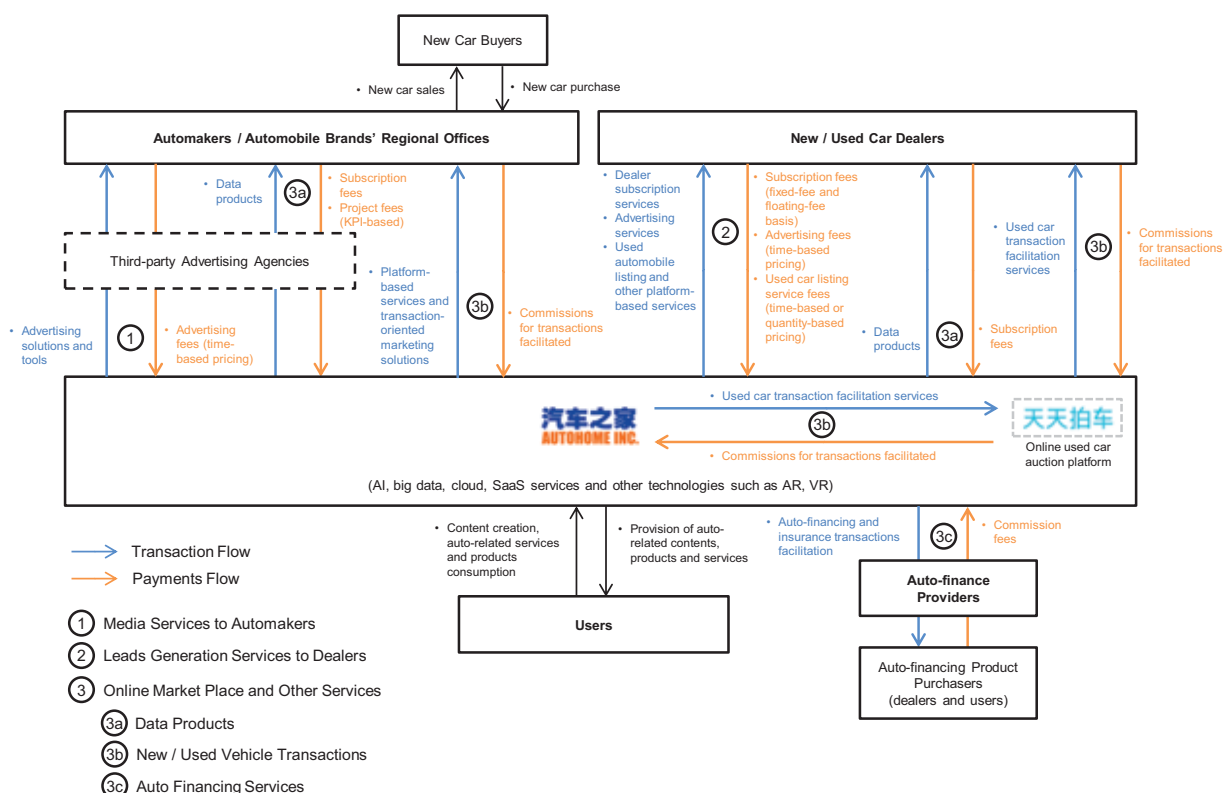
We generate revenues from media services, leads generation services and online marketplace and others.

- Media services: Through our media services, we provide automakers with targeted-marketing solutions in connection with brand promotion, new model release and sales promotion. Our large and engaged user base of automobile consumers provides a broad reach for automakers' marketing messages.
- Leads generation services: Our leads generation services enable our dealer subscribers to create their own online stores, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships to help them reach a broad set of potential customers and effectively market their automobiles to consumers online and ultimately generate sales leads. Our leads generation services also include used car listing services, which provide a user interface that allows potential used car buyers to identify suitable listings and contact the relevant sellers.
- Online marketplace and others: While we continue to strengthen our media and leads generation services, we are also further developing our online marketplace and other businesses. These businesses focus on providing facilitation services for new and used car transactions and other platform-based services for new and used car buyers and sellers. Through our auto financing business, we provide services to our cooperative financial institutions that involve facilitating the sale of their loans and insurance products to consumers and independent automobile sellers. Towards the end of 2017, we began offering data products, which leverage our intelligent big data

## BUSINESS

analytics capabilities and massive pool of accumulated user data to provide end-to-end data-driven products and solutions for automakers and dealers across different stages of the value chain. We believe the breadth and depth of these products and solutions on our platform will allow us to build a robust and technology-driven automotive ecosystem that covers all aspects of the automobile ownership life cycle.

The chart below illustrates our integrated ecosystem, including transaction flows and fund flows within each of our businesses<sup>1</sup>:



We achieved strong operating results during the Track Record Period. Our net revenues increased by 16.4% from RMB7,233.2 million in 2018 to RMB8,420.8 million in 2019 and further increased by 2.8% to RMB8,658.6 million (US\$1,327.0 million) in 2020. Our net income attributable to Autohome Inc. increased by 11.5% from RMB2,871.0 million in 2018 to RMB3,200.0 million in 2019 and further increased by 6.4% to RMB3,405.2 million (US\$521.9 million) in 2020.

### Strengths

#### *Leading online destination for automobile consumers in China*

We are the largest online destination for automobile consumers in China among auto service platforms in terms of DAU according to QuestMobile. The number of average daily active users who accessed our mobile websites, primary applications and mini-apps, reached 42.1 million in December 2020.

Our dominant position in user traffic brings about strong financial performance. In 2019, our revenue of RMB8,420.8 million made us one of the largest and our net margin of 38.0% made us the most

<sup>1</sup> As of the Latest Practicable Date, the VIEs carried out primarily part of the leads generation services to dealers (used car listing services) and part of the auto financing services.

profitable among automotive service platforms in China, according to iResearch. We managed to maintain high and consistent revenue growth in recent years despite the headwinds in the sector.

We also maintain a leading position in terms of automotive transactions. Our closed-loop transaction platform enables automobile buyers to review auto-related information, purchase vehicles from sellers, and obtain auto financing offered by our cooperative financial institutions as well as other ancillary services on the platform. TTP Car Inc. (“TTP”) is currently the largest used automobile auction platform in China, having generated 240,000 used car transactions in 2019, according to iResearch. In conjunction with TTP, we are the largest used car transaction platform in China by total number of leads generated in 2019, according to iResearch.

Our scale is underpinned by our trusted brands. We believe our strong and well-recognized brand is an integral part of our ability to attract and retain our users. Our “Autohome” brand has been the most searched automotive-related keyword during substantially the entire period from July 2011 to December 2020 on Baidu.com, China’s largest internet search engine, according to iResearch. Organic traffic contributes to the majority of total traffic, demonstrating strong consumer and brand recognition. Our brand was also seen as the most reliable among our competitors, according to the iResearch survey.

As a leading online destination for automobile consumers in China, we believe we are well positioned to capture attractive and lucrative market opportunities that arise from the growing demand for high quality auto-related content and services. We believe that our strong brand has also helped us to continuously attract new users and expand our market share.

### ***Comprehensive, independent and interactive content and tools for automobile consumers***

We deliver comprehensive, independent and interactive content and tools on our platform to generate strong user traffic, maintain user engagement and loyalty, and engender product awareness and purchasing intent. Our content includes original-generated content created by our dedicated editorial team, professionally-generated content, user-generated content, AI-generated content, as well as one of the most comprehensive automobile libraries in China, and we offer a similarly diverse portfolio of tools:

- Original-generated content. Our review writers obtain first-hand experiences by test-driving many newly released vehicle models. We also have an AH-100 Vehicle Rating System which applies standard criteria to measure a comprehensive set of performance-based features of the vehicles. Our editorial team at our Beijing headquarter and sales offices located throughout China work closely with automakers, dealers and other industry participants to create automobile-related articles.
- Professionally-generated content. We have created an open content platform where we invite key opinion leaders and influential bloggers in the automotive field to contribute their high-quality analysis and insight through vehicle reviews, industry trends, maintenance tips, photographs, video clips, live streaming and others.
- Automobile Library. We have one of the most comprehensive automobile libraries in China with approximately 55,100 vehicle model configurations as of December 31, 2020, according to iResearch, which we believe covers the substantial majority of passenger vehicle models released in China since 2005.
- User-generated content. Our platform hosts an open and vibrant community of automobile consumers, from first-time buyers to sophisticated automobile enthusiasts. Our users actively

engage with each other on our discussion forums. Users leverage the discussion forums to share experiences on a wide range of topics such as driving, usage and maintenance tips. As of December 31, 2020, we had over 135.5 million registered users, representing an approximate 23% year-over-year increase from December 31, 2019. We maintain a highly engaged and sticky user base, with 42.1 million mobile daily active users as of December 31, 2020.

- **Portfolio of Interactive Tools.** We have developed a diverse portfolio of interactive tools. AskBob is an AI-powered smart assistant that can generate customized purchase reports for users on the basis of each user's browsing records and other data to facilitate their potential purchases. Users can use our car model comparison tool to select a number of car models, and the comparison tool will immediately generate a report that compares the models by a variety of metrics and other information. Our "7-step purchase tool" facilitates each step of a user's purchase process from developing a purchase intent, viewing and choosing cars to visiting a dealer store and picking up the purchased car. Intelligent Car Finder is an interactive AI-based tool that can answer a variety of questions a potential purchaser may ask and recommend suitable choices to the purchaser.

Our content and engagement with users covers all stages of the automobile life cycle beyond the initial discovery and purchase. In 2016, we launched a traveler channel, now known as the Road-trip Channel, which provides content and products related to hotels, flights and offline road trip events, including travel journal sharing, road trip experience sharing and customized trip planning services. We also rolled out the "Young Channel" on our website as an interest-based social media platform, which promotes automobile knowledge and culture among young users. In addition, we launched the New Energy Vehicle Channel to provide users with more information on new-energy cars, such as recent policies, technology updates and charging station locations. We recently launched a lite version of the Autohome application to attract younger audiences and also rolled out Micro-Post channel which allows users to post photos and make brief comments on the channel.

A new form of content that we have developed is our online auto display that integrates augmented reality (AR), virtual reality (VR), and video- and live- streaming-related technologies to create and offer an immersive "automotive + online" experience. Today, we have built the industry's largest auto model collection based on VR, AR and three-dimensional technologies by user views according to iResearch, attracting an average of more than 1 billion views per year. In 2019, we hosted the *818 Global Super Auto Show*, the first-ever automotive-themed gala in China, which attracted over 150 million individual visitors online and an audience of over 70 million at the gala. In 2020, despite the COVID-19 pandemic, our *818 Global Super Auto Show* brought in over 70 automotive brands, 2,400 dealers and 260 million user views.

### ***Preferred intelligent platform for automakers and dealers***

Our ability to reach a large and engaged user base of automobile consumers and our unique market insight driven by our comprehensive data technologies and solutions have made us a preferred intelligent platform for automakers and dealers. We offer a full suite of services to automakers and dealers and have continued to expand the products and services offered. We provide automakers with a broad range of advertising solutions, tools and data solutions that are flexible, diversified and tailored to their needs and characteristics, and provide our dealer customers with comprehensive leads generation services and end-to-end data-driven products and solutions, extending their reach to hundreds of millions of potential automobile consumers in China.

The ongoing improvement of our offering and increase in value we deliver to our customers have allowed us to gradually grow the amount of revenue we generate from our existing customer base. Our

average media services revenue per automaker increased from RMB34.1 million to RMB39.7 million between 2018 and 2019, representing a 16.6% increase. Since 2017, we have started providing data products and services to automakers and dealers, which allows us to further penetrate into the sales and marketing as well as research and development budgets of our automaker and dealer customers.

***Advanced data analytics and technology centered around AI, big data, cloud, and “software-as-a-service” capabilities (“ABC” and “SaaS”)***

We follow a user-centric strategy for our technology infrastructure and have developed a robust and scalable intelligent platform driven by ABC technologies, which we believe is the foundation of our success and growth.

We possess leading AI capabilities through our deep industry knowhow in algorithms and abundant market insights. We have developed and are continuing to optimize an AI-based user intelligence engine that can rapidly gather user intelligence by analyzing large amounts of data from many sources throughout our content production system. We have also developed natural language processing capabilities incorporating industry-specific knowledge. Similarly, our image processing and video processing technologies allow us to provide useful functions such as car model identification from photos. We have accumulated a wealth of high quality, proprietary, and highly relevant scenario-based data insights from all stages of automobile ownership life cycle, based on which we were able to continuously train, iterate and optimize our algorithms and models, notably around our user intelligence engine and smart sales and marketing tools. We have built a market-leading big data platform, boasting 110PB+ platform capacity, 350TB+ daily increased data amount, and 350k+ daily task amount.

Empowered by our powerful data processing capabilities and customized data analytics models, we have developed a series of “Know first, Sense first, Move first” (“先知先覺先行”) modules, such as nebula graphs and thermodynamic graphs, which allow automakers to visualize the evolving market landscape on a real-time basis. Our proprietary UVN-B model and user review systems further facilitate user profiling, including real-time intelligence, content and product recommendation, and targeted marketing, to engage our users more closely.

We have been successful not only in creating this infrastructure but also in deploying and monetizing our technologies externally. Our SaaS capabilities, coupled with our core ABC technologies, have enabled us to expand along the auto value chain, including the below:

- We provide Intelligent R&D, Intelligent New Car Launch, Intelligent Marketing, and Intelligent Activities to our automaker customers in the form of data products. These products equip the automakers with, among other things, deeper insight into what consumers are looking for before they start the development, manufacturing, and marketing of cars. In 2019, 36 automakers were using our data products.
- Our end-to-end SaaS-based services to dealers, on the other hand, includes Intelligent Showroom, Smart DCC (direct call center), Smart Call Out, Smart Assistant, Smart Sales, and Smart Aftersales. These products help improve conversion between each step of the sales cycle from customer traffic generation and in-store visit to vehicle transactions and aftermarket services. In 2019, over 17,000 dealer customers used these SaaS-focused data products.

We were also the first in the industry to apply VR technologies in online auto display, according to iResearch. Our Intelligent Showroom marketing platform has incorporated the functions of panoramic car shopping, smart push notifications and smart shopping guide, and provided an important platform

during the COVID-19 pandemic for the dealers to display and market their models to potential purchasers.

***Comprehensive full life cycle automotive ecosystem with powerful network effects***

Building upon our leading position, we have transformed ourselves from a content-led vertical media business to a robust data and technology-driven automotive ecosystem covering all stages of the automobile life cycle and connecting a variety of user scenarios.

Our massive and comprehensive assortment of automobile-related content was the foundation of our business, and has enabled us to generate a large and highly engaged user base to deliver our products and services. For example, Autohome Mall, our flagship online transaction platform, has become an e-commerce platform for users to review automotive-related information, purchase coupons offered by automakers for discounts, make purchases to complete transactions in dealers' offline stores and upload purchase invoices back to our platform.

In recent years, we have leveraged our business expansion and strategic partnerships to better serve auto consumers in connection with the later stages of the automobile ownership life cycle, such as auto financing and used car transactions, in order to capture additional revenue opportunities and address the under-served segments of the auto market in China. Since 2017, we have expanded our auto financing services significantly to include a great amount and variety of loans, leasing and insurance products. Through our platform, we enable our users and automobile sellers who are in need of auto financing to easily access various high-quality loans and insurance products and allow our cooperative financial partners to effectively increase their transaction volume. Following our investment into TTP in 2018 and follow-on investment in TTP in 2020, we have been integrating into upstream supply of used cars, leveraging the transaction business to further develop auto financing operations, and building a comprehensive C2B2C ecosystem for used car transactions, and have collectively become the largest used automobile platform in China by total number of leads generated in 2019, according to iResearch.

Today, our ecosystem generates powerful network effects by linking instrumental parties within the automotive industry, including users, automakers, dealers, auto-finance providers and aftermarket service providers. Automakers, dealers, and other industry participants are attracted to our platform for the massive user base they gain access to, and the growing user base stays loyal to us because of the full suite of services that covers the whole life cycle of automobiles offered by us and other platform participants. A user might see a listing that he finds appealing, read a variety of professionally and user-generated reviews on our platform, contact the dealer and purchase the car that was built by one of our automaker customers and financed and insured by one of our financial institution partners. In the subsequent months and years of using the vehicle, the user may revisit our platform for information, connections and services related to maintenance, repair and eventual resale of the vehicle. This type of engagement with each of our users links and enables instrumental parties and helps them generate more transactions and greater value.

***Professional and proven management team backed by a strong strategic shareholder***

Under the leadership of our management, we have successfully executed our growth strategies as China's leading online automobile destination. Our management led us in developing strong execution capabilities that have enhanced our leading position in this industry. We have also developed a corporate culture of delivering the spirit of engaging, educating and informing auto consumers with everything they need to know about cars and leads that enable our automakers and dealers, which we believe makes up the foundation of such an innovative business model in the industry. Our corporate

culture is also the driving force to attract, retain and motivate top industry talents to continue our innovation and expansion.

Furthermore, we enjoy synergies with Ping An Group who is our largest shareholder. Ping An Group is a world-leading technology-powered retail financial services group with a focus on the businesses of insurance, banking, asset management, and technology and whose ordinary shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. We are firmly embedded into the Ping An ecosystem as an important segment of Ping An's auto ecosystem. Our collaboration with Ping An Group's various subsidiaries has helped us round out our coverage of the auto life cycle by introducing additional auto financing and aftermarket service opportunities. We currently provide services to enable Ping An Bank, Ping An Leasing and Ping An P&C to present their financing and insurance products to users of our websites and mobile applications and to accept users' auto financing applications.

### **Our Strategies**

#### ***Grow our user base and user engagement by enhancing our content offering and improving the user experience on our websites and mobile applications***

We plan to further promote our platform to attract new users and expand our user base. We plan to continue to diversify and improve our content offerings, optimize our content delivery and enhance overall user experiences. We intend to leverage our insights into user needs, behaviors, patterns and preferences, to develop data-driven, personalized content and service offerings on our websites and our mobile applications, in order to enhance user engagement with our platform on an ongoing basis.

#### ***Strengthen our value proposition to automakers and dealers***

We intend to further expand and deepen our media and leads generations service offerings to automakers and dealers, respectively. We will continue to enhance our existing service offerings and introduce new high-quality services to create additional value for our automaker and dealer customers. We plan to strengthen our collaboration with existing automaker and dealer customers and also reach new customers who can benefit from our services by further promoting our platform and brand. We will continue to leverage our user insights and technologies to provide more targeted and effective solutions for our automaker and dealer customers.

#### ***Further develop our technological leadership and SaaS capabilities to strengthen user engagement, monetization capabilities and operational efficiencies***

We will continue to strengthen our AI, big data and cloud as well as AR- and VR-related technologies and our SaaS capabilities. We plan to further enhance our core technological capabilities including data processing technology and machine learning algorithms, and strengthening our ability to deliver solutions responsive to our customers' and users' needs. To this end, we will continue to attract and cultivate talents in the fields of AI, data science and other technological frontiers and will continue to invest significant resources in research and development to further improve our user engagement, monetization capabilities and operational efficiencies. We also plan to continue our efforts in building the envisioned "4.0 ABC + SaaS" platform by developing and leveraging our SaaS capabilities together with our core AI, big data, and cloud technologies.

***Capitalize on our leading position to enhance our presence across the full life cycle of automobile ownership through more versatile data products, transaction, financing, and other aftermarket offerings***

Our data products, transaction facilitation, auto financing and other aftermarket offerings have become increasingly important components of our service offerings and revenue sources. They are also critical to our vision of building a closed-loop ecosystem covering all stages of the automobile ownership life cycle including review, purchase and use of automobiles. Through our continued investment in developing our technological leadership in AI, big data and cloud, we plan to further diversify and strengthen the capabilities of our data products. We plan to further leverage the TTP platform to strengthen our position in the transaction space. We will also continue our efforts in developing our auto finance and other aftermarket services to enhance our presence across the life cycle of automobile ownership.

***Enhance our domestic and overseas presence***

We will continue implementing our strategy of domestic and global expansion. We plan on enhancing our presence in not only developed countries such as the UK and Germany but emerging markets as well. We believe our advanced technologies, products and content offerings, and operational model make us competitive in many overseas markets as well as domestically. We also intend to continue to develop our user base, expand our service offerings, enhance our technological leadership and optimize our ecosystem through selected cooperation, investment and acquisitions.

**Delivery of Content**

We deliver our auto-related content to users mainly through our websites, mobile applications and mini apps, and our interactive online community, all of which are powered by our data and technology capability as well as the extensive accumulated user data. We have access to valuable data of users' needs, behaviors and patterns in their automotive ownership life cycles, which allows us to accurately and effectively customize content and commercial offerings. Our accurate and comprehensive user profiling enables us to continuously enhance user experience and improve our ability to attract and retain customers.

***Our Websites***

Our user-centric approach has successfully attracted a growing user base with a steady increase of daily active users to our websites. We believe we are well-positioned to capture the fast growth of the internet penetration in China. Our *autohome.com.cn* website targets a wide spectrum of automobile consumers with a focus on new automobiles and our *che168.com* website focuses on used automobiles.

Most of the content on our websites is tagged by vehicle models to facilitate easy user access. We have developed and are continuing to improve our user intelligence engine to analyze user browsing behavior and preferences and prioritize the content that the user is likely to find relevant and interesting. A user who searches for or navigates to a page for a specific vehicle model will be provided with links to relevant content such as vehicle specifications, photos and video clips, reviews, competing vehicle models, and listing and promotional information from local dealers. Users can easily compare competing vehicle models and brands for price and specifications to make informed purchase decisions. In addition, these user behavior data are summarized and analyzed on a regular basis to improve user experience and provide consumer intelligence to our customers.

To provide a superior experience to our users, we label sponsored content as advertisement to maintain objectivity.

Below is a screenshot of our main website:

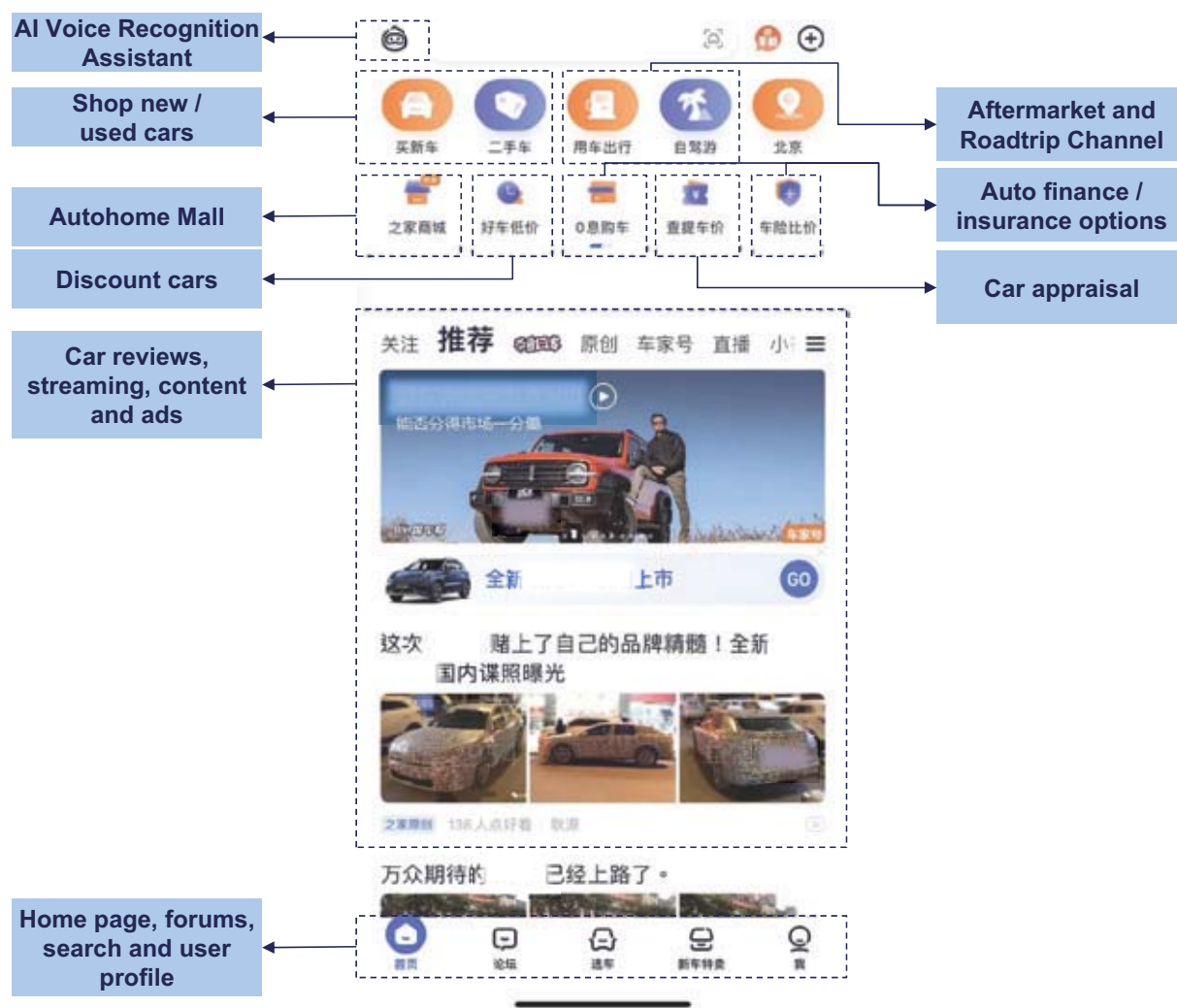


### ***Our Mobile Websites and Applications***

For mobile users, our content can be accessed on our websites, on our mobile applications and on our mini apps. We have made significant efforts in recent years to optimize the mobile version of our websites to display our content and develop and enhance the functions of our mobile applications to capture a greater number of users that access our services through mobile devices. For example, according to QuestMobile, the combined number of average daily active users for our mobile websites, primary application and mini-apps amounted to 29.1 million, 36.8 million and 42.1 million in December 2018, December 2019 and December 2020, respectively. We were among the earliest in our industry in China to introduce both iOS- and Android-based applications to allow users to easily access our content. Users can conveniently enjoy features available on our mobile websites and applications from their mobile devices, such as reading articles, checking vehicle prices and model parameters, viewing pictures, viewing dealer's information, visiting our Autohome Mall and participating in forum discussions. We recently launched a lite version of the Autohome application to attract younger audiences.

## BUSINESS

Below is a screenshot of the user interface of our main mobile application:



### Our Content and Tools

The foundation of our platform is a large amount of originally-generated content, professionally-generated content, user-generated content, as well as a comprehensive automobile library and extensive automobile listing and promotional information organized around our automotive information database. Leveraging our content and user data, as well as our technological capabilities, we also offer a series of intelligent tools on our platform to provide our users with a smooth and efficient purchase experience.

#### *Originally-generated Content*

Our originally-generated content is created by our dedicated editorial team and includes automobile-related articles and reviews, pricing trends in various local markets, photographs, video clips and live streaming. This content covers topics throughout the automobile ownership life cycle, from automobile research, selection and purchase to ownership and maintenance and to eventual replacement. In 2018, we launched a new channel focusing on new energy vehicles to accommodate the increasing interest and attention of our users on new energy vehicles. Our review writers obtain first-hand experiences by test-driving many newly released vehicle models provided by various automakers. We also have an

AH-100 Vehicle Rating System which applies standard criteria to measure a comprehensive set of performance-based features of the vehicles on sale, such as safety, dynamics, fuel consumption, comfortableness and driving experience. Our AH-100 Vehicle Rating System helps automobile consumers make an easier choice when selecting vehicles to purchase. Our editorial team at our Beijing headquarters and sales offices located in 70 cities throughout China work closely with automakers, dealers and other industry participants to create automobile-related articles. Although automakers may provide us with sample vehicles to test drive, we review all new automobiles independently, based upon our teams' experience and from our users' perspective.

We follow well-developed guidelines in creating and publishing content with attention to details, such as the angles of photos, image sizes and the time between industry events and the relevant article publication. These practices enable us to streamline our editorial process and quickly and efficiently make national and local content available to our users, while ensuring that we maintain high-quality standards and a consistent user experience.

### ***Professionally-generated Content***

In 2016, we launched an open content platform to invite the key opinion leaders and influential bloggers or writers in the automotive field to contribute their high-quality professional review, analysis and insights on automotive-related topics, including vehicle reviews, industry trends, auto photography, maintenance and others. Our diversified professionally-generated contents complement our automotive ecosystem strategy and bring our users enriched and customized content consisting of high-quality articles, photographs, video clips and live streaming. As of December 31, 2020, we had over 24,900 professional content contributors on our platform, compared to around 20,000 contributors as of December 31, 2019. Since 2018, we have been expanding our collaboration with automakers, key opinion leaders, professional experts and social media to further upgrade our professionally-generated content ecosystem.

### ***User-generated Content and User Forum***

Our platform hosts an open and vibrant community of automobile consumers, from first-time buyers to sophisticated automobile enthusiasts. Our user community centers around our discussion forums, which are organized based on vehicle models, cities and regions, and various topics of interest. Registered users utilize our discussion forums to share a wide range of automotive experiences such as driving experiences and usage and maintenance tips. Users also frequently provide reviews of automobiles or automotive products and services, post questions and receive answers from fellow forum members. We continued to enhance user engagement and participation in the content generation and delivery process. For example, in addition to the lite version of the Autohome application recently launched to attract younger audiences, we also rolled out Micro-Post channel which allows users to post photos and make brief comments on the channel.

We strive to ensure the credibility, appeal and usefulness of our forums by identifying verified automobile owners and empowering selected registered users as forum moderators. Our verified automobile owners are registered users whose vehicle ownership has been confirmed through various channels. Our forum moderators are generally active registered users with significant forum post counts whom we have identified as being reputable automobile enthusiasts within our online community. Our Road-trip Channel provides contents and commercial products related to hotels, flights and offline road trip events, such as travel journal and road trip experience sharing and customized trip planning services, while our Young Channel on our website is an interest-based social media platform promoting automobile knowledge and culture among young users.

As of December 31, 2018, 2019 and 2020, we had over 90.7 million, over 110 million and over 135.5 million registered users, respectively. As our user base has grown and our user engagement and forum activity has increased, our database of user-generated content has expanded, which in turn has attracted more users. Furthermore, this positive effect on our growing user base has also enhanced the effectiveness of our advertisements and therefore the value of our advertising services, allowing us to increase revenues from existing advertisers.

We have taken a series of measures to ensure that there is no inappropriate, illegal or offensive advertising content published on our platform, particularly content contributed by users. We have dedicated advertising content reviewers who review the content posted on our platform and block illegal and inappropriate advertising content by using our sensitive words filter. We give a conspicuous reminder in our user agreement and the content uploading page that users should ensure that the content uploaded is legal and does not violate any third-party rights. Information published by automobile dealers on our platform is accompanied by a warning that the information comes from dealers and its truthfulness, accuracy and lawfulness are the responsibilities of the publishers, not the platform. In addition, we work with relevant government authorities in policing the content on our platform and remove illegal content and provide regular trainings on content monitoring to relevant employees.

As advised by our PRC Legal Adviser, if we fail to identify or monitor illegal or inappropriate content and limit or eliminate the dissemination or availability of such content on our platform, we may be subject to penalties imposed by the relevant regulatory authorities, including fines, confiscation of advertising income or, in circumstances involving more serious violations by us, the termination of our internet content licenses. In addition, we may be subject to claims by consumers asserting that the information on the websites and mobile applications operated by us is misleading. Please refer to “Risk Factors—We may be subject to liability for advertisements and other content placed on our websites and mobile applications”, “Regulations—Regulations on Advertisements” and “Regulations—Regulations on Internet Content Services” for details.

### ***Automobile Library and Listing***

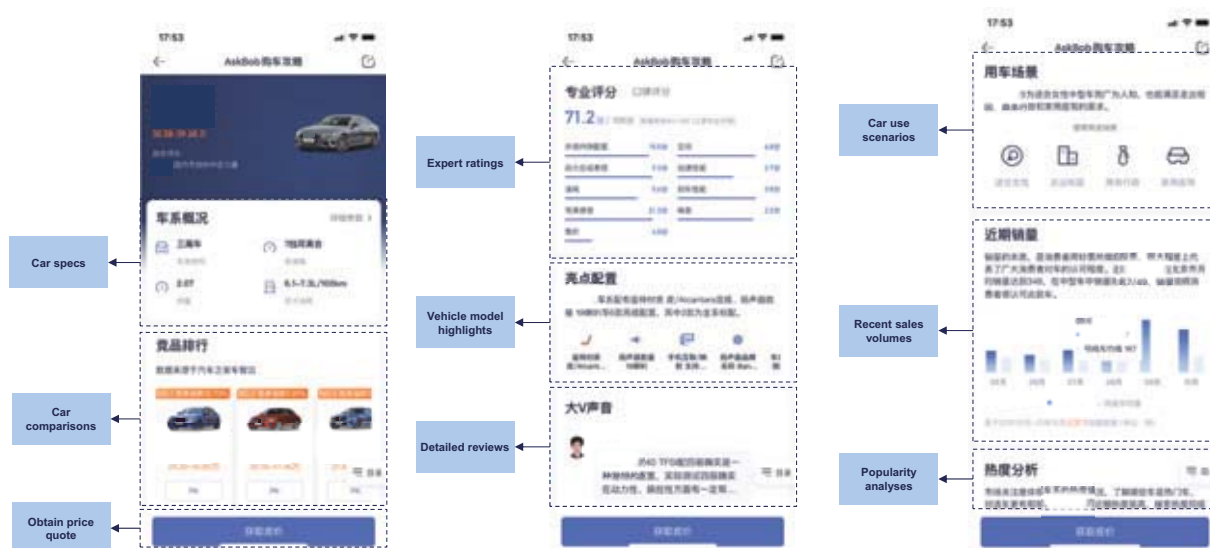
We have one of the most comprehensive automobile libraries within our industry in China with approximately 55,100 vehicle model configurations as of December 31, 2020.

We believe our automobile library covers the substantial majority of passenger vehicle models released in China since 2005. It includes a broad range of specifications covering performance levels, dimensions, powertrains, vehicle bodies, interiors, safety, entertainment systems and other unique features, as well as automakers’ suggested retail prices. The scale of content in our automobile library, which we believe would require significant time, expertise and expense to replicate, makes it a valuable tool for our users in researching both new and used automobiles. Our database also includes a large amount of new and used automobile listings and promotional information. With the comprehensive and continuously updated listing information, users can conveniently search for up-to-date information of vehicle models without having to visit each individual dealer at their local showrooms. In addition, our automotive library contains a significant amount of user-generated content originating from our user forums. Leveraging our innovative AR- and VR-related technologies, we utilize three-dimension technology to restore the actual appearances of vehicles and present stereoscopic 720-degree review of automobiles on our platform. Compared to the traditional two-dimensional picture-based display of automobile appearances, the AR- and VR-based vehicle review functionality on our platform enables users to have a real perception of the specific vehicles they are interested in buying and has greatly enhanced user experience.

## Our Interactive Tools

Leveraging the rich content and user data on our platform and our advanced AI and data technologies, we have developed a portfolio of intelligent tools to facilitate our users' potential vehicle purchases. For example, AskBob is a smart assistant tool empowered and enhanced by our rich data and unique algorithms and can generate customized purchase reports for users on the basis of each user's browsing records and other data. Our car model comparison tool allows users to select a number of car models and compare them by a variety of metrics and other information, thus enabling the users to make an informed purchase decision based on extensive and immediately available comparative data. Our "7-step purchase tool" facilitates each step of a user's purchase process from developing a purchase intent, viewing and choosing cars to visiting a dealer store and picking up the purchased car. The Intelligent Car Finder, on the other hand, is an interactive AI-based tool trained by the rich data we have and can answer a variety of questions from potential purchasers and recommend suitable choices to the users.

Below are screenshots of a sample customized purchase report generated by AskBob:



## Our Services

### Media Services to Automakers

Leveraging our large and rapidly growing user base and utilizing the user intelligence data we have collected, we provide our advertisers with a broad range of advertising solutions and tools. Our advertisers under media services are comprised primarily of automakers and automobile brands' regional offices. The majority of our online advertising service contracts involve multiple deliverables or performance obligations presented on PC and mobile platforms and in different formats, such as banner advertisements, links and logos, other media insertions and promotional activities that are delivered over different periods of time. As millions of consumers visit our platform for automotive information, we have become an increasingly important medium for automakers and automobile brands' regional offices to conduct their advertising and marketing campaigns.

Automakers typically utilize our advertising services for brand promotion, new model releases and sales promotions. We believe we are well-positioned to provide solutions to meet all of these needs. Our large and growing automobile purchase- and ownership-oriented user base provides a broad reach for automakers' marketing messages. Our automotive content delivery and advertisement management platform allows us to segment our user base in a number of different dimensions, including by users'

geographical locations and specific automotive interests, and enables us to place advertisements with targeted audiences likely to be receptive to particular advertising messages.

Leveraging our large user base and extensive forum posting data, we provide automakers with more reliable and timely business insights than traditional customer surveys or other post-sales feedback channels. For instance, we analyze user posts in our forums to evaluate consumer behavioral and preference response. In addition, we organize various types of offline national or local events for our automaker customers through our online marketing campaigns and user forum activities to complement our advertising services. For example, we help automakers increase their brand awareness and execute sales promotions by organizing large-scale test driving activities and for specific vehicle models in multiple cities across China. Users can conveniently participate and interact with automaker representatives through our forums.

In each of 2018, 2019 and 2020, 103, 92 and 92 automakers operating in China, which include independent Chinese automakers, joint ventures between Chinese and international automakers and international automakers that sell their cars made outside of China, purchased media services from us, respectively. As is customary in China, we sell our advertising services and solutions primarily through third-party advertising agencies that represent the automakers and automobile brands' regional offices. We typically enter into individual advertising agreements with the third-party advertising agencies. Although we sell our advertising services and solutions to third-party advertising agencies, we consider the automakers and automobile brands' regional offices, who are the main decision makers as to whether to place advertisements on our websites and mobile applications, to be our end-customers.

As a result, our sales efforts focus primarily on automakers and automobile brands' regional offices. However, through direct contact between our sales team, advertisers and advertising agencies, we are able to maintain good relationships with existing advertisers and their advertising agencies. The majority of the advertising content on our platform is provided by advertisers or created by advertising agencies or other third parties.

#### ***Leads Generation Services to Dealers***

Our leads generation services enable our dealer subscribers to create their own online stores, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships to help them reach a broad set of potential customers and effectively market their automobiles to consumers online and ultimately generate sales leads. Our leads generation services also include used car listing services, which provide a user interface that allows potential used car buyers to identify suitable listings and contact the relevant sellers. We provided leads generation services to 28,613, 27,100 and 24,517 dealers in 2018, 2019 and 2020, respectively.

#### ***Dealer Subscription Services***

We provide subscription services to dealers which allow them to market their inventory and services through our websites and mobile applications, extending the reach of their physical showrooms to potentially millions of internet users in China and generating sales leads for them. Our dealer subscription services are delivered through our dealership information system mainly on a fixed-fee basis, typically for a period of one year. Through the web-based interface of our dealership information system, dealers can create online stores hosted on our websites and mobile applications and upload and manage their automobile inventories, pricing and promotional information. Potential automobile purchasers can interact with our dealer subscribers online or through phone numbers presented on the platform to inquire for more detailed information and schedule test drives. Our dealer subscribers can

track all the interactions with their customers originating from our websites and mobile applications, analyze the number of sales leads and assess the effectiveness of their marketing activities.

We continue to develop our dealer subscription services and have begun to implement additional enriched and upgraded services, which we believe will allow us to expand sales leads based on consumer behaviors and preferences and enhance leads conversion and personalized marketing, and further to offer upgraded subscription packages at different price levels.

### *Advertising Services for Individual Dealers*

We also offer advertising services for individual dealers to complement our leads generation services. Our dealer customers utilize our advertising services and leverage our large user base to support their sales and marketing activities. In addition to larger brand promotion advertising campaigns organized by the automakers or the group dealers, individual dealers utilize our advertising services to further enhance their visibility in local community, address local market conditions and promote local events. We also facilitate the process and connect our users from online to offline to generate sales leads and transaction for our dealer customers.

### *Used Automobile Listing and Other Platform-based Services*

Our used automobile listing services allow dealers and individuals to market their used automobiles for sale on our websites and mobile applications. Our used automobile listing database has been expanding rapidly.

The *che168.com* website is a platform primarily focusing on used automobile services and is dedicated to providing features consisting of content, listings and interactive functionality similar to our *autohome.com.cn* website. We have been continuously developing and enhancing the functions of the used automobile website and application and have begun to provide advertising services, dealer subscription services, generation of sales leads and other platform-based services in selected cities.

### *Online Marketplace and Other Services*

Our online marketplace and other businesses include our data products, our new and used car transaction services and our auto financing business. Our data products leverage our intelligent big data analytics capabilities and massive pool of accumulated user data to provide end-to-end data-driven products and solutions for automakers and dealers across different stages of the value chain. We facilitate new and used car transactions and provide other platform-based services for new and used car buyers and sellers. Through our auto financing business, we provide services to our cooperative financial institutions that involve facilitating the sale of their loans and insurance products to consumers and independent automobile sellers. Prior to the Track Record Period, we engaged in the direct vehicle sales business where we directly sold vehicles on our platform, but we substantially withdrew from such business in 2016.

### *Data Products*

We have been leveraging our AI, big data, cloud capabilities and other technologies to continue developing and providing to automakers and dealers innovative data products towards the end of 2017 and have successfully advanced our data and intelligent recommendation and reinforced our entire ecosystem by providing highly differentiated value and data-driven end-to-end SaaS based solutions to our customers. The data products and solutions we offer to automakers and dealers on our platform

primarily consist of (i) Intelligent R&D, Intelligent New Car Launch, Intelligent Conversion, Intelligent Activities, analytical tools and customized data reports prepared based on our big data and multi-dimensional analyzes on user reviews, purchasing interest and preferences, geographical competitive advantages of the relevant automakers and dealers and their geographical distribution strategies, and (ii) Intelligent Showroom, Smart DCC, Smart Sales, Smart Aftersales, Smart Call-Out and Smart Assistant. Our Intelligent New Car Launch product generates large user attention with comprehensive launch plans based on big data, informing automakers of when and where to launch new products, what groups of potential buyers to target, what competition and selling points strategies to adopt, and what creative content to use in the launch. Post-launch, automakers continue to benefit from our Intelligent Conversion and Intelligent Activities services in maintaining a high level of market enthusiasm in the newly launched products and other mature products. The Intelligent Showroom, which is an intelligent and scenario-based marketing platform, integrates the technologies of AR, VR, big data and voice recognition to achieve the functions of panoramic car shopping, smart push notifications and smart shopping guide. Going forward, we will continue to enrich our data product portfolio to cover the data needs of the entire automobile ownership life cycle.

Below is a screenshot of the user interface of Intelligent New Car Launch:



### Used Vehicles Transactions

We first invested in TTP Car Inc., or TTP, a company operating an online bidding platform for used automobiles, in June 2018, and made follow-on investment at the end of December 2020, after which we held convertible bonds and preferred shares in TTP representing 48.87% of TTP's equity interest on as-converted basis. We acquired control in TTP from the December 2020 investment based on our 51% voting rights at TTP's shareholder meetings and our right to appoint the majority of the members of TTP's board of directors.

TTP is a used car transaction system that facilitates used car transactions between sellers and buyers. It connects automobile buyers and used automobile sellers and helps facilitate their vehicle transactions on our platform through providing a wide range of auto-related services, such as leads generation, user profile generation, offering of auto financing products and valuation tools. It has improved the under-served used automobile market and addressed problems such as lack of sourcing, traffic and consumer confidence, and has fostered business-to-consumer purchasing experiences for our consumers. We provide comprehensive auto-related services to our users by integrating TTP's offline vehicle examination, ownership transfer services and other ancillary services with our online-based services.

The used car listing services primarily include listing and display of used vehicles, generation of sales leads, etc. through our platform. Our service fee is charged based on the number of displayed days, or quantity of sales leads delivered. By working closely with TTP, which currently incurs a loss from its operation, we will deeply integrate ourselves into upstream supply of used cars and build a comprehensive ecosystem for used car transactions. The net loss of TTP had an insignificant impact on our results of operations as of December 31, 2020.

#### *New Vehicles Transactions*

In 2014, we launched Autohome Mall, an online transaction platform. Autohome Mall is a broad online transaction platform for users to review automotive-related information, purchase coupons offered by automakers for discounts and make purchases to complete the transaction. We primarily generate revenues by providing platform-based services and transaction-oriented marketing solutions and collecting commissions for transactions facilitated by our platform, for new vehicle transactions.

#### *Auto Financing Services*

Since 2017, with the collaboration and integration of our business with Ping An Group, we have been developing our auto financing business to address the under-served auto financing market in China by providing comprehensive online-based financial services. We gradually shifted our focus from leads generation to transaction facilitation and promote successful transactions with targeted and diversified auto financial services. Based on users' preferences and our big data analysis, we recommend a broad range of loans and insurance products offered by our cooperative financial institutions to our users that have auto financing needs and match them to facilitate transactions as an insurance brokerage service provider with the relevant license from the CBIRC. We also introduced merchant loans offered by our cooperative financial institutions to automobile sellers. Through our platform, we plan to enable our users and automobile sellers who are in need of auto financing to easily access various high-quality loans and insurance products and allow our cooperative financial partners to effectively increase the volume of their financing transactions. See "Risk Factors—Risks Related to Our Business and Industry—If we are unable to effectively manage our auto finance business, we may not be able to achieve our expected business growth, our results of operations may be adversely affected and we may be subject to penalties as a result of noncompliance." We primarily generate revenues from collecting commissions for facilitating transactions of auto-financing and insurance products on our platform.

#### *Our Pricing Policies and Revenue Models*

For our media services to automakers, we primarily use a "cost per day" pricing model to price our online advertising services by charging advertisers on a daily basis for an advertisement placed in a given location on our websites and mobile applications. Although we have set up "cost per thousand impressions," "cost per click" and other performance-based pricing models, the amount generated on the basis of such models is relatively insignificant. For our leads generation services to dealers, we charge different subscription fees based on the version of subscription (standard, premium etc.), tier of city (first tier, second tier etc.) and length of subscription (semi-yearly, yearly, etc.) for dealer subscription services, and charge for the advertising services to individual dealer advertisers and used car listing services mostly on a "cost per time" basis. We price our data products based on the scope of services provided by each product. For our transactions and auto financing services, we charge commissions on a per sale or lead basis, taking into consideration industry standards and the value of our services. When pricing all our products and services, we consider the price of comparable products or services (if any) in the market as well as our products and services themselves.

See “Financial Information—Critical Accounting Policies—Revenue Recognition” for additional information on our revenue models and how and when we recognize revenues for each business.

### **Technology and Product Development**

Our technologies and infrastructure are critical to our success. We follow a user-centric strategy for our system architecture and have developed a robust and scalable technology platform driven by AI, big data and cloud technologies with sufficient flexibility to support our rapid growth.

A key component of our user-centric strategy is our user intelligence engine which we have developed and are continually enhancing. Our user intelligence engine allows us to rapidly gather user intelligence by analyzing large amounts of data from many sources throughout our content production system. We are able to monitor and analyze user behaviors and preferences through their browsing record on our platforms. We can utilize such user intelligence data to personalize user interfaces, associate and understand the relationship of information from different sources and facilitate interactions among users and various elements on our websites and mobile applications. It also helps us recommend suitable products, services and user connections to our users. Through our user intelligence engine, we can engage our users more closely by providing them with relevant content throughout their automotive life cycles. We are also able to provide precision and targeted marketing services to our automakers, dealers and other automotive-related customers so that they can accurately deliver relevant advertisements to targeted users who are more receptive to such marketing information. Leveraging our user intelligence engine and AI, big data and cloud capabilities, we have been able to further enrich our content library with our AI-enabled content generation tool by generating customized content in a timely manner.

We provide automobile consumers trend analysis services for our automaker and dealer customers that help them analyze data in specific demographic markets such as consumer purchasing behavior characteristics and their brand strength in comparison to those of their competitors. We believe the consumer intelligence gathered from our large user base reflects the current automotive market trends in China and provides excellent market insight to our automaker and dealer customers.

We invested heavily in mobile technologies and were among the earliest in our industry in China to introduce a mobile version of our websites and both Apple iOS- and Android-based applications to allow our users to easily access our content. We have built up a team of research and development personnel to focus exclusively on the development and enhancement of our mobile websites and applications and to explore new business models and opportunities through mobile technology. We plan to continue to leverage our mobile technology to enhance the functions and user interfaces of our mobile applications for Apple iOS and Android platforms focusing on convenience, real-time interaction and location-based services.

Leveraging AR- and VR-related technologies, we realized significant technology upgrade in 2017 and launched AR automobile showroom and AR auto show during the year, all of which had enabled us to provide our users with an innovative and superior automobile review experience and thus enhanced our user loyalty. In addition, these technology improvements had strengthened our ability to obtain additional user traffic and expanded our user base. We have been continuing our efforts in expanding our VR product portfolio and utilizing AR- and VR-related technologies to improve the features of our services and commercialize innovative business initiatives. Since the second half of 2017, we have rolled out additional VR products including VR branding showrooms, intelligent automobile showrooms as well as direct visual access to automakers’ factory design and manufacturing process, which improved our user experience by enabling our users to review and comprehend the entire

automobile production process. In 2019, we employed our AR and VR technologies in constructing a 360-degree panoramic multi-dimensional online visual scene that creates an offline auto show atmosphere for our *818 Global Super Auto Show*, further carrying forward our pursuit of all round sensory user experience and aiding the creation of an innovative integration of auto show and the internet that helps automakers and dealers better engage with consumers. We plan to continue to make further upgrades and develop new technology to provide more diversified platforms for our users, and to expand the use of AR- and VR-related technologies throughout our ecosystem in order to offer automakers and dealers with more innovative and effective branding and marketing tools and greater exposure to highly targeted potential consumers throughout China. Also, we will continue to develop significant resources to expand the content breadth and depth offered on our platform in order to deliver the best user experience in the market.

We had an experienced product development team of 1,709 engineers as of December 31, 2020. Our past innovation has focused on helping users research, select and purchase suitable vehicles through our websites. We plan to develop additional products and services for our mobile applications and media-related technology and enhance our big data analytics capabilities and AR- and VR-related technologies.

### **Sales and Marketing and User Acquisition**

Our nationwide in-house team of sales representatives sells our services to automakers and dealers. As of December 31, 2020, we had 1,500 sales and marketing representatives operating our physical sales office network spanning 70 cities across China and visiting customers in an additional 109 satellite cities. We have a prudent expansion plan and we typically only open new physical sales offices in a city after we have already established a sufficient customer base in the area. In cities where we do not yet have a customer base, we provide sales coverage by telephone. Our Beijing-based telephone sales team provides sales coverage to the cities in which we do not have physical sales offices. Our sales team also provides ongoing customer support to our customers. In the past years, we have successfully expanded our market presence in the first- and second-tier cities in China. We plan to continue to expand our sales and marketing efforts into third- and fourth-tier cities to further capture the opportunities for automobile sales growth in those markets.

Our sales team is equipped with specialized automotive industry knowledge and expertise, understands our customers' needs and is trained to help them develop their advertising strategies. Salespeople work directly with our advertisers and advertising agencies that represent advertisers. Our sales team also maintains close relationships with our dealer customers by, among other things, providing continuing training, support and ongoing customer service for our dealer subscriptions services and other value-added services. Our sales team for transaction business is in charge of customer services and maintains our relationships with automakers, our dealership partners, and business development personnel.

Compensation for our salespeople includes a base salary and incentives based on the sales revenues they generate. We provide regular in-house and external education and training to our salespeople to help them provide current and prospective customers with information on, and the advantages of using, our services. We believe that our performance-linked compensation structure and career-oriented training help to retain and motivate our salespeople.

We believe brand recognition is important to our ability to attract users. We focus our sales and marketing efforts through search engines, navigation websites and mobile platforms to retain and strengthen our leading position in terms of user reach. For example, we cooperate with application stores and mobile browsers to promote our mobile applications and our websites. We also conduct

online marketing events on Autohome Mall and other traditional and social media channels as well as offline promotional campaigns with our partners. For example, we conduct the annual “Singles’ Day” campaign to generate quality sales leads and further facilitate the transactions. Since the fourth quarter of 2017, we have been paying for TV ads on different channels of the China Central Television, the predominant state television broadcaster in China, to reach more audience in the third- or lower-tier cities and towns in China and promote their recognition of our platform as a one-stop destination for selecting and purchasing automobiles and various types of auto-related services. We have also engaged celebrities, primarily athletes, as our brand spokespersons to further promote our brand and stimulate user interest in our platform.

### **Intellectual Property**

Our intellectual property includes trademarks and trademark applications related to our brands and services, software copyrights, trade secrets and other intellectual property rights and licenses. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures.

We hold “汽車之家” and “車之家” (both mean “auto home” in English) and “AUTOHOME®” trademarks in China. In addition, as of December 31, 2020, we held 76 pending trademark applications and 439 registered trademarks. As at the same date, we had 96 registered domain names, including our main website domain names, *autohome.com.cn* and *che168.com*, 361 pending patent applications, and 206 registered patents. We had 508 computer software copyrights as of December 31, 2020.

### **Competition**

With respect to our auto media business, we face competition from China’s automotive vertical websites and mobile applications, such as *BitAuto*, *Dongchedi*, *Xcar* and *PCauto*, from the automotive channels of major internet portals, such as *Sina* and *Sohu*, and from companies engaged in mobile social media, news, video and live-streaming applications. We may also face competition from online automobile transaction platforms, such as *Uxin*, *Guazi* and *Renrenche*, as we develop our used car transaction business. Our auto finance business faces competition from other auto finance companies, such as *Yixin* and *Souche*. In addition, we also face competition from companies engaged in social media business, such as *ByteDance* and *Tencent*, and companies engaged in data product offering, such as *BitAuto*. Moreover, as we extend our business to the European market, we face competition from local vertical websites, mobile applications and online automobile transaction platforms, such as *Autotrader* and *mobile.de*. Competition will be centered on factors similar to those affecting our current media services and leads generation services, primarily centered on increasing user reach, user engagement and brand recognition, relationships with the suppliers, and attracting and retaining advertisers or customers, among other factors. For our transaction business, as online automobile transaction is a relatively new business model and consumers in China might be accustomed to make automobile purchases with traditional dealerships, we cannot guarantee that the automobile consumers in China will accept such business model. See “Risk Factors—Risks Related to Our Business and Industry—We face significant competition, and if we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be materially and adversely affected.”

### **Seasonality**

Our quarterly revenues and other operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are beyond our control. Our business

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## BUSINESS

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experiences seasonal variations in association with the demand for automobiles in China. For example, the first quarter of each year generally contributes the lowest portion of our annual net revenues primarily due to a slowdown in business activities around and during the Chinese New Year holiday, which occurs during the period. Consequently, our results of operations may fluctuate from quarter to quarter. As each of our business lines may have different seasonality factors and the mix of our revenue sources may shift from year to year, our past performance may not be indicative of future trends. See also “Risk Factors—Risks Related to Our Business and Industry—Our business is subject to fluctuations, including seasonality, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.”

### Customers and Suppliers

We have a broad base of customers, and our top five customers in aggregate accounted for less than 35% of our total revenues for each of the years ended December 31, 2018, 2019 and 2020, respectively. Our top five suppliers in aggregate accounted for less than 30% of our purchases for each of the years ended December 31, 2018, 2019 and 2020, respectively. As of the Latest Practicable Date, based on publicly available information, save for one customer (Ping An Group) which contributed less than 6% of our total revenues in each of the financial year ended December 31, 2018, 2019 and 2020, none of our directors and their close associates or our controlling shareholders held a 5% or more shareholding interest in our top five customers. None of the top five customers in any financial year during the Track Record Period individually contributed more than 30% of our total revenue. In our standard contracts for media services to automaker customers, we primarily use the cost per day pricing model, and the settlement cycle varies based on our agreements with each automaker or third-party advertising agency. In our standard contracts for dealer subscription services to dealer customers, we charge subscription fees for each subscription period and usually require advanced payments of the fees. We have a diverse base of suppliers from whom we purchase a variety of products and services, and our contract terms with them vary based on the specific product / service.

### Employees

We had 4,335, 4,198 and 3,905 employees as of December 31, 2018, 2019 and 2020, respectively. The following table sets forth the number of our employees by function as of December 31, 2020:

<u>Functional Area</u>	<u>Number of Employees</u>
Sales and marketing .....	1,500
Product development .....	1,709
Content and editorial .....	501
Management and administrative .....	195
Total .....	3,905

Through a combination of short-term performance evaluations and long-term incentive arrangements, we intend to build a competent, loyal and highly motivated workforce. We have not experienced any work stoppages due to labor disputes.

### Risk Management and Internal Control

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, information system, internal control, human resources and investment management.

### ***Financial Reporting Risk Management***

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

### ***Internal Control Risk Management***

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, finance and other departments work closely together to: (a) perform risk assessments and give advice on risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our company.

In accordance with our internal procedures, our in-house legal department, our administrative department and our finance team manage the database and review the due diligence materials and contracts of suppliers and customers. Our government relations team works with relevant business units to obtain and maintain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

### ***Audit Committee Experience and Qualification and Board Oversight***

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

The audit committee consists of three members, namely Tianruo Pu, Dazong Wang and Junling Liu, all of whom are independent non-executive directors. Tianruo Pu is the chairperson of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see “Directors and Senior Management.”

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members hold regular meetings with management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

***Ongoing Measures to Monitor the Implementation of Risk Management Policies***

Our audit committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

***Complaint Handling***

We provide contact information on the interfaces of our websites, mobile applications and other products for our customers and platform users to ask questions and solve potential problems. Our customers and users can lodge any complaint they may have via email, telephone and other methods. Any complaint received will be handled by the relevant business department, including verification and response. The legal statement on our website informs users of our detailed procedures of notice, investigation, response etc. with respect to any possible content-related violation of third-party rights on our platform. We did not receive any material complaints from customers or platform users during the Track Record Period and up to the Latest Practicable Date.

***Personal Information Protection and Data Security***

We take protection of personal information and data security very seriously. We follow strictly the relevant laws and regulations in collecting the personal information of our users, and we conduct regular self-inspections and correct any irregularities found to ensure our maximum protection of each user's personal information. With respect to data security, we have leveraged our technological capabilities to establish safe data transmission channels to ensure the security of data transmission between our platform and the users. In the meantime, we encrypt the user names, mobile phone numbers etc. of our users stored in our database to prevent data theft or leakage caused by possible security breaches. Additionally, we provide regular trainings about data security to our relevant employees.

**Insurance**

As of the Latest Practicable Date, we maintained all the insurance policies required by PRC laws and regulations. We consider that the coverage from the insurance policies maintained by us is in line with the industry norm. We do not have any business liability or disruption insurance to cover our operations. See "Risk Factors—Risks Related to Our Business and Industry—We have limited business insurance coverage." During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claim.

**Properties**

Our corporate headquarters is located in Beijing, China, where we lease office space with an area of approximately 27,504 square meters. We generally make rental payments on a monthly or quarterly basis. In addition, as of December 31, 2020, we also leased office space in 70 cities for our representative offices, including regional operation centers in Shanghai, Guangzhou and Tianjin in China and those overseas. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. We believe that our current facilities are adequate and that we will be able to obtain additional facilities, principally through leasing, to accommodate any future expansion plans.

**Compliance and Legal Proceedings**

We may from time to time and in the future be subject to various claims and legal, regulatory and/or administrative proceedings that arise in the ordinary course of our business. There are currently no legal proceedings that, in the opinion of our management, may have a material adverse effect on our business and results of operations.

We are not the provider of the automobile or auto financing or insurance products on our platform and do not bear direct liabilities for such products. We may, however, be subject to compliance with and potential liabilities under platform operator-related regulations. See “Risk Factors—Risks Related to Doing Business in China—There are substantial uncertainties with respect to the interpretation and implementation of the E-commerce Law and how it may impact our business operations.”

We have taken measures to mitigate the potential liabilities under platform operator-related regulations. See “—Our Content and Tools—User Generated Content and User Forum” and “—Risk Management and Internal Control—Personal Information Protection and Data Security.”

Our PRC Legal Adviser is of the opinion that, during the Track Record Period, our Major Subsidiaries incorporated under PRC laws have complied with relevant PRC laws and regulations currently in effect in all material respects, and obtained all material requisite licenses and approvals from relevant governmental authorities for their main business operations in the PRC, and that as at the Latest Practicable Date, these licenses and approvals remained valid and in effect to the extent required for their main business operations and that no material legal impediment to the renewal of such material licenses and approvals existed.

We were in compliance with the applicable laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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## FINANCIAL INFORMATION

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*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountant's Report in Appendix I to this document and in particular, "Business." This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document. We have prepared our consolidated financial statements in accordance with U.S. GAAP. Our fiscal year ends on December 31 and references to fiscal years 2018, 2019 and 2020 are to the fiscal years ended December 31, 2018, 2019 and 2020, respectively.*

### Overview

We are the leading online destination for automobile consumers in China, ranking first among automotive service platforms in terms of mobile daily active users as of December 31, 2020 according to QuestMobile. Through our two websites, *autohome.com.cn* and *che168.com*, accessible through PCs, mobile devices, our mobile applications and mini apps, we deliver comprehensive, independent and interactive content and tools to automobile consumers as well as a full suite of services to automakers and dealers across the auto value chain.

We began in 2008 as a content-led vertical media company focusing on media services ("1.0 Media"). In 2016, we launched our "4+1" strategic transformation initiative ("2.0 Platform"), building a platform that covers "auto contents," "auto transactions," "auto financing" and "auto lifestyle" to transform and upgrade from a content-led vertical company to a data and technology-driven automotive platform. Since 2018, we have focused on developing a full suite of intelligent products and solutions with artificial intelligence ("AI"), big data and cloud technologies (collectively, "ABC") to build an integrated ecosystem that connects all participants in the auto industry by providing end-to-end data-driven products and solutions across the value chain ("3.0 Intelligence"). Going forward, we plan to continue leveraging our "software as a service" ("SaaS") capabilities together with our core AI, big data, and cloud technologies ("4.0 ABC + SaaS") to expand both horizontally and vertically.

We generate revenues from media services, leads generation services and online marketplace and others.

- Media services: Through our media services, we provide automakers with targeted-marketing solutions in connection with brand promotion, new model release and sales promotion. Our large and engaged user base of automobile consumers provides a broad reach for automakers' marketing messages.
- Leads generation services: Our leads generation services enable our dealer subscribers to create their own online stores, list pricing and promotional information, provide dealer contact information, place advertisements and manage customer relationships to help them reach a broad set of potential customers and effectively market their automobiles to consumers online and ultimately generate sales leads. Our leads generation services also include used car listing services, which provide a user interface that allows potential used car buyers to identify suitable listings and contact the relevant sellers.
- Online marketplace and others: While we continue to strengthen our media and leads generation services, we are also further developing our online marketplace and other businesses. These businesses focus on providing facilitation services for new and used car transactions and other

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## FINANCIAL INFORMATION

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platform-based services for new and used car buyers and sellers. Through our auto financing business, we provide services to our cooperative financial institutions that involve facilitating the sale of their loans and insurance products to consumers and independent automobile sellers. Towards the end of 2017, we began offering data products, which leverage our intelligent big data analytics capabilities and massive pool of accumulated user data to provide end-to-end data-driven products and solutions for automakers and dealers across different stages of the value chain. We believe the breadth and depth of these products and solutions on our platform will allow us to build a robust and technology-driven automotive ecosystem that covers all aspects of the automobile ownership life cycle.

We achieved strong operating results during the Track Record Period. Our net revenues increased by 16.4% from RMB7,233.2 million in 2018 to RMB8,420.8 million in 2019 and further increased by 2.8% to RMB8,658.6 million (US\$1,327.0 million) in 2020. Our net income attributable to Autohome Inc. increased by 11.5% from RMB2,871.0 million in 2018 to RMB3,200.0 million in 2019 and further increased by 6.4% to RMB3,405.2 million (US\$521.9 million) in 2020.

Rule 13.46(2) of the Hong Kong Listing Rules requires an overseas issuer to send an annual report or a summary financial report within four months after the end of the financial year to which the report relates. As this document already includes the financial information of the Company for the year ended December 31, 2020, the Company will not separately prepare and send an annual report to its shareholders for the year ended December 31, 2020, which will not be in breach of its constitutional documents, laws and regulations of the Cayman Islands or other regulatory requirements. In addition, the Company will issue an announcement by April 30, 2021 that it will not separately prepare and send an annual report to its shareholders for the year ended December 31, 2020. Furthermore, pursuant to Rule 19C.11 of the Hong Kong Listing Rules, the requirements under Appendix 14 and Appendix 16 of the Hong Kong Listing Rules do not apply to the Company.

### **General Factors Affecting Our Results of Operations**

Our business and results of operations are significantly affected by China's overall economic conditions and the general trends in the automotive industry, especially automobile sales in China and the sales and marketing budgets of automakers and dealers. Economic growth in China has contributed to an increase in household disposable income and improved the availability of financing for automobile purchases. New automobile sales in China experienced rapid growth for a sustained period of time until the first decline in annual sales starting in 2018, which trend continued through 2019 and 2020. Moreover, some local governments have different approaches and have even tightened the local regulations on automobile transactions, which may slow the growth rate of new automobile sales and decrease the demand for our services, such as the general downward trends of automobile sales and demand in 2018, 2019 and 2020. In addition, our business is subject to the overall advertising expenditures by automakers and automobile dealers, the development of online advertising industry in China and the market acceptance of online advertising and promotion. Our results of operations can also be significantly impacted by our ability to minimize costs and maximize efficiency in our operations.

In addition, our business and results of operations may be affected by our user reach, the level of user experience and engagement. Automakers and dealers, which contribute a substantial portion of our revenues, choose to advertise on our websites and mobile applications in significant part because of our leading market position in the online automotive advertising industry and the rich, diverse and customized content on our websites and mobile applications. Also, effective marketing and promotion activities we conduct are critical for us to maintain and enhance our brand recognition and attract more

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## FINANCIAL INFORMATION

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traffic to our platform. We anticipate that our ability to maintain a large user base while delivering superior user engagement and experience will affect our ability to attract new advertisers and dealer subscribers, which will ultimately impact our ability to generate leads and transactions. Finally, our business and results of operations may be affected by the development of e-commerce in China and consumers' acceptance of online automobile purchases.

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

Our results of operations and financial condition in 2020 were affected by the spread of COVID-19. Going forward, the extent to which COVID-19 impacts our results of operations will depend on the future developments of the outbreak, which are highly uncertain and unpredictable.

Especially during the early stage of the COVID-19 outbreak, the automotive industry in China was negatively impacted, as automobile production and the number of purchasers declined due to precautionary government-imposed closures of certain travel and business, the government's order to delay resumption of service and mass production and the related quarantine measures. The containment efforts led by the government also caused delay in the near-term marketing demand of our automaker and dealer customers.

Despite the impact of the COVID-19 outbreak, our net revenues increased by 2.8% from RMB8,420.8 million in 2019 to RMB8,658.6 million in 2020. As of December 31, 2020, we had cash and cash equivalents and short-term investments of RMB14,629.4 million. We believe our liquidity is sufficient for us to successfully navigate an extended period of uncertainty.

### **Key Income Statement Line Items and Specific Factors Affecting Our Results of Operations**

While our business and results of operations are generally affected by the factors detailed above, our results of operations are more directly affected by specific financial factors such as the ones described below.

#### **Net Revenues**

We currently generate our net revenues from media services, leads generation services, online marketplace and others.

Media services mainly include automaker advertising services and regional marketing campaigns conducted by certain automobile brands' regional offices. We sell our advertising services primarily to automakers and dealers through third-party advertising agencies, with automakers contributing a substantial majority of our advertising services revenues. We offer rebates to advertising agencies who represent automakers and automobile dealers that place advertisements on our platform. Our net revenues are presented net of rebates to advertising agencies.

We generate revenues from leads generation services through dealer subscription services, advertising services sold to individual dealer advertisers and used car listing services. We sell our dealer subscription services to automobile dealers mainly on a fixed-fee subscription basis, with fee rates that depend on the length and version of the subscription, and the cities where the automobile dealers are located.

We also generate revenues from online marketplace and others, which consist of data products, the new vehicle transactions, used vehicle transactions, auto financing and others. For data products, we

## FINANCIAL INFORMATION

provide end-to-end data-driven products and solutions for automakers and dealers. For new and used car marketplace and auto financing business, we provide services such as transaction facilitation, transaction-oriented marketing solutions, sales leads, loan facilitation and insurance brokerage services. The service fees are recognized when the services are provided, sales leads are delivered or upon the completion of transaction facilitation, or upon the delivery of data reports and over the period of consumption or utilization of data-driven products and solutions by automakers and dealers. We provided direct vehicles sales services prior to the Track Record Period but substantially withdrew from such business in 2016.

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

	For the Year Ended December 31,					
	2018		2019		2020	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except percentages)					
<b>Net revenues</b>						
Media services . . . . .	3,508,254	48.5	3,653,767	43.4	3,455,056	529,510
Leads generation services . . . . .	2,870,996	39.7	3,275,544	38.9	3,198,832	490,242
Online marketplace and others . . . . .	853,901	11.8	1,491,440	17.7	2,004,671	307,229
<b>Total net revenues</b> . . . . .	<b>7,233,151</b>	<b>100.0</b>	<b>8,420,751</b>	<b>100.0</b>	<b>8,658,559</b>	<b>1,326,981</b>

### ***Media Services Revenues***

We generate media services revenues primarily from automaker advertising services and regional marketing campaigns conducted by certain automobile brands' regional offices. In 2018, 2019 and 2020, 103, 92 and 92 automakers operating in China, respectively, purchased media services from us directly or through third-party advertising agencies. The decrease in 2019 was primarily due to the overall decline in China's automobile market. We primarily use a "cost per day" pricing model to price our online advertising services by charging advertisers on a daily basis for an advertisement placed in a given location on our websites and mobile applications. As we continue to grow our user base and enhance user engagement, we have set up "cost per thousand impressions," "cost per click" and other performance-based pricing models. These initiatives have already begun to generate revenues, but the amount was relatively insignificant compared to the revenues generated from the "cost per day" pricing model.

We will continue to leverage a combination of the following to attract spending by automakers on our websites and mobile applications: (i) our ability to increase advertising volume, either due to (a) higher sell-through rates, which is calculated as the percentage of advertising locations actually sold over total advertising locations available for sale in a given period, or (b) the increased volume contribution from our mobile websites and applications; (ii) our ability to increase our pricing, as measured by price per location per day, as our user reach continues to expand, and we continue to enhance the effectiveness of the services we offer and build automakers' increasing awareness of our platform; and (iii) our ability to constantly provide more diversified and optimized portfolio of product offerings.

### ***Leads Generation Services Revenues***

We generate leads generation services revenues through (i) dealer subscription services, (ii) advertising services sold to individual dealer advertisers, and (iii) used car listing services. Our dealer subscribers are dealers that have purchased subscription packages which are delivered through our dealership information system. We provide our dealer subscribers with additional tools and features to enable

## FINANCIAL INFORMATION

them to more effectively market their inventories on our websites and mobile applications. Our used car listing services primarily consist of listing and display of used vehicles and generation of sales leads to dealers through our platform. We provided leads generation services to 28,613, 27,100 and 24,517 dealers in 2018, 2019 and 2020, respectively. The decrease in 2019 and 2020 was primarily due to the overall decline in China's automobile market. Our leads generation services revenues accounted for 39.7%, 38.9% and 36.9% of our net revenues in 2018, 2019 and 2020, respectively. We will continue to enhance our ability to (i) increase the penetration rate of high-end subscription packages; (ii) provide more diversified and upgraded value-added services to our dealer customers, leveraging our capabilities of connecting dealers with our large user base; and (iii) ultimately increase the average revenue contribution per dealer.

### *Online Marketplace and Others Revenues*

We generate revenues from online marketplace and others through our data products, transaction platform, auto financing services, and others. Our data products leverage our intelligent big data analytics capabilities and massive pool of accumulated user data to provide end-to-end data-driven products and solutions for automakers and dealers across different stages of the value chain. For new vehicles, our transaction business currently focuses on platform-based services including facilitating transactions on the Autohome Mall and providing transaction-oriented marketing solutions and other platform-based services. For used vehicles, our transaction platform functions as a transaction system, which connects automobile buyers and used automobile sellers and facilitates their vehicle transactions on our platform through providing a wide range of auto related services, such as leads generation, user profile generation, auto financing products and valuation tools. For our auto financing business, based on users' preferences and our big data analysis, we recommend a broad range of loans and insurance products offered by our cooperative financial institutions to our users who have auto financing needs and we match them with these financial institutions to facilitate transactions. We have also introduced merchant loans offered by our cooperative financial institutions to automobile sellers. As a result of our acquisition of Shanghai Tianhe in 2017, we currently facilitate the transactions of insurance products between consumers and our cooperative insurance business partner as an insurance brokerage service provider. Our revenues from online marketplace and others accounted for 11.8%, 17.7% and 23.2% of our net revenues in 2018, 2019 and 2020, respectively. Going forward, we will explore diversified business models and opportunities to build a robust and comprehensive e-commerce platform and continue to develop our transaction system and our auto financing and data products businesses.

### *Cost of Revenues*

Cost of revenues refers primarily to (i) content-related costs, (ii) depreciation and amortization expenses, (iii) bandwidth and internet data center ("IDC") costs and (iv) tax surcharges. The following table sets forth the principal components of our cost of revenues in absolute amounts and as a percentage of our total net revenues for the years indicated:

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Cost of revenues:</b>							
Content-related costs <sup>(1)</sup> . . . . .	441,459	6.0	633,042	7.4	720,465	110,416	8.3
Depreciation and amortization expenses . . . . .	41,600	0.6	31,169	0.4	29,889	4,581	0.4
Bandwidth and IDC costs . . . . .	105,313	1.5	106,146	1.3	113,858	17,450	1.3
Tax Surcharges . . . . .	231,916	3.2	189,935	2.3	96,958	14,859	1.1
<b>Total cost of revenues . . . . .</b>	<b>820,288</b>	<b>11.3</b>	<b>960,292</b>	<b>11.4</b>	<b>961,170</b>	<b>147,306</b>	<b>11.1</b>

## FINANCIAL INFORMATION

*Note:*

(1) Including share-based compensation expenses of RMB16.1 million for 2018, RMB15.5 million for 2019 and RMB21.4 million (US\$3.3 million) for 2020.

### *Content-related Costs*

Content-related costs are costs directly related to creating and editing the originally-generated content, organizing and maintaining user-generated content on our websites and mobile applications, and maintaining our professionally-generated content. Content-related costs mainly include salaries and benefits, toll free telephone charges, travel and office expenses of our editorial personnel, expenses we incur in the execution of the offline portion of our advertisers' online promotions and professionally-generated content displayed on our websites and mobile applications.

### *Depreciation and Amortization Expenses*

Depreciation expenses are related to servers and other equipment that are directly related to our revenue-generating business activities and leasehold improvements. A substantial majority of our amortization expenses relate to the amortization of intangibles including trademarks that we acquired in connection with the acquisitions of Cheerbright, China Topside and Norstar in June 2008, shortly after the inception of our company, and the insurance brokerage license obtained through our acquisition of Shanghai Tianhe.

### *Bandwidth and IDC Costs*

Bandwidth and IDC costs consist of fees that we pay to telecommunication carriers and other service providers for telecommunication services and for hosting our servers at their internet data centers, as well as fees we pay to our content delivery network service provider for the distribution of our content.

### *Tax Surcharges*

Our tax surcharges primarily consist of cultural development fees charged for our advertising services, construction and maintenance tax and education surcharges. Our overall tax surcharges as a percentage of our total net revenues was 3.2% in 2018, 2.3% in 2019 and 1.1% in 2020. The decrease of tax surcharges in 2019 was due to the halved fee rate of cultural development fees charged for our advertising services starting July 2019, which will last till 2024, and the decrease in 2020 was due to the exemption from cultural development fees in 2020.

## **Operating Expenses**

Our operating expenses consist of sales and marketing expenses, general and administrative expenses and product development expenses. The following table sets forth our operating expenses in absolute amounts and as percentages of our total net revenues for the years indicated:

	For the Year Ended December 31,					
	2018		2019		2020	
	RMB	%	RMB	%	RMB	US\$ %
(in thousands, except percentage)						
<b>Operating expense:</b>						
Sales and marketing expenses <sup>(1)</sup> . . . . .	2,435,236	33.6	3,093,345	36.7	3,246,507	497,549 37.5
General and administrative expenses <sup>(2)</sup> . . . . .	314,846	4.4	317,967	3.8	381,843	58,520 4.4
Product development expenses <sup>(3)</sup> . . . . .	1,135,247	15.7	1,291,054	15.3	1,364,227	209,077 15.8
<b>Total operating expenses</b> . . . . .	<b>3,885,329</b>	<b>53.7</b>	<b>4,702,366</b>	<b>55.8</b>	<b>4,992,577</b>	<b>765,146 57.7</b>

## FINANCIAL INFORMATION

### Notes:

- (1) Including share-based compensation expenses of RMB61.6 million for 2018, RMB46.1 million for 2019 and RMB40.1 million (US\$6.1 million) for 2020.
- (2) Including share-based compensation expenses of RMB56.0 million for 2018, RMB62.9 million for 2019 and RMB55.9 million (US\$8.6 million) for 2020.
- (3) Including share-based compensation expenses of RMB68.6 million for 2018, RMB79.5 million for 2019 and RMB93.9 million (US\$14.4 million) for 2020.

### *Sales and Marketing Expenses*

Our sales and marketing expenses primarily consist of the branding and marketing expenses incurred in connection with promoting our brands and platform through search engines, mobile platforms, navigation sites and traditional media channels, sales promotion activities and salaries and benefits and sales commissions for our sales and marketing personnel. Our sales and marketing expenses also include offline execution and business development expenses associated with the implementation of our business and office- and travel-related expenses associated with our sales and marketing activities.

### *General and Administrative Expenses*

Our general and administrative expenses primarily consist of bad debt expenses, personnel-related expenses for management and administrative personnel and professional service fees.

### *Product Development Expenses*

Our product development expenses primarily consist of personnel-related expenses associated with the development of new technologies and products, investment in underlying big data, AR and VR related technologies, and enhancement of our websites and mobile applications. We recognize these costs as expenses when incurred, unless they qualify for capitalization as software development costs.

### **Other Income, net**

Our other income, net primarily consists of VAT refunds, government grants and others. The government grants primarily represent subsidies and tax refunds for operating a business in certain jurisdictions and fulfillment of specified tax payment obligations. These grants are not subject to any specific requirements and are recorded when received. Depending on the local government policies, some of the grants are not recurring in nature. The following table sets forth our other income, net in absolute amounts and as percentages of our total net revenues for the years indicated:

	For the year ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
VAT refunds . . . . .	289,326	4.0	293,008	3.5	218,412	33,473	2.5
Government grants . . . . .	45,190	0.6	147,694	1.8	210,022	32,187	2.4
Others . . . . .	6,875	0.1	36,997	0.4	14,781	2,266	0.2
<b>Other Income, net</b> . . . . .	<b>341,391</b>	<b>4.7</b>	<b>477,699</b>	<b>5.7</b>	<b>443,215</b>	<b>67,926</b>	<b>5.1</b>

### **Taxation**

#### *Cayman Islands*

Autohome Inc., Autohome E-commerce Inc., Autohome Link Inc. and Autohome Financing Limited are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, companies incorporated in the Cayman Islands are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

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## FINANCIAL INFORMATION

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### ***British Virgin Islands***

Cheerbright is a company incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, Cheerbright is not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the British Virgin Islands.

### ***Hong Kong***

Autohome (Hong Kong) Limited, Autohome Media, Autohome E-commerce Hong Kong Limited, Autohome Link Hong Kong Limited and Autohome Financing Hong Kong Limited (deregistered in 2020) were incorporated in Hong Kong. Subsidiaries in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. On April 1, 2018, a two-tiered profits tax regime was introduced. The profits tax rate for the first HK\$2 million of profits of corporations is lowered to 8.25%, while profits above that amount continue to be subject to the tax rate of 16.5%. For 2018, 2019 and 2020, save for the tax payment made by Autohome Financing Hong Kong Limited in relation to our disposal of the Financing JV as its 25% shareholder, we did not make any other provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong during these periods except for the above-mentioned investment disposal gain. Under the Hong Kong tax law, our subsidiaries in Hong Kong are exempted from income tax on their foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

### ***PRC***

On December 29, 2018, the Standing Committee of the National People's Congress amended the PRC Enterprise Income Tax Law, which was issued on March 16, 2007. The Implementing Regulations of the Law of the PRC on Enterprise Income Tax was issued on December 6, 2007 and became effective on January 1, 2008 and was revised on April 23, 2019. Under the PRC Enterprise Income Tax Law and its implementation rules, a standard 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions.

Autohome WFOE, Chezhiying WFOE, Beijing Autohome Technologies Co., Ltd., or Beijing Autohome Technologies, Beijing Prbrowns and Beijing Kemoshijie Technology Co., Ltd. are recognized as "High-New Technology Enterprise" ("HNTE") and are eligible for a 15% preferential tax rate effective through 2021, 2020, 2020, 2020 and 2020, respectively, upon the completion of their filings with the relevant tax authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the relevant authorities in China. Three HNTEs, Autohome WFOE, Beijing Autohome Technologies and Beijing Prbrowns, further enjoy a more preferential enterprise tax rate of 10% as they are accredited as key software enterprises ("KSE") under the relevant PRC laws and regulations as well, which tax rate will continue to apply for so long as each of them maintains their respective key software enterprise status during each relevant tax year.

Chengdu Prbrowns Software Co., Ltd., or Chengdu Prbrowns, is recognized as a software enterprise ("SE") and could be exempt from income tax for the tax year of 2017 and 2018, followed by a 50% reduction in the statutory income tax rate of 25% for the years of 2019, 2020 and 2021 provided that it maintains its status as a SE during each relevant tax year. In the meanwhile, Chengdu Prbrowns further enjoy a more preferential enterprise tax rate of 10% as it is accredited as KSE for the year of 2020.

Chezhiying WFOE, Hainan Chezhiyitong Information Technology Co., Ltd. and Tianjin Autohome Data Information Technology Co., Ltd. are recognized as SE and could be exempt from income tax for the tax year of 2019 and 2020, followed by a 50% reduction in the statutory income tax rate of 25% for

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## FINANCIAL INFORMATION

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the years of 2021, 2022 and 2023 provided that it maintains its status as a SE during each relevant tax year.

Pursuant to the Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry jointly issued by the SAT and the MOF on April 20, 2012, and the Circular on Issues concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries jointly issued by the MOF, the SAT, the NDRC and the MIIT on May 4, 2016, eligible software enterprises which pass annual review and filing by the relevant tax authorities can enjoy exemption of enterprise income tax for the first and second year as calculated from the profit making year or no later than December 31, 2017 if no profit is made prior to that date, and thereafter enjoy half of the statutory rate of 25% for the third through fifth year thereafter until the expiration of the preferential period. Beijing Prbrownies started to make profit since 2015, and it passed the review and filing as an eligible software enterprise by the relevant tax authorities in 2016 and 2017, which qualified it for the exemption of enterprise income tax for the tax years of 2015 and 2016. As each of Beijing Prbrownies, Autohome WFOE and Beijing Autohome Technologies, has further registered as a KSE in 2018 and 2019, it enjoyed a reduced enterprise income tax of 10% for tax year of 2017 and 2018. Going forward, if any of Autohome WFOE, Beijing Autohome Technologies and Beijing Prbrownies fails to complete the filing and registration with the relevant tax authorities, it will no longer enjoy the preferential tax rate, and the applicable enterprise income tax rate may increase to up to 15% as an HNTE if it still maintains the HNTE qualification, or up to 25% if it loses the HNTE qualification. If Chengdu Prbrownies fails to maintain its software enterprise qualification, it will automatically forfeit the respective preferential tax treatment described above.

Except for the above-mentioned entities, our remaining PRC subsidiaries and all the VIEs were subject to enterprise income tax at a rate of 25% for 2018, 2019 and 2020.

If our holding company in the Cayman Islands, Autohome Inc., were deemed to be a “PRC resident enterprise” under the Enterprise Income Tax Law, it would be subject to enterprise income tax on its global income at a rate of 25%. If a subsidiary of us established in Hong Kong were deemed to be a “PRC resident enterprise” and Autohome Inc. were not deemed to be a “PRC resident enterprise” under the Enterprise Income Tax Law, then dividends payable by such subsidiary to Autohome Inc. may become subject to 10% PRC dividend withholding tax. Under such circumstances, it is not clear whether dividends payable by our PRC subsidiaries to their respective shareholders in Hong Kong would still be subject to PRC dividend withholding tax at a rate of 5%. If such subsidiary in Hong Kong were deemed to be a “PRC resident enterprise” under the Enterprise Income Tax Law, it would be subject to enterprise income tax at a rate of 25%. See “Risk Factors—Risks Related to Doing Business in China—Our global income and the dividends that we may receive from our PRC subsidiaries, dividends distributed to our non-PRC shareholders and ADS holders, and gains recognized by such shareholders or ADS holders, may be subject to PRC taxes under the Enterprise Income Tax Law, which would have a material adverse effect on our results of operations.”

## FINANCIAL INFORMATION

### Results of Operations

The following table presents our results of operations in absolute amounts and as a percentage of our total net revenues for the periods indicated.

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Net revenues</b>							
Media services	3,508,254	48.5	3,653,767	43.4	3,455,056	529,510	39.9
Leads generation services	2,870,996	39.7	3,275,544	38.9	3,198,832	490,242	36.9
Online marketplace and others	853,901	11.8	1,491,440	17.7	2,004,671	307,229	23.2
<b>Total net revenues</b>	<b>7,233,151</b>	<b>100.0</b>	<b>8,420,751</b>	<b>100.0</b>	<b>8,658,559</b>	<b>1,326,981</b>	<b>100.0</b>
Cost of revenues <sup>(1)</sup>	(820,288)	(11.3)	(960,292)	(11.4)	(961,170)	(147,306)	(11.1)
<b>Gross Profit</b>	<b>6,412,863</b>	<b>88.7</b>	<b>7,460,459</b>	<b>88.6</b>	<b>7,697,389</b>	<b>1,179,675</b>	<b>88.9</b>
<b>Operating expenses</b>							
Sales and marketing expenses <sup>(1)</sup>	(2,435,236)	(33.6)	(3,093,345)	(36.7)	(3,246,507)	(497,549)	(37.5)
General and administrative expenses <sup>(1)</sup>	(314,846)	(4.4)	(317,967)	(3.8)	(381,843)	(58,520)	(4.4)
Product development expenses <sup>(1)</sup>	(1,135,247)	(15.7)	(1,291,054)	(15.3)	(1,364,227)	(209,077)	(15.8)
<b>Total operating expenses</b>	<b>(3,885,329)</b>	<b>(53.7)</b>	<b>(4,702,366)</b>	<b>(55.8)</b>	<b>(4,992,577)</b>	<b>(765,146)</b>	<b>(57.7)</b>
Other income, net	341,391	4.7	477,699	5.7	443,215	67,926	5.1
<b>Operating profit</b>	<b>2,868,925</b>	<b>39.7</b>	<b>3,235,792</b>	<b>38.5</b>	<b>3,148,027</b>	<b>482,455</b>	<b>36.4</b>
Interest income	358,811	5.0	469,971	5.6	537,389	82,358	6.2
Earnings/(loss) from equity method investments	24,702	0.3	685	0.0	(1,246)	(191)	0.0
Fair value change of other current and non-current assets	(11,017)	(0.2)	(5,442)	(0.1)	(15,658)	(2,400)	(0.2)
<b>Income before income taxes</b>	<b>3,241,421</b>	<b>44.8</b>	<b>3,701,006</b>	<b>44.0</b>	<b>3,668,512</b>	<b>562,222</b>	<b>42.4</b>
Income tax expense	(377,890)	(5.2)	(500,361)	(5.9)	(260,945)	(39,992)	(3.0)
<b>Net income</b>	<b>2,863,531</b>	<b>39.6</b>	<b>3,200,645</b>	<b>38.1</b>	<b>3,407,567</b>	<b>522,230</b>	<b>39.4</b>
Net income/(loss) attributable to non-controlling interests	7,484	0.1	(679)	0.0	(2,338)	(358)	0.0
<b>Net income attributable to Autohome Inc.</b>	<b>2,871,015</b>	<b>39.7</b>	<b>3,199,966</b>	<b>38.1</b>	<b>3,405,229</b>	<b>521,872</b>	<b>39.3</b>

Note:

(1) Including share-based compensation expenses as follows:

	For the Year Ended December 31,						
	2018		2019		2020		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Allocation of share-based compensation expenses</b>							
Cost of revenues	16,112	0.2	15,508	0.2	21,372	3,276	0.2
Sales and marketing expenses	61,599	0.9	46,081	0.5	40,103	6,146	0.5
General and administrative expenses	55,992	0.8	62,884	0.7	55,868	8,562	0.6
Product development expenses	68,622	0.9	79,535	0.9	93,863	14,385	1.1
<b>Total share-based compensation expenses</b>	<b>202,325</b>	<b>2.8</b>	<b>204,008</b>	<b>2.4</b>	<b>211,206</b>	<b>32,369</b>	<b>2.4</b>

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## FINANCIAL INFORMATION

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### *Year Ended December 31, 2020 Compared to Year Ended December 31, 2019*

#### *Net Revenues*

Our net revenues increased by 2.8% from RMB8,420.8 million in 2019 to RMB8,658.6 million (US\$1,327.0 million) in 2020. This increase was primarily due to a 34.4% increase in revenues from online marketplace and others. The COVID-19 outbreak and the government-imposed restrictions in response to it (mainly during the first quarter of 2020) had a negative impact on the growth rate of our net revenues in 2020.

#### *Media services*

Our media services revenues decreased by 5.4% from RMB3,653.8 million in 2019 to RMB3,455.1 million (US\$529.5 million) in 2020. This decrease was due to decreased revenue from automaker advertising services and regional marketing campaigns conducted by certain automobile brands' regional offices.

The decrease in revenues from our media services was primarily attributable to 5.4% decrease in average revenue per automaker advertiser from RMB39.7 million in 2019 to RMB37.6 million (US\$5.8 million) in 2020 as many automakers experienced disruption in operation and downward adjustment of advertising budgets as a result of the COVID-19 outbreak.

#### *Leads generation services*

Leads generation services revenues decreased by 2.3% from RMB3,275.5 million in 2019 to RMB3,198.8 million (US\$490.2 million) in 2020. The decrease in leads generation services revenues was mainly driven by a decrease in the number of dealer customers from 27,100 in 2019 to 24,517 in 2020, which was primarily a result of the overall decline in China's automobile sales market.

#### *Online marketplace and others*

Revenues from online marketplace and others increased by 34.4% from RMB1,491.4 million in 2019 to RMB2,004.7 million (US\$307.2 million) in 2020. This increase was primarily attributable to the increased contribution from data products. Revenues from online marketplace and others in 2020 consisted of revenues related to new car and used car marketplace business, auto financing business, data products and others.

#### *Cost of Revenues*

Our cost of revenues increased by 0.1% from RMB960.3 million in 2019 to RMB961.2 million (US\$147.3 million) in 2020. In addition, our cost of revenues included share-based compensation expenses, which were RMB21.4 million (US\$3.3 million) in 2020, compared to RMB15.5 million in 2019.

#### *Content-related Costs*

Our content-related costs increased by 13.8% from RMB633.0 million in 2019 to RMB720.5 million (US\$110.4 million) in 2020, primarily due to an increased expenditure related to content generation, acquisition and execution and expenses directly related to the execution of service contracts.

#### *Depreciation and Amortization Expenses*

Our depreciation and amortization expenses decreased slightly by 4.1% from RMB31.2 million in 2019 to RMB29.9 million (US\$4.6 million) in 2020.

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## FINANCIAL INFORMATION

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### *Bandwidth and IDC Costs*

Our bandwidth and IDC costs increased by 7.3% from RMB106.1 million in 2019 to RMB113.9 million (US\$17.5 million) in 2020, which was due to increased bandwidth and IDC necessary to respond to the growth of our user traffic, improve user experience and enhance our big data analytical capabilities.

### *Tax Surcharges*

Tax surcharges decreased by 49.0% from RMB189.9 million in 2019 to RMB97.0 million (US\$14.9 million) in 2020, as a result of the favorable tax policies implemented by the government in response to the COVID-19 outbreak.

### *Operating Expenses*

Our operating expenses increased by 6.2% from RMB4,702.4 million in 2019 to RMB4,992.6 million (US\$765.1 million) in 2020.

### *Sales and Marketing Expenses*

Our sales and marketing expenses increased by 5.0% from RMB3,093.3 million in 2019 to RMB3,246.5 million (US\$497.5 million) in 2020. As a percentage of net revenues, sales and marketing expenses were 37.5% in 2020, compared to 36.7% in 2019. Our sales and marketing expenses included share-based compensation expenses of RMB40.1 million (US\$6.1 million) in 2020, compared to RMB46.1 million in 2019.

### *General and Administrative Expenses*

Our general and administrative expenses increased by 20.1% from RMB318.0 million in 2019 to RMB381.8 million (US\$58.5 million) in 2020. This increase was primarily due to the increase in professional service fees and bad debt provisions. As a percentage of net revenues, general and administrative expenses increased from 3.8% in 2019 to 4.4% in 2020. Our general and administrative expenses included share-based compensation expenses of RMB55.9 million (US\$8.6 million) in 2020, compared to RMB62.9 million in 2019.

### *Product Development Expenses*

Our product development expenses increased by 5.7% from RMB1,291.1 million in 2019 to RMB1,364.2 million (US\$209.1 million) in 2020. As a percentage of net revenues, product development expenses were 15.8% in 2020, compared to 15.3% in 2019. Our product development expenses included share-based compensation expenses of RMB93.9 million (US\$14.4 million) in 2020, compared to RMB79.5 million in 2019.

### *Other income, net*

Our other income, net, primarily consists of VAT refund, government grants and others. Other income, net, was RMB443.2 million (US\$67.9 million) in 2020, compared to RMB477.7 million in 2019.

### *Income before Income Taxes*

Our income before income taxes was RMB3,668.5 million (US\$562.2 million) in 2020, compared to RMB3,701.0 million in 2019.

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## FINANCIAL INFORMATION

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### *Income Tax Expense*

We incurred income tax expense of RMB260.9 million (US\$40.0 million) in 2020, representing a 47.8% decrease compared to RMB500.4 million in 2019, primarily due to the realization of previously uncertain preferential tax rates for certain subsidiaries that were determined to be eligible for preferential tax rate in 2020.

### *Net Income Attributable to Autohome Inc.*

As a result of the foregoing, we had net income attributable to Autohome Inc. of RMB3,405.2 million (US\$521.9 million) in 2020, increased by 6.4% compared to net income attributable to Autohome Inc. of RMB3,200.0 million in 2019.

### *Year Ended December 31, 2019 Compared to Year Ended December 31, 2018*

#### *Net Revenues*

Our net revenues increased by 16.4% from RMB7,233.2 million in 2018 to RMB8,420.8 million in 2019. This increase was due to an 8.6% increase in combined revenues from media and leads generation services, and a 74.7% increase in online marketplace and others revenue.

#### *Media services*

Our media services revenues increased by 4.1% from RMB3,508.3 million in 2018 to RMB3,653.8 million in 2019. This increase was due to increased revenue from automaker advertising services and regional marketing campaigns conducted by certain automobile brands' regional offices.

The increase in revenues from our media services was primarily attributable to 16.6% increase in average revenue per automaker advertiser from RMB34.1 million in 2018 to RMB39.7 million in 2019 as automakers continued to allocate a greater portion of their advertising budgets to our online advertising and marketing channels, with increasingly diversified and optimized portfolio of products being offered.

#### *Leads generation services*

Leads generation services revenues increased by 14.1% from RMB2,871.0 million in 2018 to RMB3,275.5 million in 2019. The increase in leads generation services revenues was mainly driven by a 20.5% increase in average revenue per paying dealer from RMB100.3 thousand in 2018 to RMB120.9 thousand in 2019. We provided leads generation services to 27,100 dealers in 2019, compared to 28,613 dealers in 2018.

#### *Online marketplace and others.*

Revenues from online marketplace and others increased by 74.7% from RMB853.9 million in 2018 to RMB1,491.4 million in 2019. This increase was primarily attributable to the increased contribution from data products and auto financing business. Revenues from online marketplace and others in 2019 consisted of revenues related to new car and used car marketplace business, auto financing business, data products and others.

#### *Cost of Revenues*

Our cost of revenues increased by 17.1% from RMB820.3 million in 2018 to RMB960.3 million in 2019.

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## FINANCIAL INFORMATION

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### *Content-related Costs*

Our content-related costs increased by 43.4% from RMB441.5 million in 2018 to RMB633.0 million in 2019, primarily due to an increased expenditure related to content generation, acquisition and execution and expenses directly related to the execution of service contracts. Our content-related costs included share-based compensation expenses, which were RMB15.5 million in 2019, compared to RMB16.1 million in 2018.

### *Depreciation and Amortization Expenses*

Our depreciation and amortization expenses were RMB31.2 million in 2019, compared to RMB41.6 million in 2018.

### *Bandwidth and IDC Costs*

Our bandwidth and IDC costs increased slightly from RMB105.3 million in 2018 to RMB106.1 million in 2019.

### *Tax Surcharges*

Tax surcharges decreased by 18.1% from RMB231.9 million in 2018 to RMB189.9 million in 2019, as a result of the halved fee rate of cultural development fees charged for our advertising services starting July 2019, and which will last till 2024.

### *Operating Expenses*

Our operating expenses increased by 21.0% from RMB3,885.3 million in 2018 to RMB4,702.4 million in 2019, primarily due to increases in sales and marketing expenses and product development expenses as we continued to reinvest in future growth opportunities.

### *Sales and Marketing Expenses*

Our sales and marketing expenses increased by 27.0% from RMB2,435.2 million in 2018 to RMB3,093.3 million in 2019. This increase was primarily due to a 41.0% increase in marketing and promotional expenses from RMB1,650.9 million in 2018 to RMB2,327.7 million in 2019, mainly in connection with the 818 Global Super Auto Show and increased offline execution to support automakers and dealers along with business development. As a percentage of net revenues, sales and marketing expenses were 36.7% in 2019, compared to 33.6% in 2018. Our sales and marketing expenses in 2019 included share-based compensation expenses of RMB46.1 million in 2019, compared to RMB61.6 million in 2018.

### *General and Administrative Expenses*

Our general and administrative expenses were RMB318.0 million in 2019, a slight increase compared to RMB314.8 million in 2018. As a percentage of net revenues, general and administrative expenses decreased from 4.4% in 2018 to 3.8% in 2019. Our general and administrative expenses for 2019 included share-based compensation expenses of RMB62.9 million, compared to RMB56.0 million in 2018.

### *Product Development Expenses*

Our product development expenses increased by 13.7% from RMB1,135.2 million in 2018 to RMB1,291.1 million in 2019. The increase was primarily due to an 8.3% increase in salaries and

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## FINANCIAL INFORMATION

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benefits (including share-based compensation expenses) for our research and development staff from RMB896.5 million in 2018 to RMB970.9 million in 2019, and increased expenditure for technical service and technology infrastructure, which is in line with our overall growth and continued reinvestment in future growth opportunities. As a percentage of net revenues, product development expenses were 15.3% in 2019, compared to 15.7% in 2018. Our product development expenses for 2019 included share-based compensation expenses of RMB79.5 million, compared to RMB68.6 million in 2018.

### ***Other income, net***

Our other income, net, primarily consists of VAT refund, government grants and others. Other income, net, was RMB477.7 million in 2019, compared to RMB341.4 million in 2018.

### ***Income before Income Taxes***

Our income before income taxes was RMB3,701.0 million in 2019, compared to RMB3,241.4 million in 2018.

### ***Income Tax Expense***

We incurred income tax expense of RMB500.4 million in 2019, representing a 32.4% increase compared to RMB377.9 million in 2018, primarily due to an increase in taxable income and accrual of withholding tax associated with our annual dividend policy.

### ***Net Income Attributable to Autohome Inc.***

As a result of the foregoing, we had net income attributable to Autohome Inc. of RMB3,200.0 million in 2019, increased by 11.5% compared to net income attributable to Autohome Inc. of RMB2,871.0 million in 2018.

## **Liquidity and Capital Resources**

### ***Cash Flows and Working Capital***

Our principal sources of liquidity are cash generated from our operating activities and our issuance of ADSs. Our principal uses of cash for 2018, 2019 and 2020 were primarily composed of operating activities, including employee compensation, tax expenses, content-related expenditure, promotion and marketing expenses, bandwidth and IDC costs, investment in research and development, investing activities including equity and strategic investments and other capital expenditures, and payment of dividends. As of December 31, 2020, we had cash and cash equivalents, restricted cash and short-term investments altogether amounting to RMB14.6 billion (US\$2.2 billion).

We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for at least the next 12 months. We may require additional cash due to unanticipated business conditions or other future developments. We may also need additional cash resources if we find and wish to pursue opportunities for investments, acquisitions, strategic cooperation or other similar actions. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or secure debt funding from financial institutions.

## FINANCIAL INFORMATION

The following table sets forth a summary of our cash flows for the years indicated.

	For the Year Ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash generated from operating activities . . . . .	3,111,438	2,889,369	3,325,631	509,675
Net cash used in investing activities . . . . .	(3,301,239)	(1,168,267)	(2,985,458)	(457,542)
Net cash (used in)/generated from financing activities . . . . .	(543,968)	68,676	(546,967)	(83,825)
Effect of exchange rate changes on cash and cash equivalents and restricted cash . . . . .	39,151	(13,250)	(17,556)	(2,690)
Net (decrease)/increase in cash and cash equivalents and restricted cash . . . . .	(694,618)	1,776,528	(224,350)	(34,382)
Cash and cash equivalents and restricted cash at beginning of year . . . . .	911,588	216,970	1,993,498	305,516
Cash and cash equivalents and restricted cash at end of year . . . . .	216,970	1,993,498	1,769,148	271,134

### *Operating Activities*

Net cash generated from operating activities was RMB3,325.6 million (US\$509.7 million) for 2020. The difference between the net income of RMB3,407.6 million (US\$522.2 million) and the net cash generated from the operating activities of RMB3,325.6 million (US\$509.7 million) was primarily due to additional cash of RMB593.6 million used for working capital, partially offset by adding back certain non-cash expense items including share-based compensation of RMB211.2 million and depreciation of RMB158.2 million. The change in working capital was in turn the result of (i) a RMB217.7 million increase in prepaid expenses and other current assets; (ii) a RMB252.9 million increase in other non-current assets, and (iii) a RMB158.3 million decrease in accrued expenses and other payables.

The increase in prepaid expenses and other current assets was primarily attributable to the increased prepaid technical service expenses and receivables from third-party payment platform. The increase in other non-current assets was primarily due to the recognition of operating lease right-of-use assets. The decrease in accrued expenses and other payables was primarily attributable to the decreased promotion expenses.

Net cash generated from operating activities was RMB2,889.4 million for 2019. The difference between the net income of RMB3,200.6 million and the net cash generated from the operating activities of RMB2,889.4 million was primarily due to additional cash of RMB892.6 million used for working capital, partially offset by adding back certain non-cash expense items including share-based compensation of RMB204.0 million, deferred income taxes of RMB145.0 million, non-cash lease expense of RMB122.4 million and depreciation of RMB106.9 million. The change in working capital was in turn the result of (i) a RMB479.5 million increase in accounts receivable, (ii) a RMB186.6 million increase in other non-current assets, and (iii) a RMB139.8 million decrease in deferred revenue.

The increase in accounts receivable was primarily due to the increase of our media services and online marketplace and others services. The increase in other non-current assets was primarily due to the recognition of operating lease right-of-use assets. Dealers in general prepay for our subscription services for the next year before the end of each year. We therefore normally record a large amount of deferred revenue as of December 31 and such deferred revenue will decrease and be recognized as our

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## FINANCIAL INFORMATION

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revenue as the subscription period passes. The decrease in deferred revenue was mainly attributable to the late start of dealer subscription renewal process for the year of 2020 caused by a delay in our internal process of adopting our 2020 pricing policy. Despite the delay, the majority of our dealer customers eventually renewed their subscription for the year of 2020.

Net cash generated from operating activities was RMB3,111.4 million for 2018. The difference between the net income of RMB2,863.5 million and the net cash generated from the operating activities of RMB3,111.4 million was primarily due to the adding back of certain non-cash expense items including share-based compensation of RMB202.3 million, deferred income taxes of RMB102.1 million, and depreciation of RMB90.3 million, partially offset by the additional cash of RMB81.8 million used for working capital. The change in working capital was in turn the result of (i) a RMB904.3 million increase in accounts receivable, (ii) a RMB62.8 million increase in prepaid expenses and other current assets, partially offset by (iii) a RMB807.3 million increase in accrued expenses and other payables, and (iv) a RMB101.2 million increase in deferred revenue.

The increase in accounts receivable was primarily due to the increase of our media services and online marketplace and others services. The increase in prepaid expenses and other current assets was primarily attributable to advanced payment of tax surcharges and VAT refund receivable. The increase in accrued expenses and other payables was mainly due to the increase in accrued rebates to advertising agencies in accordance with the growth of media service revenues, increase in year-end bonuses to employees during the period and marketing expenses. The increase in deferred revenue was mainly attributable to the growth of our dealer subscription services.

As of December 31, 2020, 98.5% (or RMB2,758.4 million) of our total accounts receivable at the end of 2018 and 93.2% (or RMB3,043.6 million) of our total accounts receivable at the end of 2019 were subsequently settled. Our accounts receivable turnover days, which are the average accounts receivable balances as of the beginning and the end of the period divided by total net revenues during the period and multiplied by the number of days during the period, were 118.3 days in 2018, 130.6 days in 2019 and 134.0 days in 2020. The increase in turnover days was primarily due to the decline in the automobile market as well as the impact of COVID-19.

### ***Investing Activities***

Net cash used in investing activities was RMB2,985.5 million (US\$457.5 million) in 2020, which was primarily attributable to acquisition of TTP Car Inc., purchase of term deposits and adjustable-rate financial products and increased capital expenditures primarily related to the purchase of servers and software.

Net cash used in investing activities was RMB1,168.3 million in 2019, which was primarily attributable to purchase of term deposits and adjustable-rate financial products and increased capital expenditures primarily related to the purchase of servers and software.

Net cash used in investing activities was RMB3,301.2 million in 2018, which was primarily attributable to the purchase of term deposits and adjustable-rate financial products, investment in TTP in the form of convertible bond and capital expenditures primarily related to the purchase of electronic equipment, partially offset by the cash inflow from our disposal of the Financing JV.

### **Short-term Investments**

As of December 31, 2018, 2019 and 2020, our short-term investments consist of bank deposits, adjustable-rate financial products with original maturities of greater than 3 months but less than 1 year

## FINANCIAL INFORMATION

and money market funds that are measured at fair value. The following table sets forth a breakdown of our short-term investments:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB (in thousands)	RMB	US\$
Term deposits .....	1,732,110	2,577,905	7,286,100	1,116,644
Adjustable-rate financial products .....	8,092,984	8,228,907	5,592,076	857,023
Money market fund .....	24,394	—	—	—
	<u>9,849,488</u>	<u>10,806,812</u>	<u>12,878,176</u>	<u>1,973,667</u>

The following table sets forth a movement of our short-term investments:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB (in thousands)	RMB	US\$
Opening balance .....	7,242,636	9,849,488	10,806,812	1,656,216
Additions .....	54,532,940	42,660,267	40,050,012	6,137,933
Disposals .....	(51,936,932)	(41,695,492)	(37,968,391)	(5,818,911)
Net unrealized interest income recognized in earning (fair value change) .....	65,094	46,631	37,047	5,679
Net realized interest income recognized in earning .....	(54,250)	(54,082)	(47,304)	(7,250)
Ending balance .....	<u>9,849,488</u>	<u>10,806,812</u>	<u>12,878,176</u>	<u>1,973,667</u>

Those adjustable-rate financial products were deposits with certain financial institutions with maturities of less than one year. Some of these products were principal-guaranteed with variable interest rates, while the others were not principal-guaranteed. As of December 31, 2018, 2019 and 2020, the average effective yield of our adjustable-rate financial products was 4.4% per annum, 4.0% per annum, and 4.0% per annum, respectively.

In accordance with ASC 825, Financial Instruments, for all of our short-term investments, we elected to apply the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the consolidated statements of comprehensive income as interest income. We recorded interest income related to short-term investment of RMB329.8 million, RMB386.2 million and RMB454.0 million (US\$69.6 million) for the years ended December 31, 2018, 2019 and 2020, respectively.

### Long-term Investments

As of December 31, 2018, 2019 and 2020, our long-term investments consist of equity method investments. Investments in entities in which we can exercise significant influence and hold an investment in voting common stock or in-substance common stock (or both) of the investee but do not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323 (“ASC 323”), Investments-Equity Method and Joint Ventures. Under the equity method, we initially record its investments at cost. We subsequently adjust the carrying amount of the investments to recognize our proportionate share of each equity investee’s net income or loss into earnings after the date of investments. During the Track Record Period, our significant equity method investees primarily included Hunan Mango Autohome Automobile Sales Co., Ltd. and Visionstar Information Technology (Shanghai) Co., Ltd. The carrying amount of all of the equity method investments was RMB71.0 million, RMB71.7 million and RMB70.4 million (US\$10.8 million)

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## FINANCIAL INFORMATION

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as of December 31, 2018, 2019 and 2020 respectively. We recorded earnings from equity method investments of RMB24.7 million and RMB0.7 million for the years ended December 31, 2018 and 2019, and loss from equity method investments of RMB1.2 million (US\$0.2 million) for the year ended December 31, 2020.

### ***Financing Activities***

Net cash used in financing activities in 2020 was RMB547.0 million (US\$83.8 million), which was attributable to payment of dividends, partially offset by proceeds from exercise of share-based awards.

Net cash generated from financing activities in 2019 was RMB68.7 million, which was attributable to proceeds from exercise of share-based awards.

Net cash used in financing activities in 2018 was RMB544.0 million, which was attributable to payment of dividends, partially offset by proceeds from exercise of share-based awards.

### **Holding Company Structure**

Our ability to pay dividends is primarily dependent on our receiving distributions of funds from our subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by our PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of our PRC subsidiaries.

Under PRC law, our PRC subsidiaries are required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund and allocate at least 10% of their after-tax profits on an individual company basis as determined under PRC accounting standards to the general reserve, and have the right to discontinue allocations to the general reserve if such reserve has reached 50% of registered capital on an individual company basis. In addition, they are also required to make appropriations to the enterprise expansion fund and staff welfare and bonus fund at the discretion of their respective boards of directors. Our VIEs in the PRC are also subject to similar statutory reserve requirements. These reserves can only be used for specific purposes and are not transferable to us in the form of loans, advances or cash dividends. As of December 31, 2018, 2019 and 2020, our PRC subsidiaries and our VIEs had appropriated RMB75.9 million, RMB84.5 million and RMB87.8 million (US\$13.5 million), respectively, of retained earnings for their statutory reserves.

As a result of these PRC laws and regulations, prior to allocations of after-tax profits to the statutory reserves, our PRC subsidiaries and VIEs are restricted in their ability to transfer a portion of their net assets to us.

Foreign exchange and other regulation in the PRC may further restrict our PRC subsidiaries and VIEs from transferring funds to us in the form of dividends, loans and advances. As of December 31, 2018, 2019 and 2020, the amounts of the net restricted assets of our PRC subsidiaries and our VIEs were RMB9,747.1 million, RMB13,311.5 million and RMB15,734.5 million (US\$2,411.4 million), respectively.

### **Capital Expenditures**

Cash outflow in connection with capital expenditures amounted to RMB113.8 million, RMB204.1 million and RMB263.9 million (US\$40.4 million) in 2018, 2019 and 2020, respectively. These capital expenditures were primarily used for purchase of servers and software for our business.

## FINANCIAL INFORMATION

### Tabular Disclosures of Contractual Obligations

The following summarizes our contractual obligations as of December 31, 2020:

	Payments Due by the Period				Total
	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	
	(in thousands of RMB)				
Operating lease obligations <sup>(1)</sup> . . . . .	120,527	104,856	1,205	—	226,588

Note:

(1) Operating lease obligations related to the lease of office space and internet data centers.

Lease cost for the years ended December 31, 2018, 2019 and 2020 were RMB100.0 million, RMB166.7 million and RMB183.7 million (US\$28.2 million), respectively, with the figures in 2019 and 2020 including those related to lease of data centers.

### Working Capital

We recorded net current assets of RMB8,976.5 million, RMB12,392.5 million and RMB14,178.4 million (US\$2,172.9 million), respectively, as of December 31, 2018, 2019 and 2020. The following table sets forth a breakdown of our current assets and liabilities as of the dates indicated.

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
<b>Current Assets:</b>				
Cash and cash equivalents . . . . .	211,970	1,988,298	1,751,222	268,387
Short-term investments . . . . .	9,849,488	10,806,812	12,878,176	1,973,667
Accounts receivable (net of allowance for doubtful accounts of RMB3,589, RMB33,989 and RMB128,199 (US\$19,647) as of December 31, 2018, 2019 and 2020, respectively) . . . . .	2,795,835	3,231,486	3,124,197	478,804
Amounts due from related parties, current . . . . .	34,047	29,501	47,303	7,250
Prepaid expenses and other current assets . . . . .	249,977	302,285	563,182	86,311
<b>Total current assets</b> . . . . .	<b>13,141,317</b>	<b>16,358,382</b>	<b>18,364,080</b>	<b>2,814,419</b>
<b>Current Liabilities:</b>				
Accrued expenses and other payables . . . . .	2,439,948	2,417,438	2,577,709	395,051
Advance from customers . . . . .	75,017	95,636	127,235	19,500
Deferred revenue . . . . .	1,510,726	1,370,953	1,315,667	201,635
Income tax payable . . . . .	119,210	45,489	85,177	13,054
Amounts due to related parties . . . . .	19,868	36,387	79,895	12,244
<b>Total current liabilities</b> (including current liabilities of consolidated VIEs without recourse to Autohome WFOE, Chezhiying WFOE or TTP WFOE of RMB276,569, RMB193,303 and RMB602,990 (US\$92,412) as of December 31, 2018, 2019 and 2020, respectively) . . . . .	<b>4,164,769</b>	<b>3,965,903</b>	<b>4,185,683</b>	<b>641,484</b>

For a detailed discussion on our cash position, being the balance sheet item that has material impact on our liquidity, as well as material changes in the various working capital items, see “—Liquidity and Capital Resources.”

Taking into account cash and cash equivalents on hand, our operating cash flows, the available revolving lines of bank facilities, and the estimated net proceeds available to us from the Global

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## FINANCIAL INFORMATION

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Offering, our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

Since December 31, 2020 and up to the date of this document, there has not been any material and adverse change in our indebtedness and contingent liabilities. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

### **Off-Balance Sheet Arrangements**

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity. 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.

### **Material Related Party Transactions**

For details relating to our related party transactions, see "Related Party Transactions". Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

### **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 and adjustable-rate short-term investments. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income 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 and have not used any derivative financial instruments to hedge exposure to such 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 RMB because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

Any significant appreciation or depreciation of the RMB may however materially affect the value of, and any dividends payable on, our ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB 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 RMB 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 RMB would have a negative effect on the U.S. dollar amounts available to us.

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## FINANCIAL INFORMATION

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### ***Inflation***

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the consumer price index in China increased by 2.1%, 2.9% and 2.5% in 2018, 2019 and 2020, respectively, and the year-over-year percent changes in the consumer price index for December 2018, 2019 and 2020 were increases of 1.9% , 4.5% and 0.2%, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

### **Critical Accounting Policies**

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the end of each reporting period and the reported amount of revenue and expenses during each reporting period. We evaluate these estimates and assumptions based on historical experience, knowledge and assessment of current business and other conditions and expectations that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from these estimates and assumptions.

Some of our accounting policies require higher degrees of judgment than others in their application. When reviewing our consolidated financial statements, you should consider (a) our selection of critical accounting policies, (b) the judgment and other uncertainties affecting the application of such policies and (c) the sensitivity of reported results to changes in conditions and assumptions. For further information on our significant accounting policies, see Note 2 to the Accountant's Report in Appendix I. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places significant demands on the judgment of our management. We believe the following critical accounting policies are most significant to the presentation of our financial statements and some of which may require the most difficult, subjective and complex judgments. They should be read in conjunction with our consolidated financial statements, the risks and uncertainties of which are described under "Risk Factors" and other disclosures included in this document.

### ***Revenue Recognition and Accounts Receivable***

The Group accounts for revenue in accordance with the ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASC 606"). ASC 606 permits entities to apply one of two methods: retrospective or modified retrospective, since first adoption on January 1, 2018. ASC 606 was adopted on January 1, 2018 using the modified retrospective method. Results for the Track Record Period are presented under ASC 606. The adoption changed the presentation of value-added-tax on gross basis to net basis and there was no adjustment to the beginning retained earnings on January 1, 2018. Our revenues are derived from media services, leads generation services and online marketplace and others. Under ASC 606, revenues are recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The recognition of revenue involves certain management judgments including identification of performance obligations, stand-alone selling price for each performance obligation and estimation of variable consideration represented by sales rebates. We provide rebates to agency companies based on their cumulative annual advertising and service volume, and the timeliness of their payments, which are accounted for as variable consideration. We estimate our obligations

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## FINANCIAL INFORMATION

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under such agreements by applying the most likely amount method, based on an evaluation of the likelihood of the agency companies' achievement of the advertising and service volume targets and the timeliness of their payments, after taking into account the agency companies' purchase trends and history. A refund liability, included in accrued expenses and other payables, is recognized for expected sales rebates payable to agency companies in relation to advertising services provided. We recognize revenue for the amount of fees we receive from the customers, after deducting these sales rebates, and net of VAT collected from customers. We believe that there will not be significant changes to our estimates of variable consideration and update the estimate at each reporting period as actual utilization becomes available.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

### *Media services*

Media services revenues mainly include revenues from automaker advertising services and regional marketing campaigns conducted by certain automobile brands' regional offices. The majority of our online advertising service contracts involve multiple deliverables or performance obligations presented on PC and mobile platforms and in different formats, such as banner advertisements, links and logos, other media insertions and promotional activities that are delivered over different periods of time.

Revenue is allocated among these different deliverables based on their relative stand-alone selling prices. We generally determine the stand-alone selling price as the observable price of a product or service charged to customers when sold on a stand-alone basis. Advertising services are primarily delivered based on cost per day ("CPD") pricing model. For CPD advertising arrangements, revenue is recognized when the corresponding advertisements are published over the stated display period. For cost per thousand impressions ("CPM") model, revenue is recognized when the advertisements are displayed and based on the number of times that the advertisement has been displayed. For cost-per-click ("CPC") model, revenue is recognized when the user clicks on the customer-sponsored links and based on the number of clicks. For certain marketing campaigns and promotional activities services, revenue is recognized when the corresponding services have been rendered.

### *Leads generation services*

Leads generation services primarily include revenues from (i) dealer subscription services, (ii) advertising services sold to individual dealer advertisers, and (iii) used car listing services. Under the dealer subscription services, we make available throughout the subscription period a webpage linked to our websites and mobile applications where the dealers can publish information such as the pricing of their products, locations and addresses and other related information. Usually, advanced payment is normally made for the dealer subscription services and revenue is recognized over time on a straight line basis as services are constantly provided over the subscription period. For the advertising services sold to individual dealers, revenue is recognized when the advertising is published over the stated display period. The used car listing services primarily include listing and display of used vehicles, generation of sales leads, etc. through our platform. Our used car platform acts as a user

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## FINANCIAL INFORMATION

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interface that allows potential used car buyers to identify listings that meet their specific requirements and contact the sellers. Our service fee is charged based on the number of displayed days, or quantity of sales leads delivered. Revenue is recognized respectively at a point in time upon the display of vehicles or the delivery of sales leads.

### *Online marketplace and others*

Online marketplace and others revenue primarily consist of revenues related to data products, new car and used car marketplace, auto-financing business, and others. For the data products, we provide data analysis reports and data-driven products and solutions for the automakers and dealers and recognize revenue at a point in time upon the delivery of reports or over the period of the consumption or utilization of data-driven products and solutions by the automakers and dealers. For the new car and used car marketplace, and auto-financing business, we provide platform-based services including facilitation of transactions, transaction-oriented marketing solutions, generation of sales leads and facilitation of transactions as an insurance brokerage service provider. For the new car marketplace, we also act as the platform for users to review automotive-related information, purchase coupons offered by automakers for discounts and make purchases to complete the transaction. For the used car platform, we act as a used car consumer-to-business-to-consumer, or C2B2C, transaction system that facilitates the used car transaction between the sellers and buyers and charge the service fee per each sale. For the auto-financing business, we provide a platform which serves as a bridge to match users and automobile sellers that have auto financing needs with our cooperative financial institutions that offer a variety of products covering merchant loans, consumer loans, leases and insurance services. The auto-financing service fee is charged on a per sale or lead basis. The service fee is recognized at a point in time when the relevant information is displayed, marketing solution package is delivered, when the sales leads are delivered or upon the successful facilitation of transaction.

### *Contract Balances and Accounts Receivable*

Deferred revenue is primarily related to the advanced payment related to dealer subscription services and used car listings under leads generation services. As of December 31, 2019 and 2020, there was deferred revenue of RMB1,371.0 million and RMB1,315.7 million (US\$201.6 million), respectively.

The beginning balance of deferred revenue of RMB1,371.0 million (US\$210.1 million) was fully recognized as revenue for the year ended December 31, 2020.

Accounts receivable are carried at net realizable value. Prior to the adoption of ASC 326, an allowance for doubtful accounts is recorded in the period when a loss is probable based on an assessment of specific evidence indicating troubled collection, historical experience, accounts aging and other factors. On January 1, 2020, we adopted Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”) using the modified retrospective transition method. ASC 326 replaces the existing incurred loss impairment model with a forward-looking current expected credit loss (“CECL”) methodology. We have developed a CECL model based on historical experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers. The cumulative effect from the adoption as of January 1, 2020 was immaterial to the consolidated financial statements. An accounts receivable balance is written off after all collection effort has ceased.

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## FINANCIAL INFORMATION

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### *Practical Expedients and Exemptions*

We have elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less. We do not have significant remaining performance obligations in excess of one year. For the remaining performance obligations as of December 31, 2020, most of them are to be recognized within a year.

The revenue standard requires us to recognize an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. We have determined that sales commission for sales personnel meet the requirements of capitalization. However, we apply a practical expedient to expense these costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

### **Leases**

#### *Adoption of the New Lease Accounting Standard*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02, Leases.

Further, as a clarification of the new guidance, the FASB issued several amendments and updates. We adopted the new lease guidance beginning January 1, 2019 by applying the modified retrospective method to those contracts that are not completed as of January 1, 2019, with the comparative information not being adjusted and continues to be reported under historic accounting standards. There is no impact to retained earnings at adoption.

We have elected to utilize the package of practical expedients at the time of adoption, which allows us to (1) not reassess whether any expired or existing contracts are or contain leases, (2) not reassess the lease classification of any expired or existing leases, and (3) not reassess initial direct costs for any existing leases. We also have elected to utilize the short-term lease recognition exemption and, for those leases that qualified, we did not recognize operating lease right-of-use (“ROU”) assets or operating lease liabilities. Upon the adoption of the new guidance on January 1, 2019, we recognized operating lease ROU assets of RMB184.8 million and operating lease liabilities of RMB176.4 million (including current portion of RMB121.8 million and non-current portion of RMB54.6 million). The amount of the operating lease right-of-use assets of RMB184.8 million over the operating lease liabilities of RMB176.4 million recognized on January 1, 2019 was credited to prepaid expenses and other current assets on the consolidated balance sheet as of January 1, 2019.

#### *New Lease Accounting Policies*

We determine if an arrangement is a lease and determine the classification of the lease, as either operating or finance, at commencement. We have operating leases for office buildings and data centers and has no finance leases as of December 31, 2020. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the lease payments over the lease term at commencement date.

As our leases do not provide an implicit rate, an incremental borrowing rate is used based on the information available at commencement date, to determine the present value of lease payments. The incremental borrowing rates approximate the rate we would pay to borrow in the currency of the lease payments for the weighted-average life of the lease.

## FINANCIAL INFORMATION

The operating lease ROU assets also include any lease payments made prior to lease commencement and excludes lease incentives and initial direct costs incurred if any. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements contain both lease and non-lease components, which are accounted for separately based on their relative standalone price.

As of December 31, 2020, we recognized the following items related to operating lease in its consolidated balance sheet.

		As of December 31, 2020	
		RMB	US\$
		(in thousands)	
	Classification in consolidated balance sheet		
Operating lease ROU assets . . . . .	Other non-current assets	209,339	32,083
Operating lease liabilities, current portion . . . . .	Accrued expenses and other payables	112,094	17,178
Operating lease liabilities, non-current portion . . . . .	Other liabilities	90,614	13,887

Lease cost recognized in our consolidated statements of comprehensive income is summarized as follows:

		For the Year Ended December 31, 2020	
		RMB	US\$
		(in thousands)	
	Classification in consolidated statements of comprehensive income		
Operating lease cost . . . . .	Cost of revenues and operating expenses	117,479	18,004
Cost of other leases with terms less than one year . . . . .	Cost of revenues and operating expenses	66,253	10,154

### **Income taxes**

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. We record a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

We apply ASC 740, Accounting for Income Taxes, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements. We have recorded unrecognized tax benefits in the other liabilities line item in the accompanying consolidated balance sheets. We have elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of “income tax expense”, in the consolidated statements of comprehensive income.

Our estimated liability for unrecognized tax benefits and the related interest and penalties are periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by

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## FINANCIAL INFORMATION

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tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The actual benefits ultimately realized may differ from our estimates. As each audit is concluded, adjustments, if any, are recorded in our consolidated financial statements. Additionally, in future periods, changes in facts and circumstances, and new information may require us to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which they occur.

### *Fair Value Measurements of Financial Instruments*

Our financial instruments primarily comprise of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, amounts due from related parties, prepaid expenses and other current assets excluding prepayments and staff advances, other non-current assets excluding operating lease right-of-use assets and prepayments, accrued expenses and other payables, and amounts due to related parties. The carrying values of these financial instruments excluding other non-current assets approximated their fair values due to the short-term maturity of these instruments.

ASC topic 820 (“ASC 820”), Fair Value Measurements and Disclosures, establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2—Include other inputs that are directly or indirectly observable in the marketplace

Level 3—Unobservable inputs which are supported by little or no market activity

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The Group’s warrant is the only financial asset of the Group held at fair value which is measured using unobservable inputs (level 3 fair value measurements). Our Directors, having applied the relevant valuation techniques for the warrant as disclosed in the Accountant’s Report as set out in Appendix I to this document and discussed with the external valuer, are of the opinion that the estimated fair values of the warrant, are reasonable pursuant to the principles set out in the Securities and Futures Commission’s Guidance note on directors’ duties in the context of valuations in corporate transactions dated May 15, 2017.

Details of the fair value measurement of financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs are disclosed in Note 3 and Note 10 of the Accountant’s Report in Appendix I to this document which was issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 “Accountants’ Report on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant’s opinion on the Historical Financial Information, as a whole, of the Group for the Track Record Period is set out on page I-2 of Appendix I to this document.

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## FINANCIAL INFORMATION

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In respect of the valuation of the Company's warrant through level 3 fair value measurements, the Joint Sponsors have, among others, (i) discussed with the Company's management and the Reporting Accountant in relation to the nature of the warrant, the relevant valuation work performed by the Company and the key assumptions and parameters involved in the valuation, (ii) considered the work done by our Directors and the Reporting Accountant and reviewed the relevant convertible bond agreement, valuation reports and internal policies and procedures implemented by the Group, and (iii) considered the Accountant's Report as set out in Appendix I to this document. Based on the above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the accounting treatment in connection with such financial asset.

### *Intangible Assets*

Intangible assets are carried at cost less accumulated amortization and any recorded impairment. Intangible assets acquired in a business combination were recognized initially at fair value at the date of acquisition. Intangible assets acquired in asset acquisitions are measured based on the cost to the acquiring entity, which generally includes transaction costs. Intangible assets with finite useful lives are amortized using a straight-line method of amortization that reflects the estimated pattern in which the economic benefits of the intangible asset are to be consumed.

### *Goodwill*

Goodwill represents the excess of the purchase price over the amounts assigned to the fair value of the assets acquired and the liabilities assumed of an acquired business. Our goodwill at December 31, 2018 and 2019 were related to our acquisition of Cheerbright, China Topside and Norstar. Our goodwill at December 31, 2020 was also related to our acquisition of TTP. In accordance with ASC 350, Goodwill and Other Intangible Assets, recorded goodwill amounts are not amortized, but rather are tested for impairment annually or more frequently if there are indicators of impairment present.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for us) and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. These events or circumstances include a significant change in stock prices, business environment, legal factors, financial performances, competition, or events affecting the reporting unit. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The estimation of fair value of reporting unit using a discounted cash flow methodology also requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for the reporting unit.

Our management has determined that we represent the lowest level within the entity at which goodwill is monitored for internal management purposes. Our management evaluated the recoverability of goodwill by performing a qualitative assessment before using a two-step impairment test approach at the reporting unit level. Based on an assessment of the qualitative factors, our management determined that it is more-likely-than-not that the fair value of the reporting unit is in excess of its carrying amount. Therefore, our management concluded that it was not necessary to proceed to the two-step

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## FINANCIAL INFORMATION

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goodwill impairment test. As of December 31, 2018, 2019 and 2020, goodwill was RMB1.5 billion, RMB1.5 billion and RMB4.1 billion (US\$624.0 million), respectively. No impairment loss was recorded for any of the years presented.

If we reorganize our reporting structure in a manner that changes the composition of one or more of its reporting units, goodwill is reassigned based on the relative fair value of each of the affected reporting units.

### ***Share-based Compensation***

Share-based awards granted to employees are accounted for under ASC 718, Compensation—Stock Compensation, which requires that share-based awards granted to employees be measured based on the grant date fair value and recognized as compensation expense over the requisite service period (which is generally the vesting period) in the consolidated statements of comprehensive income. We have elected to recognize compensation expense using the straight-line method for all share-based awards granted with service conditions that have a graded vesting schedule. For awards with performance condition and multiple service dates, if the performance conditions are all set at inception and independent for each year, each tranche should be accounted for as a separate award with its own requisite service period. Compensation cost should be recognized over the respective requisite service period separately for each separately-vesting tranche as though each tranche of the award is, in substance, a separate award.

Under ASC 718, an entity can make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. We have elected to estimate the forfeiture rate at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. We recognize compensation cost for awards with performance conditions if and when we conclude that it is probable that the performance condition will be achieved. We reassess the probability of vesting at each reporting period for awards with performance conditions and adjust compensation cost based on its probability assessment.

Forfeiture rates are estimated based on historical and future expectations of employee turnover rates and are adjusted to reflect future changes in circumstances and facts, if any. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest. To the extent we revise these estimates in the future, the share-based payments could be materially impacted in the period of revision, as well as in following periods. We, with the assistance of an independent third-party valuation firm, determined the fair value of the stock options granted to employees. The binomial option pricing model was applied in determining the estimated fair value of the options granted to employees. Subsequent to the IPO, fair value of the ordinary shares is the price of our publicly traded shares.

We account for a change in any of the terms or conditions of share-based awards as a modification in accordance with ASC subtopic 718-20, Compensation-Stock Compensation: Awards Classified as Equity, whereby the incremental fair value, if any, of a modified award, is recorded as compensation cost on the date of modification for vested awards or over the remaining vesting period for unvested awards. The incremental compensation cost is the excess of the fair value of the modified award on the date of modification over the fair value of the original award immediately before the modification.

### **Recent Accounting Pronouncements**

See Note 2 to the Accountant's Report in Appendix I to this document.

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## FINANCIAL INFORMATION

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### **Dividend Policy**

Our board of directors has complete discretion to declare dividends subject to our Memorandum and Articles of Association and certain restrictions under Cayman Islands law. In November 2017, our board of directors declared a special cash dividend of US\$0.76 per ordinary share (inclusive of applicable fees payable to our depositary bank) in favor of holders of our ordinary shares as of the close of business on January 4, 2018, which special cash dividend was paid on or about January 15, 2018. On November 4, 2019, our board of directors resolved to adopt a regular dividend policy. Under this policy, we may issue recurring cash dividend every year from 2020 in an amount of approximately 20% of the net income generated in the previous fiscal year, with the exact amount to be determined by our directors based on our financial performance and cash position prior to the distribution. On February 19, 2020, our board of directors declared cash dividend of US\$0.77 per ordinary share (or per ADS) in favor of holders of our Shares as of the close of business on April 15, 2020 in accordance of the dividend policy, which cash dividend was paid on or about April 22, 2020. On February 2, 2021, our board of directors declared a cash dividend of US\$0.87 per ADS (or US\$0.2175 per Share after reflecting the proposed 4-for-1 share split effective on February 5, 2021) for fiscal year 2020, which is expected to be paid on March 5, 2021 to shareholders of record as of the close of business on February 25, 2021 in accordance with our dividend policy.

Despite the dividend policy in place, our board of directors has the authority to decide the timing and amount of any future dividends, if any, based on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

We are a holding company incorporated under the laws of the Cayman Islands. We may rely on dividends from our subsidiaries in China 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 “Risk Factors—Risks Related to Our Corporate Structure—We may rely to a significant extent on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying our ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary will then pay such amounts to our ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

### **No Material Adverse Change**

After due and careful consideration, our Directors confirm that, up to the date of and save as disclosed in this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2020, and there is no event since December 31, 2020 which would materially affect the information shown in the Accountant’s Report in Appendix I to this document.

### **Listing Expenses**

We expect to incur listing expenses of approximately RMB118.8 million (HK\$141.2 million) after December 31, 2020 (assuming that the Global Offering is conducted at the indicative offer price per

## FINANCIAL INFORMATION

Offer Share of HK\$251.8 for both Hong Kong Public Offering and International Offering and the Over-allotment Option is not exercised). We expect approximately RMB111.6 million (HK\$132.6 million) of the listing expenses will be recorded as a deduction in equity directly, and approximately RMB7.2 million (HK\$8.6 million) will be recognized as general and administrative expenses. The Selling Shareholder pays the underwriting fees, the Hong Kong Stock Exchange trading fee, SFC transaction levy and SEC registration fee corresponding to the Sale Shares, and we bear other listing expenses.

### Unaudited Pro Forma Adjusted Net Tangible Assets

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules are set out to illustrate the effect of the Global Offering on the audited consolidated net tangible assets attributable to our ordinary shareholders as of December 31, 2020 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of us and our subsidiaries and VIEs had the Global Offering been completed as of December 31, 2020 or at any future dates. It is prepared based on the audited consolidated net tangible assets attributable to our ordinary shareholders as of December 31, 2020 as derived from the Accountant's Report in Appendix I to this document, and adjusted as described below.

	Audited consolidated net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2020	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to ordinary shareholders of Autohome Inc. as of December 31, 2020	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per ADS	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per ADS
	(RMB'000) (Note 1)	(RMB'000) (Note 2)	(RMB'000)	RMB (Note 3)	RMB (Note 4)	HK\$ (Note 5)	HK\$ (Note 5)
Based on the Maximum Offer Price of HK\$251.8 per Share . . . . .	14,964,998	4,160,694	19,125,692	38.26	153.04	45.46	181.84

*Notes:*

- (1) The audited consolidated net tangible assets attributable to ordinary shareholders of Autohome Inc. as of December 31, 2020 is derived from the Accountant's Report set out in Appendix I to this document, which is based on the audited consolidated net assets attributable to ordinary shareholders of Autohome Inc. as of December 31, 2020 of RMB17,625,734,000 as set out in Appendix I with adjustments for goodwill and intangible assets attributable to the ordinary shareholders of Autohome Inc. of RMB2,482,605,000 and RMB178,131,000, respectively.
- (2) The estimated net proceeds from the Global Offering are based on the Maximum Offer Price of HK\$251.8 per Offer Share after deduction of the estimated underwriting fees and other related expenses payable by Autohome Inc. subsequent to December 31, 2020, taking into account of the Share Re-designation and the Share Subdivision but without taking into account of any allotment and issuance of Shares upon the exercise of the Over-allotment Option, the Shares reserved or to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of restricted Shares or other awards that have been or may be granted from time to time, and any issuance or repurchase of Shares and/or ADSs by Autohome Inc..
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 499,918,140 Shares (excluding 4,925,460 Shares that had been issued and reserved for the purpose of the Share Incentive Plans) were in issue, assuming that the Global Offering had been completed on December 31, 2020, taking into account of the Share Re-designation and the Share Subdivision but without taking into account of any allotment and issuance of shares upon the exercise of the Over-allotment Option, the Shares reserved or to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time, and any issuance or repurchase of Shares and/or ADSs by Autohome Inc..
- (4) The unaudited pro forma adjusted net tangible assets per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that one ADS represents 4 Shares.

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## FINANCIAL INFORMATION

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- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of RMB1.0000 to HK\$1.1882. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (6) No other adjustments have been made to reflect the dividend declared by the board of directors on February 2, 2021, any trading results or other transactions of Autohome Inc. entered into subsequent to December 31, 2020.
- (7) The unaudited pro forma adjusted net tangible assets of the Group as disclosed above does not take into account the dividend of US\$0.87 per ADS amounting to RMB680,818,000 declared on February 2, 2021 (assuming 119,930,935 ADSs are entitled to the proposed dividend). The unaudited pro forma adjusted net tangible assets per Share and per ADS would have been RMB36.90 (equivalent to HK\$43.84) per Share and RMB147.60 (equivalent to HK\$175.36) per ADS, respectively, after taking into account the declaration and payment of the dividend.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### CONTROLLING SHAREHOLDERS

Immediately following the Global Offering, Yun Chen will hold 224,800,512 Shares, representing approximately 44.53% of our total issued share capital (taking into account Shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Share Incentive Plans, and assuming its shareholding has remained unchanged since December 31, 2020 and will remain unchanged until it sells the Sale Shares, the Over-allotment Option is not exercised and no additional Shares are issued under the Share Incentive Plans), and will be our controlling shareholder. Yun Chen is a subsidiary of Ping An Group, a world-leading technology-powered retail financial services group with a focus on the businesses of insurance, banking, asset management, and technology and whose ordinary shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our directors are satisfied that we are capable of carrying on our business independently of our controlling shareholders and their close associates after the Listing.

#### Management independence

Our business is managed and conducted by our board and senior management. Our board consists of seven directors, of whom three are independent directors unrelated to our controlling shareholders. For more information, please see “Directors and Senior Management.”

Our directors consider that our board and senior management will function independently of our controlling shareholders because:

- a) each director is aware of his fiduciary duties as a director, which require, among other things, that he acts for the benefit, and in the interests, of our Company and does not allow any conflict between his duties as a director and his personal interests;
- b) our daily management and operations are carried out by our senior management, all of whom have substantial experience in our Group’s business and/or the industry in which we operate, and will be able to make decisions that are in our best interest;
- c) we have three independent directors and certain matters of our Company will always be referred to them for review and/or approval;
- d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our directors or their respective associates, the interested director(s) is required to declare the nature of his/her interest before voting at the relevant meeting(s) in respect of that transaction; and
- e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our controlling shareholders that would support our independent management; see “—Corporate Governance Measures.”

#### Operational independence

Our Group is not operationally dependent on our controlling shareholders. Our Group (through our subsidiaries) holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently of our controlling shareholders. Our access to, and relationship with, our customers and suppliers are independent of our controlling shareholders, and we have an independent management team that operates our business.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function, and an audit committee comprising solely of independent directors to oversee our accounting and financial reporting processes. We are capable of obtaining financing from third parties, if necessary, without reliance on our controlling shareholders.

No loans or guarantees provided by, or granted to, our controlling shareholders or their respective associates will be outstanding as of the Latest Practicable Date.

Based on the above, our directors believe that our board as a whole and together with our senior management team are able to manage, operate and carry on our business independently of, and do not place undue reliance on, our controlling shareholders and their respective close associates.

### DISCLOSURE UNDER RULE 8.10 OF THE HONG KONG LISTING RULES

Our controlling shareholders and/or our directors may, from time to time, make minority investments or hold non-executive board positions in entities that operate in, or have subsidiaries that operate in, the broader industries in which our business segments also operate. As our controlling shareholders and/or directors have no executive or shareholding control over any of these entities, and these entities have separate businesses with separate management and shareholder bases that control their entities, our controlling shareholders will not inject any of their interested entities into our Group; and to the extent our directors hold non-executive board positions or make minority investments in these entities, we believe that this strengthens the experience and diversity of our directors, as a group, and signifies their passion for the industries in which we operate.

Our controlling shareholders and directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

### CORPORATE GOVERNANCE MEASURES

Our directors recognize the importance of good corporate governance in protecting our shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our controlling shareholders:

- a) where our directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expense;
- b) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable Laws, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance; and
- c) we have established our audit committee, compensation committee, nominating and corporate governance committee with written terms of reference in compliance with the rules of the NYSE. All of the members of our audit committee, including the chairman, are independent directors.

Based on the above, our directors are satisfied that we have sufficient corporate governance measures in place to manage conflicts of interest that may arise between our Group and our controlling shareholders, and to protect our minority shareholders' interests after the Listing.

## DIRECTORS AND SENIOR MANAGEMENT

### OVERVIEW

The following table sets out certain information in respect of our directors and senior management:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Date of appointment as director or senior manager</u>	<u>Year of joining our Group</u>
Quan Long	50	Director, Chairman of the Board and Chief Executive Officer	January 12, 2021 <sup>(1)</sup>	2021
Dong Liu	56	Director	June 20, 2016	2016
Jing Xiao	48	Director	June 24, 2020	2020
Zheng Liu	52	Director	December 1, 2017	2017
Junling Liu	56	Independent Director	January 12, 2015	2015
Tianruo Pu	52	Independent Director	December 16, 2016	2016
Dazong Wang	66	Independent Director	December 16, 2016	2016
Jun Zou	50	Chief Financial Officer	September 28, 2017	2017
Xiao Wang	41	Chief Technology Officer	November 22, 2019	2017
Haifeng Shao	49	Co-President	February 22, 2018	2018
Jingyu Zhang	47	Co-President	November 22, 2019	2017

*Note:*

(1) Mr. Quan Long was appointed by the board as a director, the chairman of the board and chief executive officer of our Company on January 12, 2021, immediately upon the resignation of Mr. Min Lu from the positions of director, chairman of the board and chief executive officer of our Company on the same day.

Our board consists of seven directors, including three independent directors. See “— Board practices” for the functions and duties of our board. Our board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws, including the Hong Kong Listing Rules. Our independent directors under applicable U.S. regulations are also independent directors for the purpose of the Hong Kong Listing Rules. We have determined that Mr. Tianruo Pu qualifies as an “audit committee financial expert” under the applicable rules of the SEC and has the appropriate professional accounting and financial management experience.

Save as disclosed below, none of our directors held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document and there are no family relationships among any of the directors or executive officers of our Company. See “Major shareholders” for disclosure of interests of the directors and executive officers. Save as disclosed below, there is no other matter relating to our directors that needs to be brought to the attention of our shareholders and the information of our directors disclosed in this document comply with the requirements under Rule 13.51(2) of the Hong Kong Listing Rules.

### BIOGRAPHIES

#### Our directors

**Mr. Quan Long** has served as our director, chairman of the board and chief executive officer since January 2021. Before joining our Group, Mr. Long had held a series of leadership roles within Ping An Group since he first joined as a salesman in 1998, including as assistant general manager, vice general manager and general manager of several provincial-level branches of Ping An Property & Casualty Insurance Company of China, Ltd.. He has served as vice general manager of Ping An Property & Casualty Insurance Company of China, Ltd. since December 2018. In addition, Mr. Long

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## DIRECTORS AND SENIOR MANAGEMENT

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has extensive experience in business management at leading Internet companies, such as serving as the assistant general manager of Lufax Holding Ltd (NYSE: LU) in charge of insurance business between October 2015 and January 2017, as the senior director of Ant Group's insurance business since February 2017, and as the director, general manager and chief executive officer of Cathay Insurance Company Limited between June 2017 and September 2018. Mr. Long received his bachelor's degree in engineering and master's degree in engineering in June 1992 and April 2001, respectively, both from Wuhan University of Technology.

**Mr. Dong Liu** has served as our director since June 2016. Mr. Liu joined Ping An Group in 2014 and is currently the chairman as well as the principal partner of Ping An Capital. Prior to joining Ping An Group, Mr. Liu was the chief representative of the Government of Singapore Investment Corporation, or GIC, Greater China, and a Senior Vice President of GIC from September 2007 to October 2014, a principal investment officer of the International Finance Corporation, a sister organization of the World Bank and member of the World Bank Group, in China from July 2004 to June 2007, a senior investment officer of the International Finance Corporation in Washington D.C. from September 1998 to June 2004 and a senior economist at The World Bank Group in Washington D.C. from August 1995 to September 1998. Mr. Liu has more than 20 years of international and domestic investment experience. Since returning to China in 2003, Mr. Liu has led investments in sectors such as the consumer, healthcare, education, environmental protection, financial services, technology and agribusiness industries. Mr. Liu received his Bachelor and Masters degrees from Shanghai Jiao Tong University in China, and his PhD degree from Wharton School, University of Pennsylvania in the U.S.

**Dr. Jing Xiao** has served as our director since June 2020. Dr. Xiao is the Group Chief Scientist of Ping An Group, leading its research and development work in AI-related technologies and their applications in the areas of finance, healthcare, and smart-city. Before joining Ping An Group, Dr. Xiao worked as Principal Applied Scientist Lead in Microsoft Corp. (Nasdaq: MSFT) and Manager of Algorithm Group in Epson Research and Development, Inc.. He has a long career in research and development in artificial intelligence and related fields, which began in 1995, covering a broad range of application areas such as healthcare, autonomous driving, three-dimensional (3D) printing and display, biometrics, web search, and finance. Dr. Xiao received his PhD degree in May 2005 from the School of Computer Science, Carnegie Mellon University in the U.S., and has published over 120 academic papers and owns over 100 U.S. patents.

**Mr. Zheng Liu** has served as our director since December 2017. Mr. Liu currently serves as the deputy general manager of Ping An Property Insurance Company of China and Mr. Liu has over 25 years of experience in business management and the industry of insurance, in particular property insurance. He joined Ping An Group in 1993 and served consecutively as the deputy general manager and the general manager of Ping An Property Insurance Company of China's Beijing Branch. In 2011, Mr. Liu was relocated to Ping An Property Insurance Company of China's headquarters, and has since then served consecutively as its assistant to general manager and general director of western China business unit, and deputy general manager. Mr. Liu received a Bachelor of Laws degree in July 1991 from Sun Yat-sen University in China.

**Mr. Junling Liu** has served as our independent director since January 2015. Mr. Liu is the co-founder, chairman and chief executive officer of 111, Inc. (NYSE: YI), an online healthcare cloud service provider. He co-founded and served as chief executive officer of YHD.com from 2008 to 2015. Prior to founding YHD.com, Mr. Liu served as the global vice president and president for mainland China and Hong Kong at Dell Inc. from 2006 to 2007. He also held various executive positions at internationally renowned technology companies such as Avaya (China) Communication Co., Ltd, Mr. Liu serves as an independent director of Hua Medicine (HKEX: 02552). Mr. Liu received his

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## DIRECTORS AND SENIOR MANAGEMENT

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bachelor's degree in education from Flinders University in Australia and master's degree in international business administration from Flinders University.

**Mr. Tianruo Pu** has served as our independent director since December 2016. Mr. Pu currently serves as an independent director and chairman of the audit committee of OneConnect Financial Technology Co., Ltd. (NYSE: OCFT), a financial technology company and as an independent director and chairman of the audit committee of 3SBio Inc. (HKEX: 1530), a bio-pharmaceutical company. Mr. Pu has more than twenty years of work experience in finance and accounting in both the United States and China. Previously, Mr. Pu served as the chief financial officer of several companies including UTStarcom Holdings Corp. (Nasdaq: UTSI) from 2012 to 2014, China Nuokang Bio-Pharmaceutical Inc. (formerly Nasdaq: NKBP) from September 2008 to June 2012, and Zhaopin Limited (formerly NYSE: ZPIN). Mr. Pu also served as an independent director of Renren Inc. (NYSE: RENN) from December 2016 to July 2020, Kaixin Auto Holdings (Nasdaq: KXIN) from April 2019 to July 2020, and Luckin Coffee Inc. (Nasdaq: LK) from March 2020 to June 2020. Mr. Pu received an MBA degree in June 2000 from Northwestern University's Kellogg School of Management in the U.S. and a Master of Science degree in accounting in May 1996 from the University of Illinois in the U.S.

**Dr. Dazong Wang** has served as our independent director since December 2016. Dr. Wang has been the founder and the chairman of Ophoenix Capital Management since 2011. Dr. Wang also serves as a director of FUBA Automotive Electronics GmbH, Germany, a leading supplier of automotive reception systems, as a director of Merit Automotive Electronics Systems, S.L., Spain, a leading supplier of complex automotive mechatronics modules and as the Greater China Regional Chair of Committee of 100, a non-profit membership organization of prominent Chinese Americans. From 2008 to 2011, Dr. Wang was the president and chief executive officer of Beijing Automotive Industry Corporation. From 2006 to 2008, Dr. Wang served as the vice president of Shanghai Automotive Industry Corporation, where he was responsible for engineering and key component operations. Dr. Wang received a Ph.D. degree from Cornell University in 1985 and a Master of Science degree from Huazhong University of Science and Technology in China in 1982.

### **Our senior management (aside from our directors)**

**Mr. Jun Zou** has served as our chief financial officer since September 2017. Mr. Zou has 27 years of experience in financial management and capital markets in the U.S., Europe and China. He most recently served as iDreamSky Technology Ltd's chief financial officer from 2014 to 2016, during which time he led the company's initial public offering on the Nasdaq Global Select Market and the company's subsequent privatization. Prior to joining iDreamSky Technology Ltd, Mr. Zou served as the chief financial officer for several U.S.-listed Chinese companies, including E-Commerce China Dangdang Inc. (NYSE: DANG, now privatized), a leading business-to-consumer e-commerce company in China from 2012 to 2014, and Xunlei Limited (Nasdaq: XNET), a shared cloud computing and blockchain technology company in China, from 2010 to 2012. He has also worked as the chief financial officer for the global technical services business unit and the head of the global customer financing and treasury at Huawei Technologies Co., Ltd., a Fortune 500 technology company in China from 2006 to 2008. Before returning to China, Mr. Zou served in progressive managerial roles in treasury, customer finance, strategic planning and eventually as global controller for the managed services business unit at Ericsson in the U.S. and Sweden. Mr. Zou received a master degree in business administration from the University of Texas in 1999 in the U.S. and a bachelor degree in international business and economics in July 1993 from Shanghai International Studies University in China.

**Mr. Xiao Wang** has served as our chief technology officer since November 2019 and has served as our vice president of big data since August 2017. Prior to joining Autohome, Mr. Wang was a senior director of the big data business of JD. com, Inc. (Nasdaq: JD) from June 2010 to June 2017 after serving for about one year in Baidu, Inc. (Nasdaq: BIDU) as a senior manager of its internet affiliate

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## DIRECTORS AND SENIOR MANAGEMENT

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product business from October 2009 to April 2010 and with Tongcheng-Elong Holdings Ltd. (HKEX: 0780) (formerly known as eLong Inc. and formerly listed on Nasdaq until 2016) as a senior technology manager. Mr. Wang received a Bachelor of Science in Information Technology and a dual Bachelor of Science in Economics from Peking University in China in 2001.

**Mr. Haifeng Shao** joined our Group as president in February 2018 and has served as our co-president since November 2019. Mr. Shao worked for Ping An Group for over 22 years, including 15 years as a senior manager in the financial services division, and seven years in its internet finance division. He joined Ping An Group in 1996 where he served successively as the General Assistant Manager of Ping An Life Insurance, Shanghai Branch; the Deputy General Manager of Ping An Life Insurance, Yunnan Branch; and the Deputy General Manager of Ping An Annuity Insurance Company of China, Ltd.. Starting 2012, Mr. Shao served as the General Manager of Ping An E-wallet. In 2016, Mr. Shao served as the General Manager of OneConnect Financial Technology Co., Ltd. (NYSE: OCFT). Mr. Shao received a Bachelor of Arts in Literature from Nanjing Normal University in China.

**Mr. Jingyu Zhang** has been serving as our co-president since November 2019 after joining us in March 2017 and has over 20 years of experience working in the product development and sales business. He was the deputy general manager of the automotive business of Sina Corp (Nasdaq: SINA) from August 2012 to July 2015. Mr. Zhang received a Bachelor of Science in Mechanics in July 1997 from Jilin Institute of Technology in China (which merged into Jilin University in 2000).

## COMPENSATION

### Compensation of directors and executive officers

For the each of the three years ended December 31, 2018, 2019 and 2020, we incurred an aggregate compensation expense of approximately RMB14.5 million, RMB19.6 million and RMB27.2 million (US\$4.2 million), respectively, for our executive officers and directors (not including share-based compensation expenses). Our PRC subsidiaries and VIEs are required by laws to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance, housing fund and other statutory benefits. Other than the above-mentioned statutory contributions mandated by applicable PRC laws, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. For additional information on share incentive grants to our directors and executive officers, see "— Share incentive plans".

### Employment agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause at any time without advance notice or remuneration for certain acts of the executive officer, such as a conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case, the executive officer will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the executive officer's right to all other benefits will terminate, except as required by any applicable law. We may also terminate an executive officer's employment without cause upon one-month advance written notice. In such case of termination by us, we are required to provide compensation to the executive officer, including cash compensation determined based on the term of office of the involved executive officer. The executive officer may terminate the employment at any time with a one-month advance written notice, if there is

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## DIRECTORS AND SENIOR MANAGEMENT

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any significant change in the executive officer's duties and responsibilities inconsistent in any material and adverse respect with his or her title and position, or a material reduction in the executive officer's annual salary before the next annual salary review, or if otherwise approved by the board of directors.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice and to assign all right, title and interest in them to us, and assist us in obtaining patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment. Specifically, each executive officer has agreed not to (a) approach our clients, advertisers or contacts or other persons or entities introduced to the executive officer for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (b) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors; or (c) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination.

### Share Incentive Plans

Unless otherwise specified, numbers of Shares disclosed in this section have taken into account the effect of the Share Re-designation and Share Subdivision.

#### *2011 Share Incentive Plan*

In May 2011, we adopted our 2011 Share Incentive Plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of Shares which may be issued pursuant to all awards under the 2011 Share Incentive Plan, as currently in effect, is 31,372,400. As of December 31, 2020, options to purchase 13,912 Shares under the 2011 Share Incentive Plan at an exercise price of US\$0.55 were outstanding. The following table summarizes, as of December 31, 2020, the outstanding options we had granted to our directors and officers and to other individuals as a group under our 2011 Share Incentive Plan:

<u>Name</u>	<u>Options</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of grant</u>	<u>Date of expiration</u>	<u>Vesting schedule</u>
Individuals other than directors and officers as a group	13,912	US\$0.55	December 19, 2011	Ten years after date of grant	Approximately four years from each date of grant

The following paragraphs describe the principal terms of the 2011 Share Incentive Plan:

*Types of Awards.* The 2011 Share Incentive Plan permits the awards of incentive and non-statutory share-based awards, share appreciation rights, restricted shares and restricted share units. The

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## DIRECTORS AND SENIOR MANAGEMENT

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following briefly describes the principal features of the various awards that may be granted under the 2011 Share Incentive Plan.

- *Options.* The administrator may grant incentive stock options, or ISOs, or non-statutory stock options, NSOs, under our 2011 Share Incentive Plan. Unless the administrator determines otherwise, the exercise price of options granted under our 2011 Share Incentive Plan must at least be equal to the fair market value of our ordinary shares on the date of grant and its term may not exceed ten years. In addition, for any participant who owns more than 10% of the total combined voting rights of all classes of our outstanding shares, or of certain of our parent or subsidiary, the term of an ISO must not exceed five years and the exercise price of such ISO must equal at least 110% of the fair market value on the grant date. The administrator determines the term of all other options.

After termination of employment of an employee, director or consultant, he or she may exercise his or her option, to the extent vested as of such date of termination, within 60 days of termination, or such longer period of time stated in the option agreement. In the absence of a specified period of time in the option agreement, the option will remain exercisable for a period of 12 months in the event of a termination due to death or disability. However, in no event may an option be exercised later than the expiration of its term.

- *Share appreciation rights.* Share appreciation rights may be granted under our 2011 Share Incentive Plan. Share appreciation rights allow the recipient to receive the appreciation in the fair market value of our Shares between the exercise date and the date of grant. The exercise price of share appreciation rights granted under our 2011 Share Incentive Plan must at least be equal to the fair market value of our Shares on the date of grant. The administrator determines the terms of share appreciation rights, including when such rights vest and become exercisable and whether to settle such awards in cash or with our ordinary shares, or a combination thereof. Share appreciation rights expire under the same rules that apply to options.
- *Restricted shares.* Restricted shares may be granted under our 2011 Share Incentive Plan. Restricted share awards are Shares that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. Restricted shares will vest and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator. The administrator will determine the number of restricted shares granted to any employee. The administrator may impose whatever conditions to vesting it determines to be appropriate. For example, the administrator may set restrictions based on the achievement of specific performance goals and/or continued service to us. Holders of restricted share awards generally will have voting rights but not dividend rights, unless the administrator provides otherwise. Restricted shares that do not vest for any reason will be forfeited by the recipient and will revert to us.
- *Restricted Share Units.* A restricted share unit award is the grant of the right to receive an ordinary share at a future date and may be subject to forfeiture. Our plan administrator has the discretion to set performance objectives or other vesting criteria that will determine the number or value of restricted share units to be granted. Unless otherwise determined by our plan administrator, a restricted share unit is nontransferable and may be forfeited or repurchased by us upon termination of employment or service during a restricted period. Our plan administrator, at the time of grant, specifies the dates on which the restricted share units Administration. Our board of directors or the compensation committee of our board of directors administers our 2011 Share Incentive Plan. Subject to the provisions of our 2011 Share Incentive Plan, the administrator has the power to determine the terms of the awards, including the recipients, the exercise price, the number of shares subject to each such award, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration payable upon exercise. The

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## DIRECTORS AND SENIOR MANAGEMENT

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administrator also has the authority to modify or amend awards, to prescribe rules and to construe and interpret the 2011 Share Incentive Plan. Our board of directors may delegate limited authority to additional committees with respect to certain employees and consultants to reduce the burden on the board in administering the 2011 Share Incentive Plan.

*Award Agreement.* Options, share appreciation rights, restricted shares, or restricted share units granted under the 2011 Share Incentive Plan are evidenced by an award agreement that sets forth the terms, conditions, and limitations for each grant.

*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-based awards only to our employees and employees of our parent companies and subsidiaries.

*Transferability.* Unless the administrator provides otherwise, our 2011 Share Incentive Plan does not allow for the transfer of awards other than by will or the laws of descent and distribution and only the recipient of an award may exercise an award during his or her lifetime.

*Certain Adjustments.* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2011 Share Incentive Plan, the administrator will make adjustments to one or more of the number and class of shares that may be delivered under the plan and/or the number, class and price of shares covered by each outstanding award and the numerical share limits contained in the plan. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

*Change in Control Transactions.* Our 2011 Share Incentive Plan provides that in the event of our merger or change in control, as defined in the 2011 Share Incentive Plan, each outstanding award will be treated as the administrator determines, except that if the successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for each outstanding option or share appreciation right, then such option or share appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion. The option or share appreciation right will then terminate upon the expiration of the specified period of time.

*Term.* Our 2011 Share Incentive Plan will continue in effect for a term of ten years from the later of (a) the date upon its adoption by our board of directors, or (b) the date of the most recent approval by our board of directors or shareholders of an increase in the number of shares reserved for issuance under the 2011 Share Incentive Plan.

*Amendment and Termination.* Our board of directors has the authority to amend, suspend or terminate the 2011 Share Incentive Plan. We will need to obtain a shareholder approval of any amendment to the 2011 Share Incentive Plan to the extent necessary and desirable to comply with applicable laws.

### ***2013 Share Incentive Plan***

We adopted the 2013 Share Incentive Plan in November 2013. The maximum aggregate number of Shares which may be issued pursuant to all awards under the 2013 Share Incentive Plan is 13,400,000. As of December 31, 2020, 132,080 restricted shares under the 2013 Share Incentive Plan were outstanding. The following table summarizes, as of December 31, 2020, the outstanding awards we

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## DIRECTORS AND SENIOR MANAGEMENT

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had granted to our directors and officers and to other individuals as a group under the 2013 Share Incentive Plan:

Name	Restricted Shares	Date of Grant	Vesting Schedule
Junling Liu	*	December 19, 2016	Approximately four years from each date of grant
Jingyu Zhang	*	April 13, 2017	Approximately four years from each date of grant
Directors and officers as a group	*	Between December 19, 2016 and April 13, 2017	Approximately four years from each date of grant
Other individuals as a group	*	Between May 23, 2016 and April 13, 2017	Approximately four years from each date of grant

*Note:*

\* Less than 1% of our total outstanding share capital.

The following paragraphs summarize the terms of the 2013 Share Incentive Plan:

*Types of Awards.* The 2013 Share Incentive Plan permits the awards of options, restricted shares and restricted share units. The following briefly describe the principal features of the various awards that may be granted under the 2013 Share Incentive Plan.

- *Options.* Options provide for the right to purchase a specified number of our ordinary shares at a specified price and usually will become exercisable at the discretion of our plan administrator in one or more installments after the grant date. The option exercise price may be paid, subject to the discretion of the plan administrator, in cash or check, in our Shares which have been held by the option holder for such period of time as may be required by our plan administrator, in other property with value equal to the exercise price, through a broker-assisted cashless exercise, or by any combination of the foregoing.
- *Restricted Shares.* A restricted share award is the grant of our Shares which are subject to certain restrictions and may be subject to risk of forfeiture. Unless otherwise determined by our plan administrator, a restricted share is nontransferable and may be forfeited or repurchased by us upon termination of employment or service during a restricted period. Our plan administrator may also impose other restrictions on the restricted shares, such as limitations on the right to vote or the right to receive dividends.
- *Restricted Share Units.* A restricted share unit award is the grant of the right to receive an ordinary share at a future date and may be subject to forfeiture. Our plan administrator has the discretion to set performance objectives or other vesting criteria that will determine the number or value of restricted share units to be granted. Unless otherwise determined by our plan administrator, a restricted share unit is nontransferable and may be forfeited or repurchased by us upon termination of employment or service during a restricted period. Our plan administrator, at the time of grant, specifies the dates on which the restricted share units become fully vested.

*Plan Administration.* Our board or a committee of one or more members of our board duly authorized for the purpose of the 2013 Share Incentive Plan can act as the plan administrator.

*Award Agreement.* Options, restricted shares or restricted share units granted under the 2013 Share Incentive Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each grant.

*Eligibility.* We may grant awards to our directors, employees or consultants.

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## DIRECTORS AND SENIOR MANAGEMENT

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*Exercise Price.* The exercise price in respect of any option shall be determined by the plan administrator and set forth in the award agreement which may be a fixed or variable price related to the fair market value of the shares. The exercise price per share subject to an option may be amended or adjusted in the absolute discretion of the plan administrator, the determination of which shall be final, binding and conclusive.

*Term of the Options.* The term of each option grant shall normally be no more than ten years from the date of the grant. If the grantee is an employee of ours who owns shares representing more than ten percent of the voting power of all classes of our shares immediately prior to the time the option is granted, then the term of the grant shall be no more than five years from the date of the grant.

*Vesting Schedule and Condition.* In general, the plan administrator determines the vesting schedule and vesting condition, which is set forth in the award agreement.

*Transfer Restrictions.* Unless otherwise determined by the plan administrator, no awards may be transferred other than by will or the laws of descent and distribution. Nevertheless, awards (other than incentive share-based awards) can be transferred to certain persons or entities related to the plan participants.

*Termination.* The 2013 Share Incentive Plan will expire in 2023 and may be terminated earlier with the approval of our board.

## DIRECTORS AND SENIOR MANAGEMENT

### *Amended and Restated 2016 Share Incentive Plan*

Our board of directors adopted and amended the 2016 Share Incentive Plan, or the Amended and Restated 2016 Plan, in March 2017 and April 2017, respectively. The Amended and Restated 2016 Plan was approved by our parent company, Ping An Group, a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, at its general meeting on June 16, 2017 and was subsequently approved, confirmed and ratified by our shareholders at our extraordinary general meeting of shareholders on June 27, 2017. The maximum aggregate number of Shares which may be issued pursuant to all awards under the Amended and Restated 2016 Plan is 19,560,000. As of December 31, 2020, options to purchase 2,033,248 Shares under the Amended and Restated 2016 Plan at exercise prices ranging from US\$5.55 to US\$21.74 were outstanding. The following table summarizes, as of December 31, 2020, the outstanding options we had granted to our directors and officers and to other individuals as a group under the Amended and Restated 2016 Plan:

<u>Name</u>	<u>Options</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>	<u>Vesting Schedule</u>
Dong Liu	*	14.67	January 1, 2018	Ten years after grant date	Approximately four years from grant date
Jun Zou	*	16.28	December 1, 2017	Ten years after grant date	Approximately four years from grant date
	*	19.46	August 29, 2018	Ten years after grant date	Approximately four years from grant date
Xiao Wang	*	9.61	November 30, 2017	Ten years after grant date	Approximately four years from grant date
Haifeng Shao	*	17.48	March 22, 2018	Ten years after grant date	Approximately four years from grant date
	*	19.46	August 29, 2018	Ten years after grant date	Approximately four years from grant date
Jingyu Zhang	*	7.39	June 30, 2017	Ten years after grant date	Approximately four years from grant date
	*	20.82	April 20, 2018	Ten years after grant date	Approximately four years from grant date
	*	21.33	July 3, 2019	Ten years after grant date	Approximately four years from grant date
	*	17.51	January 1, 2020	Ten years after grant date	Approximately four years from grant date
Directors and officers as a group	*	7.39 - 21.33	Between June 30, 2017 and January 1, 2020	Ten years after grant date	Approximately four years from grant date
Other individuals as a group	*	5.55 - 21.74	Between August 2, 2016 and October 28, 2020	Ten years after grant date	Approximately four years from grant date

*Note:*

\* Less than 1% of our total outstanding share capital.

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## DIRECTORS AND SENIOR MANAGEMENT

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The following paragraphs describe the principal terms of the Amended and Restated 2016 Plan:

*Types of Awards.* The Amended and Restated 2016 Plan permits the awards of options, restricted shares, restricted share units and share appreciation rights. The following briefly describe the principal features of the various awards that may be granted under the Amended and Restated 2016 Plan.

- *Options.* Options provide for the right to purchase a specified number of our ordinary shares at a specified price and usually will become exercisable at the discretion of our plan administrator in one or more installments after the grant date. The total number of Shares issued and to be issued upon the exercise of the options granted and to be granted to any participant in any 12-month period up to and including the date of grant shall not exceed 1% of the issued and outstanding shares of the Company as at the date of grant. The option exercise price may be paid, subject to the discretion of the plan administrator, in cash or check, in our Shares which have been held by the option holder for such period of time as may be required by our plan administrator, in other property with value equal to the exercise price, through a broker-assisted cashless exercise, or by any combination of the foregoing. For so long as we remain a subsidiary of a company which is listed on the Hong Kong Stock Exchange, or the Hong Kong Parent, the administration of the Amended and Restated 2016 Plan shall comply with the Hong Kong Listing Rules in respect of options.

The options shall lapse (to the extent not already exercised) automatically on the earliest of: (i) expiry of the term of any option, (ii) the date of termination of employment for certain causes, (iii) expiry of the 60-day period from the date of voluntary resignation of the participant, (iv) the date of termination of such other contract or agreement constituting a participant for his breach of the terms thereof or in accordance with the termination provisions of such contract or agreement by any contracting party, (v) expiry of the three-month period following the occurrence of an event which causes the participant to cease to be an eligible person, including ill-health, injury, disability, death or retirement, (vi) the date on which the resolution to voluntarily wind up the Company is passed and the date of the commencement of winding up of the Company.

- *Restricted Shares.* A restricted share award is the grant of our Shares which are subject to certain restrictions and may be subject to risk of forfeiture. Unless otherwise determined by our plan administrator, a restricted share is nontransferable and may be forfeited or repurchased by us upon termination of employment or service during a restricted period. Our plan administrator may also impose other restrictions on the restricted shares, such as limitations on the right to vote or the right to receive dividends.
- *Restricted Share Units.* A restricted share unit award is the grant of the right to receive an ordinary share at a future date and may be subject to forfeiture. Our plan administrator has the discretion to set performance objectives or other vesting criteria that will determine the number or value of restricted share units to be granted. Unless otherwise determined by our plan administrator, a restricted share unit is nontransferable and may be forfeited or repurchased by us upon termination of employment or service during a restricted period. Our plan administrator, at the time of grant, specifies the dates on which the restricted share units become fully vested.
- *Share Appreciation Rights.* Share appreciation rights may be granted under our Amended and Restated 2016 Plan. Share appreciation rights allow the recipient to receive the appreciation in the fair market value of our Shares between the exercise date and the date of grant. The exercise price of share appreciation rights granted under our Amended and Restated 2016 Plan must at least be equal to the fair market value of our Shares on the grant date. The plan administrator determines the terms of share appreciation rights, including when such rights vest and become exercisable

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## DIRECTORS AND SENIOR MANAGEMENT

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and whether to settle such awards in cash or with our ordinary shares, or a combination thereof. Share appreciation rights expire under the same rules that apply to options.

*Plan Administration.* Our board or a committee of one or more members of our board duly authorized for the purpose of the Amended and Restated 2016 Plan can act as the plan administrator. Such committee may from time to time in its absolute discretion waive or amend the rules of the Amended and Restated 2016 Plan as it deems desirable, provided that, except with the prior approval of the shareholders of our Company and the shareholders of our Hong Kong Parent (for so long as we remain a subsidiary of the Hong Kong Parent) in general meetings: (i) no alterations to any of the matters set out in Rule 17.03 of the Hong Kong Listing Rules shall be made to the advantage of participants; and (ii) no alterations to the terms and conditions of the Amended and Restated 2016 Plan which are of a material nature or any change to the terms of the options granted may be made, except where the alterations take effect automatically under the existing terms of the Amended and Restated 2016 Plan, provided that as we remain a subsidiary of the Hong Kong Parent, the amended terms must still comply with the relevant requirements of Chapter 17 of the Hong Kong Listing Rules.

*Award Agreement.* Options, restricted shares or restricted share units granted under the Amended and Restated 2016 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each grant.

*Eligibility.* We may grant awards to our directors, employees or consultants.

*Exercise Price.* The exercise price in respect of any option shall be determined by the plan administrator and set forth in the award agreement which may be a fixed or variable price related to the fair market value of the shares. The exercise price per share subject to an option may be amended or adjusted in the absolute discretion of the plan administrator, the determination of which shall be final, binding and conclusive. For so long as we remain a subsidiary of the Hong Kong Parent, the determination of the exercise price shall comply with the Hong Kong Listing Rules.

*Term of the Options.* The term of each option grant shall normally be no more than ten years from the date of the grant. If the grantee is an employee of ours who owns shares representing more than ten percent of the voting power of all classes of our shares immediately prior to the time the option is granted, then the term of the grant shall be no more than five years from the date of the grant.

*Vesting Schedule and Condition.* In general, the plan administrator determines the vesting schedule and condition, which is set forth in the award agreement.

*Transfer Restrictions.* Unless otherwise determined by the plan administrator, no awards may be transferred other than by will or the laws of descent and distribution. Nevertheless, awards (other than options) can be transferred to certain persons or entities related to the plan participants.

*Termination.* The Amended and Restated 2016 Plan will expire in 2027 and may be terminated earlier with the approval of our board.

### ***Amended 2016 Share Incentive Plan II***

We adopted the 2016 Share Incentive Plan II (as amended by Amendment No. 1 to the 2016 Share Incentive Plan II), or the Amended 2016 Share Incentive Plan II, at the annual general meeting of shareholders in December 2016. The maximum aggregate number of Shares which may be issued pursuant to all awards under the Amended 2016 Share Incentive Plan II is 12,000,000. As of December 31, 2020, 3,281,244 restricted shares under the Amended 2016 Share Incentive Plan II were outstanding.

## DIRECTORS AND SENIOR MANAGEMENT

The following table summarizes, as of December 31, 2020, the outstanding restricted shares that we had granted to our directors and officers and to other individuals as a group under our Amended 2016 Share Incentive Plan II.

<u>Name</u>	<u>Restricted Shares</u>	<u>Date of Grant</u>	<u>Vesting Schedule</u>
Jun Zou	*	December 1, 2017	Approximately four years from each date of grant
Xiao Wang	*	November 30, 2017	Approximately four years from each date of grant
Haifeng Shao	*	March 22, 2018	Approximately four years from each date of grant
Jingyu Zhang	*	March 22, 2019	Approximately four years from each date of grant
	*	January 1, 2020	Approximately four years from each date of grant
Directors and officers as a group	*	Between November 30, 2017 and January 1, 2020	Approximately four years from each date of grant
Other individuals as a group	*	Between April 13, 2017 and October 28, 2020	Approximately four years from each date of grant

*Note:*

\* Less than 1% of our total outstanding share capital.

The following paragraphs describe the principal terms of the Amended 2016 Share Incentive Plan II:

*Types of Awards.* The Amended 2016 Share Incentive Plan II permits the awards of restricted shares. A restricted share award is the grant of our Shares which are subject to certain restrictions and may be subject to risk of forfeiture. Unless otherwise determined by our plan administrator, a restricted share is nontransferable and may be forfeited or repurchased by us upon termination of employment or service during a restricted period. Our plan administrator may also impose other restrictions on the restricted shares, such as limitations on the right to vote or the right to receive dividends.

*Plan Administration.* Our board or a committee of one or more members of our board duly authorized for the purpose of the Amended 2016 Share Incentive Plan II can act as the plan administrator.

*Award Agreement.* Restricted shares granted under the Amended 2016 Share Incentive Plan II are evidenced by an award agreement that sets forth the terms, conditions and limitations for each grant.

*Eligibility.* We may grant awards to our directors, employees or consultants.

*Vesting Schedule and Condition.* In general, the plan administrator determines the vesting schedule and condition, which is set forth in the award agreement.

*Transfer Restrictions.* Unless otherwise determined by the plan administrator, no awards may be transferred other than by will or the laws of descent and distribution, or to certain persons or entities related to the plan participants.

*Termination.* The Amended 2016 Share Incentive Plan II will expire in 2026 and may be terminated earlier with the approval of our board of directors.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD PRACTICES

#### Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in the Company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he or she is materially interested provided that (a) such director, if his or her interest in such contract or arrangement is material, has declared the nature of his or her interest at the earliest meeting of the board at which it is practicable for him or her to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, mortgage its undertaking, 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. None of our independent directors has a service contract with us that provides for benefits upon termination of service.

#### Board committees

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

##### *Audit committee*

Our audit committee consists of Mr. Tianruo Pu, Dr. Dazong Wang and Mr. Junling Liu. Mr. Tianruo Pu is the chairman of our audit committee. All of the members of our audit committee satisfy the "independence" requirements of Section 303A of the NYSE Listed Company Manual and Rule 10A-3 under the Exchange Act. In addition, our board of directors has determined that Mr. Tianruo Pu qualifies as an audit committee financial expert as defined in Item 16A of Form 20-F.

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:

- appointing the independent auditors and preapproving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

##### *Compensation committee*

Our compensation committee consists of Mr. Quan Long, Mr. Zheng Liu and Dr. Dazong Wang. Mr. Quan Long is the chairman of our compensation committee. Dr. Dazong Wang satisfies the "independence" requirements of Section 303A of the NYSE Listed Company Manual.

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## DIRECTORS AND SENIOR MANAGEMENT

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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. 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 nonemployee directors; and
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements.

### *Nominating and corporate governance committee*

Our nominating and corporate governance committee consists of Mr. Quan Long, Dr. Jing Xiao and Mr. Tianruo Pu. Mr. Quan Long is the chairman of our nominating and corporate governance committee. Mr. Tianruo Pu satisfies the “independence” requirements of Section 303A of NYSE Listed Company Manual.

The nominating and corporate governance committee assists the board of directors 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:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

### **Code of ethics**

Our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chairman, chief executive officer, chief financial officer, controller, vice presidents 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 November 4, 2013. We subsequently amended the code of business conduct and ethics and filed it as Exhibit 11.1 to our annual report on Form 20-F filed with the SEC on March 31, 2014. We have posted a copy of our code of business conduct and ethics on our website at <http://ir.autohome.com.cn>.

### **Duties of our directors**

Under Cayman Islands laws, our directors have a duty to act honestly in good faith with a view to our best interests. Our directors also owe to our company a duty to act with skill and care. It was

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## **DIRECTORS AND SENIOR MANAGEMENT**

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previously considered that a director needs 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. In fulfilling their duty of care to us, our directors must ensure compliance with our Memorandum and Articles. Our Company has the right to seek damages if a duty owed by our directors is breached.

## MAJOR SHAREHOLDERS

Except as specifically noted in the table, the following table sets forth information with respect to the beneficial ownership of our Shares as of December 31, 2020 (having taken into account the effect of the Share Re-designation and Share Subdivision):

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

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.

	Shares Beneficially Owned as of December 31, 2020	
	Number	Percentage <sup>(1)</sup>
<b>Directors and Executive Officers</b>		
Quan Long <sup>(2)</sup>	—	—
Dong Liu <sup>(3)</sup>	*	*
Jing Xiao <sup>(4)</sup>	—	—
Zheng Liu <sup>(5)</sup>	—	—
Junling Liu <sup>(6)</sup>	*	*
Tianruo Pu <sup>(7)</sup>	*	*
Dazong Wang <sup>(8)</sup>	*	*
Jun Zou <sup>(9)</sup>	*	*
Xiao Wang <sup>(10)</sup>	*	*
Haifeng Shao <sup>(11)</sup>	*	*
Jingyu Zhang <sup>(12)</sup>	*	*
All Directors and Executive Officers as a Group	*	*
<b>Principal Shareholders</b>		
Yun Chen <sup>(13)</sup>	234,897,312	49.0%
Entities Affiliated with Kayne Anderson <sup>(14)</sup>	48,079,468	10.0%
Entities Affiliated with Comgest Global Investors S.A.S. <sup>(15)</sup>	24,254,236	5.1%

Notes:

\* Less than one percent of our total outstanding share capital.

- (1) For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of our total ordinary shares outstanding, which is 479,219,628 Shares as of December 31, 2020 (excluding 5,429,572 Shares that had been issued and reserved for the purpose of our Share Incentive Plans as of December 31, 2020), and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after December 31, 2020. As of the Latest Practicable Date, the total number of our total ordinary shares outstanding was 479,723,740, excluding 4,925,460 Shares that had been issued and reserved for the purpose of our Share Incentive Plans as of the Latest Practicable Date.
- (2) The business address of Mr. Long is 18th Floor, Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China. Mr. Quan Long was appointed by the board as a director, the chairman of the board and chief executive officer of our Company on January 12, 2021, immediately upon the resignation of Mr. Min Lu from the positions of director, chairman of the board and chief executive officer of our Company on the same day.
- (3) Represents Shares in the form of ADSs vested from options held by Mr. Liu. The business address of Mr. Liu is Ping An Finance Building, No. 1333 Lujiazui Ring Road, Pudong District, Shanghai 200120, People's Republic of China.
- (4) The business address of Dr. Xiao is No. 5033, Yitian Road, Futian District, Shenzhen 518000, People's Republic of China.
- (5) The business address of Mr. Liu is No. 5033, Yitian Road, Futian District, Shenzhen 518000, People's Republic of China.
- (6) Represents Shares in the form of ADSs vested from restricted shares held by Mr. Liu. The business address of Mr. Liu is Lane 572, Bibo Road, Pudong District, Shanghai, 201203, People's Republic of China.
- (7) Represents Shares in the form of ADSs vested from restricted shares held by Mr. Pu. The business address of Mr. Pu is Jing Shu Yuan, Haidian District, Beijing 100102, People's Republic of China.
- (8) Represents Shares in the form of ADSs vested from restricted shares held by Dr. Wang. The business address of Dr. Wang is 502 North Tower, 1 Guanghua Road, Chaoyang District, Beijing, 100020, People's Republic of China.
- (9) Represents Shares in the form of ADSs vested from options held by Mr. Zou. The business address of Mr. Zou is 18th Floor, Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.

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## MAJOR SHAREHOLDERS

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- (10) Represents Shares in the form of ADSs vested from options and restricted shares held by Mr. Wang. The business address of Mr. Wang is 18th Floor, Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.
- (11) Represents Shares Mr. Shao has the right to acquire upon exercise of options and restricted shares within 60 days after December 31, 2020. The business address of Mr. Shao is 18th Floor, Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.
- (12) Represents Shares Mr. Zhang has the right to acquire upon exercise of options and restricted shares within 60 days after December 31, 2020. The business address of Mr. Zhang is 18th Floor, Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.
- (13) Represents 234,897,312 Shares beneficially owned as of December 31, 2020 and as reported in a Schedule 13D/A filed with the SEC on July 24, 2020 by Yun Chen, a Cayman Islands company and a special purpose vehicle and subsidiary of Ping An Group, a company organized under the laws of the People's Republic of China. Ping An Group's business address is Ping An Finance Building, No. 1333 Lujiazui Ring Road, Pudong District, Shanghai 200120, People's Republic of China.
- (14) The number of Shares beneficially owned is as of December 31, 2020, as reported in a Schedule 13G filed with the SEC on February 12, 2021 by Kayne Anderson Rudnick Investment Management LLC, or Kayne Anderson, with respect to itself, Virtus Investment Advisers, Inc. and Virtus Alternative Investment Advisers, Inc., for the calendar year or quarter ended December 31, 2020, and consists of 48,079,468 Shares represented by American depositary shares. Entities Affiliated with Kayne Anderson are investment advisers in accordance with §240.13d-1(b)(1)(ii)(E). Kayne Anderson's business address is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, CA 90067, USA. Virtus Investment Advisers, Inc.'s business address is One Financial Plaza, Hartford, CT 06103, USA.
- (15) The number of Shares beneficially owned is as of December 31, 2020, as reported in a Form 13F filed with the SEC on February 16, 2021 by Comgest Global Investors S.A.S. with respect to itself, Comgest S.A., Comgest Asset Management International Ltd and Comgest Far East Ltd, for the calendar year or quarter ended December 31, 2020, and consists of 24,254,236 Shares represented by American depositary shares. The business address of Comgest Global Investors S.A.S. is 17 Square Edouard VII, Paris, 10 75009. Comgest Global Investors S.A.S. and its affiliated entities is a Permitted Existing Shareholder given that (a) it is interested in less than 10% of our issued share capital immediately before the Listing; (b) it is neither our director nor member of our senior management; (c) it does not have the power to appoint directors or any other special rights in us; and (d) it does not have influence over the offering process.

To our knowledge, as of December 31, 2020, 61,080,579 Class A Ordinary Shares equivalent to 244,322,316 Shares after the Share Re-designation and Share Subdivision were held by one record holder in the United States, which was Deutsche Bank Trust Company Americas, the depositary of our ADS program (excluding 1,357,393 Class A Ordinary Shares equivalent to 5,429,572 Shares after the Share Re-designation and Share Subdivision that had been issued and reserved for the purpose of our Share Incentive Plans as of December 31, 2020). No Class B Ordinary Shares were held by record holders in the United States and no Class B Ordinary Shares were outstanding as of December 31, 2020. 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 Class A Ordinary Shares in the United States.

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## RELATED PARTY TRANSACTIONS

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We are seeking a listing on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules. Pursuant to Rule 19C.11 of the Hong Kong Listing Rules, Chapter 14A of the Hong Kong Listing Rules, governing connected transactions, does not apply to us. The following discussion of related party transactions has been prepared pursuant to the requirements of Form 20-F of the SEC, and is included in this document for disclosure purposes only.

### CONTRACTUAL ARRANGEMENTS

PRC laws limit foreign ownership of companies engaged in certain businesses in China, including Internet services. Due to these restrictions, we operate our relevant business through contractual arrangements with the variable interest entities. See “History and Corporate Structure—Corporate Structure—Contractual Arrangements.”

### TRANSACTIONS WITH ENTITIES AFFILIATED WITH OUR SHAREHOLDERS

Since Ping An Group became our controlling shareholder, it provided services including rental and property management services, technical services and other miscellaneous services, and assets to us for a total amount of RMB88.7 million in 2018, RMB107.7 million in 2019, and RMB156.4 million (US\$24.0 million) in 2020.

We earned service fees primarily for providing facilitation services related to insurance products and loan and leasing product transactions for Ping An Group or its affiliates on our platform as well as providing advertising services to Ping An Group for a total amount of RMB473.5 million in 2018, RMB447.0 million in 2019, and RMB621.8 million (US\$95.3 million) in 2020.

All related party transactions are trade transactions in nature and will be settled according to payment terms in the contracts.

### INVESTOR’S RIGHTS AGREEMENT

Following Yun Chen’s acquisition of 47.4% the Company’s equity interest from Telstra in June 2016, we entered into an investor’s rights agreement with Yun Chen on September 30, 2016 to the effect that Yun Chen shall enjoy the same special rights given to Telstra under the previous investors rights agreement. Under this investor’s rights agreement with Yun Chen, so long as Yun Chen holds at least 20% of our issued and outstanding shares, (i) we must permit Yun Chen and its designated representatives, at their own cost and expense, at reasonable times and upon reasonable prior notice to us, to review our books and records and to discuss our financial condition with our officers; and (ii) we must provide to Yun Chen our financial statements stated in the investor’s rights agreement so long as its external auditor considers it to be necessary to consolidate our financial statements into Yun Chen’s financial statements in accordance with the PRC accounting standards; and (iii) we must provide to Yun Chen a copy of our register of members after the end of each quarter. The investor’s rights agreement was approved by the Audit Committee and the Board.

Save as disclosed above, there are no other rights granted to Yun Chen or Ping An Group or other shareholders which are not available to all shareholders of the Company. The Directors take the view that the special rights granted to Yun Chen pursuant to the investor’s rights agreement are fair and reasonable and not prejudicial to the interest of our Company’s other shareholders. The same rights were granted to Telstra, the previous controlling shareholder of our Company (details of which were disclosed in the registration statement at the time of our Company’s listing on the NYSE and other public filings). Such rights were granted to Yun Chen in recognition of the significant investment made by Yun Chen. Taking into account the benefits of Yun Chen maintaining a significant shareholding

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## RELATED PARTY TRANSACTIONS

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interest in our Company, the Directors take the view that the grant of such rights to Yun Chen is in the best interest of our Company and the shareholders as a whole. After consulting our legal advisors, the Directors take the view that the grant of such special rights to Yun Chen does not contravene the shareholders' protection requirements under Rule 19C.07 of the Hong Kong Listing Rules, the relevant U.S. federal securities laws and the NYSE rules, and the terms of the investor's rights agreement in relation to the grant of such special rights to Yun Chen do not violate the applicable laws and regulations in the Cayman Islands.

### EMPLOYMENT AGREEMENTS

See "Directors and senior management—Compensation of directors and executive officers—Employment agreements" for a description of the employment agreements we have entered into with our executive officers.

### SHARE INCENTIVE PLANS

See "Directors and senior management—Compensation of directors and executive officers—Share incentive plans" for a description of share-based compensation awards we have granted to our directors and officers and to other individuals as a group.

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## REGULATIONS

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This section summarizes the principal PRC laws and regulations relevant to our business and operations.

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

On September 25, 2000, the State Council promulgated the Telecommunications Regulations, or the Telecom Regulations (《中華人民共和國電信條例》), which draw a distinction between “basic telecommunication services” and “value-added telecommunications services.” The Telecommunications Regulations were subsequently revised on July 29, 2014 and on February 6, 2016. On December 28, 2015, the MIIT published the Classification Catalog of Telecommunications Services, or the 2015 Catalog (《電信業務分類目錄》), which took effect on March 1, 2016 and was partially revised on June 6, 2019. Under the 2015 Catalog, “value-added telecommunication services” was further classified into two sub-categories and 10 items. Both internet content provision services, or ICP services, and online data processing and transaction processing services are under the second subcategory of value-added telecommunications businesses. Under the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the MIIT or its provincial level counterparts.

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services, or the Internet Measures (《互聯網信息服務管理辦法》). The measures were subsequently revised on January 8, 2011. According to the Internet Measures, commercial ICP service operators must obtain an ICP license from the relevant government authorities before engaging in any commercial ICP operations within the PRC.

On March 1, 2009, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating License, or the Telecom License Measures (《電信業務經營許可管理辦法》), which took effect on April 10, 2009. The measures were subsequently revised on September 1, 2017. The Telecom License Measures set forth the types of licenses required to operate value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, an ICP operator providing value-added services in multiple provinces is required to obtain an inter-regional license, whereas an ICP operator providing the same services in one province is required to obtain a local license.

To comply with these PRC laws and regulations, both of our ICP operators, Autohome Information and Shengtuo Hongyuan, hold ICP licenses. Shengtuo Hongyuan is in the process of renewal of its ICP license and is expected to obtain the updated ICP license in March 2021. Autohome Information also holds a value-added telecommunications license for conducting online data processing and transaction processing services (for e-commerce only).

### **Restrictions on Foreign Ownership in Value-Added Telecommunications Services**

According to the Provisions on Administration of Foreign Invested Telecommunications Enterprises, or the FITE Provisions (《外商投資電信企業管理規定》), promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, respectively, the ultimate foreign equity ownership in a value-added telecommunications service provider must not exceed 50%. Moreover, for a foreign investor to acquire any equity interests in a value-added telecommunication business in China, it must demonstrate a good track record and experience in operating value-added telecommunications services. Foreign investors that meet these requirements must obtain approvals from the MIIT or its authorized local branches, and the relevant approval application process usually takes six to seven months.

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## REGULATIONS

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On July 13, 2006, the MIIT issued the Notice of the MIIT on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services (《信息商業部關於加強外商投資經營增值電信業務管理的通知》). This notice prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this notice, either the holder of a value-added telecommunication business operating license or its shareholders must legally own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunication service providers are required to maintain network and internet security in accordance with the standards set forth in relevant PRC regulations. If a license holder fails to comply with the requirements in the notice and cure such non-compliance, the MIIT or its local counterparts have the discretion to take measures against such license holders, including revoking their valued-added telecommunication business operating licenses.

To comply with these PRC regulations, we operate our websites through our VIEs, Autohome Information and Shengtuo Hongyuan. Each of Autohome Information and Shengtuo Hongyuan is currently 50% owned by Quan Long and 50% owned by Haiyun Lei, both of whom are PRC citizens. Both Autohome Information and Shengtuo Hongyuan hold ICP licenses. Shengtuo Hongyuan is in the process of renewal of its ICP license and is expected to obtain the updated ICP license in March 2021.

### **Regulation on Foreign Investment**

On March 15, 2019, the Foreign Investment Law (《中華人民共和國外商投資法》) was enacted by the National People's Congress, which became effective on January 1, 2020 and replaced the trio of the laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

Unlike its first draft which was published in 2015, the Foreign Investment Law does not specifically expand the definition of “foreign investment” to include entities established through a VIE structure but contains a catch-all provision under the definition of “foreign investment” which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council.

Moreover, the Foreign Investment Law establishes a foreign investment information reporting system. Foreign investors or foreign-funded enterprises shall submit the investment information to competent governmental departments for commerce through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information to be reported shall be determined under the principle of necessity. Where foreign-investors or foreign-invested enterprises are found to be non-compliant with these information reporting obligations, competent department for commerce shall order corrections within a specified period; if such corrections are not made in time, a penalty of not less than RMB100,000 yet not more than RMB500,000 shall be imposed. Aside from the reporting system for foreign investment information, the Foreign Investment Law shall also establish a security examination mechanism for foreign investment and conducts security review of foreign investment that affects or may affect national

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## REGULATIONS

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security. The decision made upon the security examination in accordance with the law shall be final. We will be subject to the Foreign Investment Law if our contractual arrangements with our VIEs are defined or regarded as a form of foreign investment in the future.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and pursuant to which, foreign investors or foreign-invested enterprises shall report investment information when foreign investors carry out investment activities directly or indirectly within China, for example, the establishment of the foreign-invested enterprises, including establishment through purchasing the equities of a domestic enterprise or subscribing to the increased capital of a domestic enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

### **Regulations on Internet Content Services**

The National People's Congress has enacted laws with respect to maintaining the security of internet operation and internet content. According to the Internet Measures, violators may be subject to penalties, including criminal sanctions, for internet content that:

- opposes the fundamental principles stated in the PRC constitution;
- compromises national security, divulges state secrets, subverts state power or damages national unity;
- harms the dignity or interests of the state;
- incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
- undermines the PRC's religious policy or propagates heretical teachings or feudal superstitions;
- disseminates rumors, disturbs social order or disrupts social stability;
- disseminates obscenity or pornography, encourages gambling, violence, murder or fear or incites the commission of a crime;
- insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or
- is otherwise prohibited by law or administrative regulations.

In accordance with the Internet Information Services Measures, ICP operators are required to monitor their websites. 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 order ICP operators to suspend their operations, or revoke their ICP licenses if such ICP license holders violate any of the above-mentioned content restrictions.

On February 4, 2015, the Cyberspace Administration of China, or the CAC promulgated the Administrative Provisions on Account Names of Internet Users, or the Account Names Provisions (《互聯網用戶帳號名稱管理規定》), which became effective as of March 1, 2015. The Account Name Provisions require all users of internet information service providers to authenticate their real identity information for registration of accounts. Relevant internet information service providers are responsible for the protection of users' privacy, consistency of user information, such as account names, avatars, the requirements contemplated in the Account Names Provisions, making reports to the competent authorities if the names of institutions or social celebrities are illegally used for or associated with registration of account names, and taking appropriate measures to stop any such violations, such as notifying the user to make corrections within a specified time and suspending or closing accounts in the event of continuing non-compliance.

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## REGULATIONS

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On August 25, 2017, the CAC promulgated the Administrative Provisions on Internet Follow-up Comment Services (《互聯網跟帖評論服務管理規定》) and the Administrative Provisions on Internet Forum and Community Services (《互聯網論壇與社區服務管理規定》), both of which became effective as of October 1, 2017. As stipulated in the Provisions, the internet follow-up comment service providers are imposed on strict primary obligations such as verifying the authenticity of registered users' identity information, protecting personal information of users and developing system to review follow-up comments on news information prior to the publication. Moreover, the internet forum and community services providers may establish the systems of information review, real-time public information check, emergency response, personal information protection and other information security administration systems. In addition, the service providers should not publish information in violation of laws, regulations and the relevant provisions of the state.

On September 7, 2017, the CAC promulgated the Provisions on the Administration of Information Services Provided through Chat Groups on the Internet, or the Chat Groups Provision (《互聯網群組信息服務管理規定》), and the Administrative Provisions on the Information Services Provided through Public Official Accounts of Internet Users, or the Public Official Accounts Provision (《互聯網用戶公眾帳號信息服務管理規定》), both of which became effective as of October 8, 2017. The Public Official Accounts Provision was subsequently revised on January 22, 2021, and became effective on February 22, 2021. According to the Provisions, the internet service providers are required to verify the authenticity of identity information of their users. In addition, for any violation of laws and regulations by chat groups or public official accounts, service providers should take certain measures such as issuing a warning, suspending publication of the inappropriate information, and closing the chat groups or the public official accounts.

On December 15, 2019, the CAC promulgated the Provisions on Governance of Online Information Content Ecosystem, or the Online Information Content Provision (《網絡信息內容生態治理規定》), which became effective as of March 1, 2020. Under the Online Information Content Provision, the online information content service platform shall set up the mechanism of governance of network information content ecosystem, develop the detailed rules for governance of the network information content ecosystem on the platform, and improve the systems for user registration, account management, information publication and examination, posts and comments examination, management of the webpage and site layout system, real-time inspection, emergency disposal and cyber rumor and illegal industry chain information disposal. The online information content service platform shall institute an office in charge of the governance of online information content ecosystem, and appoint the professional personnel commensurate with the business scope and service scale, strengthen training and examination, and improve the performance quality of employees. In addition, the online information content platform shall strengthen the examination and inspection of the advertising space set on the platform and the advertising content displayed on the platform. Those who publish illegal advertisements shall be punished according to laws. Upon finding illegal information published by any content provider on the online information content platform, the platform shall, in accordance with laws and regulations, take measures such as warning for rectification, restricting functions available to such content provider, suspending updating, and closing accounts, among others, timely eliminate illegal information and contents, keep relevant records, and report to the relevant competent authorities. The online information content service platform will be punished for violating related laws and regulations. The related legal consequences include suspension of information updates, restrictions on engaging in online information services, restrictions on online behavior, and prohibition of industry access.

These laws and regulations apply to the Internet content services we provide through our VIEs and impose responsibilities on the VIEs for monitoring the websites, mobile applications and users, safeguarding the security of the internet as well as maintaining the internet content.

### Regulations on Internet Privacy

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. The PRC law does not prohibit ICP operators from collecting and using personal information from their users with the users' consent. However, the Internet Measures prohibit an ICP operator from insulting or slandering a third party or infringing the lawful rights and interests of a third party. The regulations further authorize the relevant telecommunications authorities to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability if the unauthorized disclosure results in damages or losses to users. 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. On December 29, 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), effective as of March 15, 2012. It stipulates that ICP operators may not, without a user's consent, collect the user's information that can be used alone or in combination with other information to identify the user and may not provide any such information to third parties without the user's prior consent. ICP operators may only collect users' personal information that is necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and use of such personal information. In addition, an ICP operator may only use users' personal information for the stated purposes under the ICP operator's scope of service. ICP operators are also required to ensure the proper security of users' personal information, and take immediate remedial measures if users' personal information is suspected to have been inappropriately disclosed. If the consequences of any such disclosure are expected to be serious, ICP operators must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations.

On December 28, 2012, the Standing Committee of the National People's Congress of the PRC issued the Decision on Strengthening the Protection of Online Information (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》). Most requirements under this decision relevant to ICP operators are consistent with the requirements already established under the MIIT provisions discussed above, but are often stricter and broader. Under this decision, ICP operators are required to take such technical and other measures necessary to safeguard information against inappropriate disclosure. To further implement this decision and relevant rules, MIIT issued the Regulation of Protection of Telecommunication and Internet User Information (《電信和互聯網用戶個人信息保護規定》) on July 16, 2013, which became effective on September 1, 2013.

On March 15, 2017, the National People's Congress of the PRC issued the General Rules of the Civil Law of the People's Republic of China (《中華人民共和國民法總則》), which came into effect on October 1, 2017. The General Rules have introduced personal information rights and data protection and provide that personal information of a natural person should be protected by the law. On May 28, 2020, the National People's Congress of the PRC approved the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, which came into effect on January 1, 2021 and abolished the General Rules of the Civil Law of the People's Republic of China. Pursuant to the Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information should follow the principles of legitimacy, properness and necessity.

The Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) became effective on June 1, 2017. According to the Cyber Security Law, network operators should, in the course of collecting and using personal information, follow the principles of legitimacy, properness and necessity, disclose their rules with respect to data collection and usage, clearly express the purposes, means and scope of collecting and using information. Prior consent from the persons whose

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## REGULATIONS

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data is collected is required. In addition, network operators are not allowed to collect personal information which is irrelevant to the services they provide.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the State Administration for Market Regulation, or SAMR, issued the Notice on the Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations (《關於印發《App違法違規收集使用個人信息行為認定方法》的通知》), which came into effect on November 28, 2019. The notice requires that there shall be a privacy policy in the app, and the privacy policy shall contain the rules for collecting and using personal information. The notice also requires that the app shall prompt their users to read the privacy policy through obvious methods such as pop-up windows when an app is put into operation for the first time. According to the notice, the type of personal information collected by the app should be limited to the extent necessary to meet the operation of the corresponding business function. If personal information collected through app for a new business function is beyond the scope of a user's previous consent, refusing to provide the original business function by the app upon the user's disagreement with the new scope of personal information collection shall be considered as in violation of the necessity principle, except in the case where the new business function replaces the previous business function.

On April 10, 2019, the Cyber Security and Protection Bureau of the Ministry of Public Security, the Beijing Internet Industry Association and the Third Research Institute of the Ministry of Public Security jointly issued Internet Personal Information Security Protection Guidance (《互聯網個人信息安全保護指南》). The guidance applies to “personal information holders”, which means enterprises that provide services through the internet and organizations or individuals who use a private or internet-disconnected space to control and process personal information. It indicates that in addition to traditional internet companies, companies or individuals in other fields are also subject to its governance for long as they are involved in the control and processing of personal information. The guidance imposes more stringent requirements on the collection of personal information by personal information holders. For example, the guidance provides that personal information that is not related to the services provided by personal information holders should not be collected, and service providers shall not force users to provide personal information by bundling products or various business functions of the service.

On October 21, 2020, the Standing Committee of the National Peoples' Congress issued the Personal Information Protection Law (Draft for comments) (《個人信息保護法(草案)》), or the Draft Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection. Pursuant to the Draft Personal Information Protection Law, personal information refers to information related to identified or identifiable natural persons which is recorded by electronic or other means (excluding the anonymized information). The Draft Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, including but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation etc. As of the date of this document, the Draft Personal Information Protection Law is still pending approval and has not come into effect.

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## REGULATIONS

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To comply with these laws and regulations, we require our users to accept a user terms of service whereby they agree to provide certain personal information to us, and have established information security systems to protect users' privacy.

### Regulations on Advertisements

The PRC government regulates advertising, including online advertising, principally through the SAMR. Prior to November 30, 2004, in order to conduct any advertising business, an enterprise was required to hold an operating license for advertising in addition to a relevant business license. On November 30, 2004, the State Administration for Industry and Commerce, the predecessor of the SAMR, issued the Administrative Rules for Advertising Operation Licenses (《廣告經營許可證管理辦法》), effective as of January 1, 2005, which was replaced by Administrative Provisions on Advertising Registration (《廣告發佈登記管理規定》) issued on November 1, 2016 and took effect on December 1, 2016. The advertisement operation entities are restricted to radio stations, TV stations and newspaper and periodical publishers and the Advertising Operation License was canceled. Therefore, our subsidiaries and VIEs are not required to hold an advertising operation license to conduct advertising business.

Advertisers, advertising operators and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant 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. In circumstances involving serious violations, the SAMR or its local branches may order the violator to terminate its advertising operation or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties.

On October 26, 2018, the Standing Committee of the National People's Congress revised the PRC Advertising Law or the Advertising Law (《中華人民共和國廣告法》), which came into effect on the same date. The Advertising Law applies to all advertising activities conducted via the internet. The Advertising Law requires that users must be able to close online pop-up ads with one click. Moreover, internet service providers are obligated to cease publishing any advertisements that they know or should know are illegal. Violation of these regulations may result in penalties, including fines, confiscation of the advertising incomes, termination of advertising operations and even suspension of the provider's business license.

On July 4, 2016, the then State Administration for Industry and Commerce issued the Interim Measures for the Administration of Internet Advertising or the Internet Advertising Measures (《互聯網廣告管理暫行辦法》), which came into effect as of September 1, 2016. All advertising activities by means of the internet are governed by the Advertising Law and the Internet Advertising Measures. Pursuant to the Internet Advertising Measures, the term "Internet Advertisement" shall mean commercial advertisement that promote commodities or services, directly or indirectly, via Internet media such as websites, webpages and internet application programs in the form of texts, pictures, audios, videos or other forms, including the advertisement containing a web link or links, e-mail advertisement, paid search advertisements, and advertisements contained in commercial presentations that promote commodities or services, etc. The Internet Advertising Measures require that an internet advertisement shall be identifiable and clearly identified as an "advertisement" so that users will tell it

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## REGULATIONS

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is an advertisement, and the following activities shall be prohibited: (i) providing or using any application programs or hardware to intercept, filter, cover, fast forward or otherwise restrict any authorized advertisement of other persons; (ii) using network pathways, network equipment or applications to disrupt the normal data transmission of advertisements, alter or block authorized advertisements of other persons or load advertisements without authorization; or (iii) using false statistical data, transmission effect or internet medium value to induce incorrect quotations, seek undue interests or damage the interests of other persons.

Pursuant to the Internet Advertising Measures, the punishments on illegal acts shall be administered by the local administrative authority for industry and commerce in the place where the advertisement publisher is located. However, if an advertiser or advertising agent who violates the Advertising Law or the Internet Advertising Measures is outside the jurisdiction of the local branch of the SAMR, of the advertisement publisher, such case may be referred to the local SAMR where the advertiser or advertising agent is located; in the event that the local SAMR in the place where the advertiser or advertising agent is located has discovered any clues or received complaints or reports about such illegal acts, they may also exercise the administration. For any illegal advertisements published by advertisers themselves, such case shall be administered by the local SAMR where the advertisers are located.

To comply with these laws and regulations, we include clauses in our advertising contracts requiring that all advertising content provided by advertisers must comply with relevant laws and regulations. Prior to posting on websites and mobile applications, our staff reviews advertising materials to ensure there is no violent, pornographic or any other improper content, and will request the advertiser to provide government approval if the advertisement is subject to special government review.

### **Regulations on Broadcasting Audio/Video Programs through the Internet**

On July 6, 2004, the State Administration of Radio, Film, and Television, or the SARFT, promulgated the Rules for the Administration of Broadcasting of Audio/Video Programs through the Internet and Other Information Networks, or the A/V Broadcasting Rules (《互聯網等信息網絡傳播視聽節目管理辦法》), which were replaced by Provisions on the Administration of Private Network and Targeted Communication Audio-visual Program Services (《專網及定向傳播視聽節目服務管理規定》) which took effect on June 1, 2016. For an entity that engages in content delivery, integrated broadcast control, transmission distribution and other private network and targeted communication to send audio-visual program service, an “Internet Audio/Video Program Transmission License” is required.

On April 13, 2005, the State Council announced Several Decisions on Investment by Non-state-owned Companies in Culture-related Business in China (《國務院關於非公有資本進入文化產業的若干決定》). These decisions encourage and support non-state-owned companies to enter certain culture-related business in China, subject to restrictions and prohibitions for investment in audio/video broadcasting, website news and certain other businesses by non-state-owned companies. These decisions authorize the SARFT, the Ministry of Culture and Tourism and the GAPP to adopt detailed implementation rules according to these decisions.

On December 20, 2007, the SARFT and the MIIT jointly issued the Rules for the Administration of Internet Audio and Video Program Services (《互聯網視聽節目服務管理規定》), commonly known as Circular 56, which came into effect as of January 31, 2008 and was amended in August 2015. Circular 56 reiterates the requirement set forth in the A/V Broadcasting Rules that online audio/video service providers must obtain an “internet audio/video program transmission license” from the SARFT. Furthermore, Circular 56 requires all online audio/video service providers to be either wholly state-

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## REGULATIONS

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owned or state-controlled companies. According to relevant official answers to press questions published on the SARFT's website dated February 3, 2008 (《廣電總局、信息產業部負責人就〈互聯網視聽節目服務管理規定〉答記者問》), officials from the SARFT and the MIIT clarified that online audio/video service providers that already had been operating lawfully prior to the issuance of Circular 56 may re-register and continue to operate without becoming state-owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to online audio/video service providers established after Circular 56 was issued. These policies have been reflected in the Application Procedure for Audio/Video Program Transmission License (《〈信息網絡傳播視聽節目許可證〉申報程序》). Failure to obtain the internet audio/video program transmission license may subject an online audio/video service provider to various penalties, including fines of up to RMB30,000, seizure of related equipment and servers used primarily for such activities and even suspension of its online audio/video services.

On March 17, 2010, the SARFT issued the Internet Audio/Video Program Services Categories (Provisional) (《互聯網視聽節目服務業務分類目錄(試行)》), or the Provisional Categories, which were amended on March 10, 2017. The amended Provisional Categories classified Internet audio/video programs into four categories, which are further divided into seventeen sub-categories.

To comply with these laws and regulations, Autohome Information obtained an internet audio/video program transmission license, which is currently in the process of renewal, for automotive-industry-information-related audio/video programs posted on our *autohome.com.cn* website and relevant mobile applications.

### **Regulations on Producing Audio/Video Programs**

On July 19, 2004, the SARFT promulgated the Administrative Measures on the Production and Operation of Radio and Television Programs (《廣播電視節目製作經營管理規定》), effective as of August 20, 2004. On August 28, 2015, State Press and Publication of the General Administration of Radio and Television Decree No. 3 (《國家新聞出版廣電總局關於修訂部分規章和規範性檔的決定》) was issued to amend some provisions of the aforesaid Measures, which was further revised on by the National Radio and Television Administration (《國家廣播電視總局關於第一批廢止和修改的部門規章的決定》) on October 29, 2020. These Measures provide that anyone who wishes to produce or operate radio or television programs must first obtain an operating permit. Applicants for this permit must meet several criteria.

Both Autohome Information and Shengtuo Hongyuan hold operating licenses for the production and dissemination of radio and television programs for special topic programs, cartoons and television variety shows.

### **Regulations on Internet Mapping Services**

According to the amended Notice on Printing and Distributing Regulations on the Management of Surveying and Mapping Qualification and Standard of Surveying and Mapping Qualification Classification (《國家測繪地理信息局關於印發〈測繪資質管理規定〉和〈測繪資質分級標準〉的通知》) issued by the National Administration of Surveying, Mapping and Geoinformation, or NASMG, in July 2014, an entity providing internet mapping services should apply for the Surveying and Mapping Qualification Certificate for Surveying and Mapping, and perform within the scope of the certificate. According to these rules, certain conditions and requirements, such as the number of technical personnel and map security verification personnel, security facilities and approval from relevant provincial or national government on the service provider's security system, qualification

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## REGULATIONS

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management and filings management, are necessary for an entity applying for a Surveying and Mapping Qualification Certificate.

Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification (《國家測繪地理信息局關於進一步加強互聯網地圖服務資質管理工作的通知》) issued by the NASMG in December 2011, any entity that has not yet applied for a surveying qualification certificate for internet mapping services is prohibited from providing any internet mapping services.

On November 26, 2015, the State Council enacted the Administrative Regulations on Maps, or the Maps Regulations (《地圖管理條例》), effective as of January 1, 2016. The Maps Regulations requires entities engaging in internet mapping services, such as geographic positioning, the uploading of geographic information or markings, and the development of a public map database, to obtain a relevant qualification certificate for surveying and mapping. The Maps Regulations require entities engaging in online map services to use mapping data approved by the relevant governmental authorities, host servers storing map data within the PRC, and establish a management system as well as protection measures for the data security of the online maps. The mapping data must not contain any content prohibited by the Maps Regulations, and no entities or individuals are allowed to upload or mark such prohibited content online. Further, entities engaging in internet mapping services shall keep confidential any information involving state secrets and trade secrets acquired during their work.

We have provided maps on our websites and mobile applications for the convenience of our users to locate certain service providers. Both Autohome Information and Shengtuo Hongyuan hold the Surveying and Mapping Qualification Certificate for internet mapping.

### **Regulations on Online Cultural Services**

On February 17, 2011, the Ministry of Culture, the predecessor of the Ministry of Culture and Tourism, promulgated the Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》), which became effective on April 1, 2011 and was most recently amended in December 2017. The Interim Administrative Provisions on Internet Culture require ICP operators engaged in “internet culture activities” to obtain an Internet Culture Business Permit from the provincial administration of culture. The term “internet culture activities” includes, among other things, online dissemination of internet cultural products (such as audio-video products, gaming products, performances of plays or programs, works of art and cartoons) and the production, reproduction, importation, publication and broadcasting of internet cultural products.

On August 12, 2013, the Ministry of Culture promulgated the Notice on Implementing the Administrative Measures for the Content Self-examination of Internet Culture Business Entities (《關於實施<網絡文化經營單位內容自審管理辦法>的通知》). According to this notice, any cultural product or service shall be reviewed by the provider before being released to the public and the review process shall be done by persons who have obtained the relevant content review certificate.

Autohome Information has obtained an Internet Culture Business Permit in January 2013, and we have renewed our permit to include “use of information network to operate music entertainment products, game products, performance drama (section), and performance.”

### **Regulations on Online Performances and Online Live-streaming Services**

On December 2, 2016, the Ministry of Culture issued the Administrative Measures for Business Activities of Online Performances (《文化部關於印發《網絡表演經營活動管理辦法》的通知》), which

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## REGULATIONS

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took effect on January 1, 2017. Under these measures, an operator of online performances conducting the business activities of online performances shall apply for an Internet Culture Business Permit with the competent provincial administrative cultural department, and the business scope indicated on the permit shall clearly include reference to online performances. An operator of online performances undertakes the primary responsibility for the business activities of online performances operated by it, and shall establish a content review and management system, arrange staff with corresponding qualifications to undertake the work of reviewing the performance content, and establish technical supervision measures adaptable to content management in accordance with relevant laws and regulations.

The Provisions on the Administration of Online Live Streaming Services (《互聯網直播服務管理規定》) was issued by the State Internet Information Office on November 4, 2016 and was effective on December 1, 2016. Under the provisions, those who provide online live-streaming services through online performances, internet video and audio programs, and so forth, shall obtain relevant qualifications as required by laws and regulations. Online live streaming service providers shall carry out entity responsibilities, equip professionals comparable to the service scale, and improve systems for information review, information security management, duty patrols, emergency response, and technical guarantee. Online live streaming service providers shall establish platforms for reviewing live streaming content. Online live streaming service providers and online live streaming publishers that provide internet news information services without licenses, or exceeding the scope of their licenses, are subject to punishment. For other violations of these provisions that are subject to punishment by the national and local Internet information offices in accordance with law; if a crime is constituted, criminal liability shall be investigated in accordance with law. Violations of the relevant laws and provisions in providing online live streaming services through Internet performances, online audio and visual programs and so forth are subject to punishment by the relevant departments in accordance with law.

The Notice of Launch of Record Filing for Internet Live-Streaming Service Enterprises (《國家網信辦開展互聯網直播服務企業備案工作》) was issued by the CAC on June 12, 2017. Under the notice, CAC requires the companies that provide internet live-streaming service to register with the local internet information office, commencing on July 15, 2017. Internet live-streaming service companies (including commercial news websites that provide live-streaming sections/channels) which engage in internet news information republishing services or provide communication platform services, and other types of internet live-streaming service companies are subject to such notice and the requirements thereunder.

The Notice on Tightening the Administration of Online Live-streaming Services, or the Online Live-streaming Services Notice (《關於加強網絡直播服務管理工作的通知》), was jointly issued by the CAC and five other PRC governmental authorities. Under the Online Live-streaming Services Notice, the online live-streaming service provider involved in the business of telecommunications and internet news information, online shows, live-streaming of online audiovisual programs and other services shall apply to the relevant departments for licenses on operations of telecommunications business, internet news information services, internet culture business, and internet transmission of audio/video programs, respectively. In addition, the online live-streaming service provider shall go to the local public security departments of its residence to perform public security filing procedures within 30 days of the launch of the live-streaming services.

Currently we are providing online live-streaming services through our websites and mobile applications. Autohome Information has obtained an internet audio/video program transmission license on February 9, 2010, which is currently in the process of renewal. In addition, in January 2013,

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## REGULATIONS

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Autohome Information obtained an Internet Culture Business Permit, which includes “use of information network to operate music entertainment products, game products, performance drama (section), and performance.”

### **Regulations on Internet Publishing**

The Administrative Provisions on Online Publishing Services, or the Online Publishing Provisions (《網絡出版服務管理規定》), was jointly issued by the MIIT and the State General Administration of Press, Publication, Radio, Film and Television (the predecessor of the National Radio and Television Administration), or the SAPPRFT, in 2016, and came into effect on March 10, 2016. The Online Publishing Provisions define “online publishing services” as providing online publications to the public through information networks. Any online publishing services provided in the territory of the PRC are subject to these provisions. The Online Publishing Provisions requires any internet publishing services provider to obtain an online publishing service license to engage in online publishing services. Under the Online Publishing Provisions, online publications refer to digital works which have publishing features such as digital work that have been edited, produced or processed and which are made available to the public through information networks, including written works, pictures, maps, games, cartoons, audio/video reading materials and other methods. Any online game shall obtain approval from SAPPRFT before it is launched online. Furthermore, Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and wholly foreign-owned enterprises cannot engage in providing web publishing services.

If we are deemed to be in breach of relevant internet publishing regulations, the PRC regulatory authorities may seize the related equipment and servers used primarily for such activities and confiscate any revenues generated from such activities. In addition, relevant PRC authorities may also impose a fine of five to ten times of any revenues exceeding RMB10,000 or a fine of not more than RMB50,000 if such related revenues are below RMB10,000.

### **Regulations on Internet News Information Service**

On May 2, 2017, the CAC issued the Provisions for the Administration of Internet News Information Services, or Internet News Provision (《互聯網新聞信息服務管理規定》), which became effective on June 1, 2017 and replaced the original provisions promulgated in 2005.

Internet news information services shall include service of collecting, editing and publishing internet news information, service of reposting and service of providing propagation platform. Under the Internet News Provision, internet news service providers shall also include entities that are not established by the press but reproduce internet news from other sources, provide electronic bulletin services on current and political events, and transmit such information to the public. The CAC shall be in charge of the supervision and administration of the internet news information services throughout China.

If any of the internet news posted on our websites and mobile applications is deemed by the government to be political in nature, related to macroeconomics, or otherwise requires such license based on the sole discretion of the government authority, we would need to apply for such license. If we are deemed to be in breach of the Internet News Provision or other relevant internet news releasing regulations, the PRC regulatory authorities may suspend the related internet service and impose a fine exceeding RMB10,000 but not more than RMB30,000.

### Regulations on E-commerce

China's e-commerce industry is at an early stage of development and there are few PRC laws or regulations specifically regulating the e-commerce industry. In January 2014, the State Administration for Industry and Commerce promulgated the Administrative Measures for Online Trading (《網絡交易管理辦法》), which strengthen the protection of consumers and impose stringent requirements and obligations on online business operators and third-party online marketplace operators. Online business operators and third-party online marketplace operators are prohibited from collecting any information on consumers and business operators or disclosing, selling or providing any such information to any third party, or sending commercial electronic messages to consumers without their consent. Fictitious transactions, deletion of adverse comments and technical attacks on competitors' websites are prohibited as well. In addition, third-party online marketplace operators are required to examine and verify the identifications of the online business operators and set up and retain relevant records for at least two years. For corporations, other economic organizations or individual-owned business that apply to enter the platforms to sell commodities or to provide services, the operators of the third-party trading platforms should examine the authenticity of the identities of the online business operators, register such operators and establish registration files with regular verification and update, and should disclose the information about their business licenses or place the electronic linkage identifiers of their business licenses at notable positions of the homepages where they conduct their business activities. We are subject to these measures as a result of our online platform services.

Pursuant to the Negative List (《外商投資准入特別管理措施(負面清單)(2020年版)》), foreign investors are allowed to have complete ownership of equity interests in e-commerce businesses.

In August 2018, the Standing Committee of the National People's Congress issued the E-commerce Law of the People's Republic of China, or the E-commerce Law (《中華人民共和國電子商務法》), which took effect on January 1, 2019. The E-commerce Law strengthens the regulation on e-commerce operators relating to consumer protection, personal data protection and intellectual property rights protection. With respect to products or services affecting the consumers' life and health, if an e-commerce platform operator fails to verify the merchants' qualification or assure the consumers' security, which results in damages to the consumers, it shall take corresponding liabilities and may be subject to warnings and fines up to RMB2,000,000. In accordance with the E-commerce Law, e-commerce operators include operators of e-commerce platforms, business operators on e-commerce platforms, and other e-commerce operators that sell commodities or offer services on the websites developed by themselves or through other network services. An operator of an e-commerce platform shall require business operators who apply to sell commodities or provide services on its platform to submit truthful information, verify and register such information, establish registration archives, and regularly verify and update the information. Besides, an e-commerce platform operator shall (i) submit the identification information of the merchants on its platform to the competent market regulation authorities and remind the merchants to complete the registration with such authorities; (ii) submit identification information and tax-related information to tax authorities and remind the merchants to complete the tax registration; (iii) record and retain the information of the products and information on its platform and the sales information; (iv) display the platform service agreement and the transaction rules or links to such information on the homepage of the platform; (v) display information to let users know in the case of any product or service that is provided by the platform operator itself on its platform, and take responsibility for such products and services; (vi) establish a credit evaluation system, display the credit evaluation rules, provide consumers with accesses to make comments on the products and services provided on its platform, and refrain from deleting such comments; and (vii) establish intellectual property protection rules, and take necessary measures when any intellectual property holder notify the platform operator that his intellectual property rights have been infringed.

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## REGULATIONS

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An e-commerce platform operator shall take joint liabilities with the relevant merchants on its platform and may be subject to warnings and fines up to RMB2,000,000 where (i) it fails to take necessary measures when it knows or should have known that the products or services provided by the merchants on its platform do not meet the personal or property safety requirements or such merchants' other acts may infringe on the lawful rights and interests of the consumers; or (ii) it fails to take necessary measures, such as deleting and blocking information, disconnecting, terminating transactions and services, when it knows or should have known that the merchants on its platform infringe any intellectual property rights of any other third party. E-commerce platform operators shall not take advantage of the service agreement, transaction rules or other means to impose unreasonable restrictions or transaction conditions on the transactions of operators on platform or the price of such transactions, or collect unreasonable fees against operators on platform.

On February 7, 2021, the Anti-monopoly Committee of the State Council published the Guideline on Anti-monopoly of Platform Economy Sector (《關於平台經濟領域的反壟斷指南》), or the Guideline, which became effective on the same day and will operate as a compliance guidance under the existing PRC anti-monopoly laws and regulations for platform economy operators. The Guideline intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related merchants and service providers on online platforms. Pursuant to the Guideline, representative examples of abuse of dominance include unfairly locking in exclusive agreements with merchants and targeting specific customers with unreasonable big-data driven tailored pricing through their online behavior to eliminate or limit market competition.

We have cooperation with independent automobile sellers, in which we facilitate their sales of automobiles through our e-commerce platforms.

### **Regulations on Mobile Internet Applications**

On June 28, 2016, the CAC promulgated the Administrative Provisions on Mobile Internet Applications Information Services, or the Mobile Application Administrative Provisions (《移動互聯網應用程序信息服務管理規定》), which took effect on August 1, 2016. According to the Mobile Application Administrative Provisions, “mobile internet application” refers to application software that runs on mobile smart devices providing information services after being pre-installed, downloaded or embedded through other means. “Mobile internet application provider” refers to the owners or operators of mobile internet applications. Internet application stores refer to platforms which provide services related to online browsing, searching and downloading of application software and releasing of development tools and products through the internet. On December 16, 2016, the MIIT promulgated the Interim Administrative Provisions on the Pre-installation and Distribution of the Mobile Smart Terminal Application Software (《工業和信息化部關於印發《移動智能終端應用軟體預置和分發管理暫行規定》的通知》), which took effect on July 1, 2017 and requires, among others, that internet information service providers must ensure that a mobile application, as well as its ancillary resource files, configuration files and user data can be uninstalled by a user easily, unless the mobile application is a basic function software, which refers to a software that supports the normal functioning of the hardware and operating system of a mobile smart device. In addition, mobile smart terminal application software involving charges should strictly comply with the relevant regulations such as sale at an expressly marked price, and express the charge standard and method. The content expressed should be true, accurate, eye-catching and normative, and users should be charged only after their confirmation.

Pursuant to the Mobile Application Administrative Provisions, an internet application program provider must verify a user's mobile phone number and other identity information under the principle

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## REGULATIONS

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of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An internet application provider must not enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant application programs, unless it has clearly indicated to the user and obtained the user's consent on such functions and application programs. In respect of an internet application service provider, the Mobile Application Administrative Provisions requires that, among others, it must file a record with the provincial authority within 30 days after it rolls out the internet application service online. It must also examine the authenticity, security and legality of internet application providers on its platform, establish a system to monitor application providers' credit and file a record of such information with relevant governmental authorities. If an application provider violates the regulations, the internet application store service provider must take measures to stop the violations, including warning, suspension of release, withdrawal of the application from the platform, keeping a record and reporting the incident to the relevant governmental authorities.

### **Regulations on Automobile Sales**

On April 5, 2017, the MOFCOM promulgated the Measures on the Administrations of Automobile Sales, or the Measures on Automobile Sales (《汽車銷售管理辦法》), which took effect on July 1, 2017 and replaced the original Branded Automobile Sales Measures promulgated in 2005. According to the Measures on Sales of Automobile, the supplier takes the way of selling the vehicle to the dealer, and the authorization term (excluding the shop construction term) shall not be less than 3 years, and the first authorization term shall not be less than 5 years. An independent automobile seller who sells an automobile without authorization from a supplier or an automobile which is not authorized to be sold by an automobile manufacturer outside the country shall provide a reminder and explanation to the consumer in writing and inform the consumer of the relevant responsibility in writing. When a dealer or an independent automobile seller sells the car to the consumer, it shall verify the identification of the registered consumer, sign the sales contract, and issue the sales invoice.

The Measures on Sales of Automobile further provides that a supplier shall not require its dealers to have sales, after-sales service and other functions at the same time, shall not restrict its dealers' operations of goods of other suppliers, and shall not restrict the dealers from providing parts or other after-sales services for automobiles of other suppliers. Except as otherwise agreed by the parties, a supplier shall not sell automobiles directly to consumers in the area where its dealer is authorized to sell.

As regards to information recording, the Measures on Sales of Automobile requires the suppliers or the dealers and independent automobile sellers to file their basic information at the State Council department in charge of the national automobile circulation information management system within 90 days after obtaining their respective business license. If the basic information of a supplier, a dealer or an independent automobile seller is changed, it shall complete the updated filing within 30 days from the date of the change. The basic information of the supplier, the dealer or the independent automobile seller, if it is established before the Measures, should be filed within 90 days from the date that the Measures took effect. The file of automobile sales, users and other information shall be kept by the dealer and independent automobile seller for no less than 10 years.

Currently, we provide a transaction platform for automobile buyers to liaise with independent automobile sellers on our platform and to purchase vehicles from such sellers.

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## REGULATIONS

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

In April 2015, the Standing Committee of the National People's Congress promulgated the Insurance Law of PRC (《中華人民共和國保險法》). In October 2015, the China Insurance Regulatory Commission, or the CIRC (the predecessor of the CBIRC) promulgated the Provisions on the Supervision and Administration of Insurance Brokers (《保險經紀機構監管規定》), which was replaced by the Provisions on the Regulation of Insurance Brokers, or the Insurance Brokers Provisions (《保險經紀人監管規定》), on May 1, 2018. The Insurance Brokers Provisions define insurance brokers as institutions which provide intermediary services, in favor of the insured, in the course of concluding insurance contracts between the insured and the insurance companies and charge certain commission as agreed. Pursuant to the Insurance Law and Insurance Brokers Provisions, a license for engaging in insurance brokerage businesses is required in the course of setting up an insurance brokerage company. The companies which intend to provide insurance brokerage service should meet certain requirements set up by the CIRC and should not conduct insurance brokerage business unless the aforesaid license is received.

In July 2015, the CIRC promulgated the Circular of the CIRC on Issuing the Interim Measures for the Supervision of Internet Insurance Business, or CIRC Circular 69 (《中國保監會關於印發《互聯網保險業務監管暫行辦法》的通知》), which became effective on October 1, 2015. On December 7, 2020, the CBIRC published the Regulatory Measures for Internet Insurance Business (《互聯網保險業務監管辦法》), which became effective on February 1, 2021 and replaced the Interim Measures for the Supervision of Internet Insurance Business. The Regulatory Measures for Internet Insurance Business stipulates that only insurance companies and professional insurance intermediaries established upon approval by insurance regulatory authorities and registered could provide internet insurance services, such as providing insurance products consultation services, assisting policyholders with selecting insurance products, calculating insurance premiums, drafting insurance plans for policyholders and processing insurance application formalities. It also provides that insurance intermediaries are required to manage their marketing activities and retain records of online insurance transactions. In addition, it sets a higher standard for insurance intermediaries that conduct online insurance business to improve IT infrastructure and cybersecurity protection.

In September 2017, we acquired Shanghai Tianhe, a company holding the license for engaging in insurance brokerage businesses. In October 2018, Shanghai Tianhe completed the registration process required for engaging in online insurance business and is currently conducting online and offline insurance brokerage business in the PRC.

### **Regulations on Travel Agencies**

The travel industry is subject to the supervision of the Ministry of Culture and Tourism of the People's Republic of China, and local Culture and tourism administrations.

On April 25, 2013, the Standing Committee of the National People's Congress promulgated the Tourism Law (《中華人民共和國旅遊法》), which became effective as of October 1, 2013 and was revised on October 26, 2018. According to the Tourism Law, the information that travel agencies 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 agencies conducting business via the Internet are required to present information of their travel agency business licenses on their websites, and ensure the truthfulness and accuracy of the travel-related information they release on their websites.

The Regulation on Travel Agencies, or the Travel Agency Regulations (《旅行社條例》), issued by the PRC State Council in February 20, 2009, which became effective as of May 1, 2009 and was revised

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## REGULATIONS

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on March 1, 2017 and November 29, 2020, requires that the travel agency which apply for the operation of domestic tourism and inbound tourism shall file application for a travel agency business license to the competent culture and tourism administration department of the province, autonomous region, or centrally-administered municipality where it is domiciled, or the district-level tourism administration department it has commissioned.

On April 3, 2009, the China National Tourism Administration, or the CNTA, which has been dissolved and whose duties have been merged to the Ministry of Culture and Tourism, promulgated the Implementation Rules for the Regulation on Travel Agencies, or the Travel Agency Implementation Rules (《旅行社條例實施細則》), which became effective as of May 3, 2009, and was partially revised on December 12, 2016. The Travel Agency Implementation Rules define certain terms used in the Travel Agency 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 agency. The Travel Agency Implementation Rules also clarify certain aspects of the legal liabilities for travel agencies as prescribed in the Travel Agency Regulations.

On May 5, 2010, CNTA released the Measures for Dealing with Tourist Complaints (《旅遊投訴處理辦法》), which took effect on July 1, 2010. When tourists regard that the travel operator has harmed their legitimate rights and interests, they could complain to the tourism administrative department, the tourism quality supervision and management institution or other tourism law enforcement agencies and request the aforesaid authorities to deal with civil disputes between the two parties. Under the Measures, authorities which are responsible for dealing with the complaints are required to render a decision on the complaints within 60 days upon the date of receipt thereof.

On November 25, 2010, CNTA and CIRC jointly promulgated the Measures for the Administration of the Liability Insurance of Travel Agencies, or the Liability Insurance Measures (《旅行社責任保險管理辦法》), which became effective on February 1, 2011. Travel agencies are required to procure travel agency liability insurance pursuant to the aforesaid Measures. The insurance companies are required to, subject to the liability limits provided under the insurance agreement, reimburse the travel agencies for the compensations made by the travel agencies for the personal injury or death and the loss of properties of tourists and the relevant tour guides or tour leaders. Pursuant to the aforesaid Measures, the liability limit for the personal injury or death of each person cannot be less than RMB200,000.

### **Regulations on Online Airline ticketing transaction**

On August 9, 2017, the Civil Aviation Administration of China issued the Notice on Regulating Online Airline Ticketing (《關於規範互聯網機票銷售行為的通知》), pursuant to which online airline-ticketing platform shall not conduct bundle-sales of any other services and products by default along with selling airline tickets. The online airline- ticketing platform shall display services and products ancillary to airline tickets (e.g. VIP lounge coupon and insurance) in an explicit and accurate manner and shall offer such services and products to customers as an option in addition to the airline ticket purchases, instead of by means of service or product bundling.

### **Regulations on Intellectual Property Rights**

China has adopted legislation governing intellectual property rights, including trademarks, patents and copyrights. China is a signatory to the major international conventions on intellectual property rights and became a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

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## REGULATIONS

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*Patent.* The Standing Committee of the National People's Congress adopted the Patent Law (《中華人民共和國專利法》) in 1984, and amended it in 1992, 2000, 2008 and 2020 (the current effective revision became effective on October 1, 2009 while the latest revision has not yet come into effect until June 1, 2021). The purpose of the Patent Law is to protect lawful interests of patent holders, encourage invention, foster applications of inventions, enhance innovative capabilities and promote the development of science and technology. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, substances obtained by means of nuclear transformation or a design which has major marking effect on the patterns or colors of graphic print products or a combination of both patterns and colors. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a term of twenty years in the case of an invention and a term of ten years in the case of utility models and designs. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights.

*Copyright.* The Standing Committee of the National People's Congress adopted the Copyright Law (《著作權法》) in 1990 and amended it in 2001, 2010 and 2020 (the current effective revision became effective on April 1, 2010 while the latest revision has not yet come into effect until June 1, 2021), respectively. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. The amended Copyright Law also requires registration of a copyright pledge.

To address the problem of copyright infringement related to the content posted or transmitted over the internet, the National Copyright Administration and the MIIT jointly promulgated the Measures for Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》) on April 29, 2005. This measure became effective on May 30, 2005.

In order to further implement the Computer Software Protection Regulations (《電腦軟體保護條例》) promulgated by the State Council on December 20, 2001, as amended in 2013, the National Copyright Administration of the PRC issued Computer Software Copyright Registration Procedures (《電腦軟體著作權登記辦法》) on February 20, 2002, which apply to software copyright registration, license contract registration and transfer contract registration.

On May 18, 2006, the State Council promulgated the Protection of the Right of Communication through Information Networks (《信息網路傳播權保護條例》), which became effective on July 1, 2006, as amended in 2013. Under this regulation, with respect to any information storage space, search or link services provided by an internet service provider, if the legitimate rights owner believes that the works, performance or audio or video recordings pertaining to that service infringe his or her rights of communication, the rights owner may give the internet service provider a written notice containing the relevant information along with preliminary documents supporting that an infringement has occurred, and requesting that the internet service provider delete, or disconnect the links to, such works or recordings. The rights owner will be responsible for the truthfulness of the content of the notice. Upon receipt of the notice, the internet service provider must delete or disconnect the links to the infringing content immediately and forward the notice to the user that provided the infringing works or recordings. If the user believes that the subject works or recordings have not infringed upon others' rights, the user may submit to the internet service provider a written explanation with preliminary documents supporting non-infringement, and a request for the restoration of the deleted works or

recordings. The internet service provider should then immediately restore the deleted or disconnected content and forward the user's written statement to the rights owner.

On December 26, 2009, the Standing Committee of the National People's Congress adopted the Torts Liability Law (《中華人民共和國侵權責任法》), which became effective on July 1, 2010 and was abolished by the Civil Code which became effective on January 1, 2021. Pursuant to the Civil Code, both internet users and internet service providers may be liable for the wrongful acts of users who infringe the lawful rights of other parties. If an internet user utilizes internet services to commit a tortious act, the party whose rights are infringed may request the internet service provider to take measures, such as removing or blocking the content, or disabling the links thereto. Failure to take necessary measures after receiving such notice will subject the internet service providers to joint liability for any further damages suffered by the rights holder. Furthermore, if an internet service provider fails to take necessary measures when it knows that an internet user utilizes its internet services to infringe the lawful rights and interests of other parties, it will be held jointly liable with the internet user for damages resulting from the infringement.

According to an interpretation by PRC Supreme People's Court (《最高人民法院關於審理侵害信息網路傳播權民事糾紛案件適用法律若干問題的規定》), which took effect on January 1, 2013 and was revised on December 29, 2020, internet service providers will be held jointly liable if they continue their infringing activities or do not remove infringing content from their websites once they know of the infringement or receive notice from the rights holder. If an internet service provider economically benefits from the works, performances, and sound or visual recordings provided by network users, it must pay close attention to infringement of network information transmission rights by network users.

*Trademark.* The PRC Trademark Law (《中華人民共和國商標法》), adopted in 1982 and amended in 1993, 2001, 2013 and 2019, protects registered trademarks. The Trademark Office under the National Intellectual Property Administration handles trademark registrations and grants a term of ten years for registered trademarks. Trademark license agreements must be filed with the Trademark Office for record. We hold “汽車之家” and “車之家” (both mean “auto home” in English) and “AUTOHOME®” trademarks in China with each registered under different categories.

*Domain Names.* In September 2002, China Internet Network Information Center, or CNNIC, issued the Implementing Rules for Domain Name Registration (《中國互聯網絡信息中心域名註冊實施細則》), as amended in June 2009 and May 2012, that set forth detailed rules for registration of domain names. On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which came into effect on November 1, 2017 and replaced the original measures promulgated in 2004. The measures regulate the registration of domain names, such as the first tier domain name “.cn.” Pursuant to the Implementing Rules on Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) promulgated by the CNNIC and took into effect on June 18, 2019, the domain name services follow a “first come, first file” principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure. We have registered a number of domain names, including *autohome.com.cn*, *autohome.com* and *che168.com*.

### Regulations on Tax

#### *Enterprise Income Tax*

On December 29, 2018, the Standing Committee of the National People's Congress amended the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), which was issued on March 16, 2007. The Implementing Regulations of the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) was issued on December 6, 2007 and became effective on January 1, 2008 and was revised on April 23, 2019. Under the PRC Enterprise Income Tax Law and its implementation rules, a standard 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions. Non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10% and enterprises established under the laws of foreign countries or regions whose “de facto management bodies” are located in the PRC are considered as PRC resident enterprises, and will generally be subject to enterprise income tax at the rate of 25% of their global income. The Implementing Regulations of the Law of the PRC on Enterprise Income Tax defines “de facto management bodies” as “establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties” of the enterprise.

Pursuant to Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or the SAT Circular 82 issued by SAT in April 2009 and amended in December 2017, an overseas registered enterprise controlled by a PRC company or a PRC company group will be classified as a “resident enterprise” with its “de facto management body” located within China if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations are mainly located in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies located in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (iv) no less than half of the enterprise's directors or senior management with voting rights reside in the PRC. SAT issued additional rules to provide more guidance on the implementation of SAT Circular 82 in July 2011, and issued an amendment to SAT Circular 82 delegating the authority to its provincial branches to determine whether a Chinese-controlled overseas-incorporated enterprise should be considered a PRC resident enterprise, in January 2014. Although the SAT Circular 82, the additional guidance and its amendment only apply to overseas registered enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect SAT's general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners. If our offshore entities are deemed PRC resident enterprises, these entities may be subject to the PRC Enterprise Income Tax Law at the rate of 25% on their global incomes, except that the dividends distributed by our PRC subsidiaries may be exempt from the PRC Enterprise Income Tax Law to the extent such dividends are deemed “dividends among qualified resident enterprises.”

In addition, pursuant to the PRC Enterprise Income Tax Law, Enterprises qualified as “High and New Technology Enterprises”, are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its “High and New Technology Enterprises” status. According to the Announcement of the State Administration of Taxation on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences (Revision 2018) (《企業所得稅優惠政策事項辦理辦法(2018修訂)》), which was promulgated by SAT

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## REGULATIONS

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and came into effect on April 25, 2018, enterprises enjoying enterprise income tax preferences shall adopt the handling methods of “making independent judgment, declaring for enjoyment and retaining the relevant materials for future reference”. An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it satisfies the conditions required for enterprise income tax preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalog for the Administration of Enterprise Income Tax Preferences (Revision 2017) (《企業所得稅優惠事項管理目錄(2017年版)》), and enjoy tax incentives by filing enterprise income tax returns. Meanwhile, they shall, in accordance with the relevant provisions, collect and retain the relevant materials for future reference.

Pursuant to the Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry (《財政部、國家稅務總局關於進一步鼓勵軟件產業和積體電路產業發展企業所得稅政策的通知》) jointly issued by SAT and the Ministry of Finance, or the MOF on April 20, 2012, and the Circular on Issues concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries (《財政部、國家稅務總局、發展改革委、工業和信息化部關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知》) jointly issued by the MOF, the SAT, the NDRC and the MIIT on May 4, 2016, eligible software enterprises which pass annual review and filing by the relevant tax authorities can enjoy exemption of enterprise income tax for the first and second year as calculated from the profit making year or no later than December 31, 2017 if no profit is made prior to that date, and thereafter enjoy half of the statutory rate of 25% for the third through fifth year thereafter until the expiration of the preferential period.

### ***Dividends Withholding Tax***

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the Implementing Regulations of the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》), dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated on August 21, 2006, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such tax arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% from 10% applicable under the EIT Law and the EITIR. However, based on the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by SAT and effective on February 20, 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, in October 2019, SAT promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Treatments (《非居民納稅人享受協定待遇管理辦法》), or the SAT Circular 35, which became effective on January 1, 2020 and superseded the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties promulgated in 2015. The SAT Circular 35 abolished the record-filing procedure for justifying the tax treaty eligibility of taxpayers, and stipulates that non-resident taxpayers can enjoy tax treaty benefits via the “self-assessment of eligibility, claiming treaty benefits, retaining documents for inspection” mechanism. Non-resident taxpayers can

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## REGULATIONS

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claim tax treaty benefits after self-assessment provided that relevant supporting documents shall be collected and retained for post-filing inspection by the tax authorities.

Based on the Notice of the State Administration of Taxation on the Recognition of Beneficial Owners in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which was promulgated by SAT on February 3, 2018 and came into effect on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognized as an beneficial owner to enjoy tax treaty benefits.

### *Value-added Tax and Business Tax*

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 5, 2008, February 6, 2016, November 19, 2017, and the Implementing Rules for the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993 and amended on January 1, 2009 and November 1, 2011, organizations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovable and importation of goods in the PRC shall be taxpayers of Value-added Tax, or the VAT, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, the sale of services, intangible assets or immovable properties and the importation of goods within the territory of the PRC must pay value-added tax.

Since January 1, 2012, the MOF and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業稅改徵增值稅試點方案》), which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions and eventually expanded to nationwide application in 2013. In accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) which was issued by the MOF and the SAT on March 23, 2016 and came into effect on May 1, 2016, the state started to fully implement the pilot change from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax. On November 19, 2017, the Business Tax Regulation was abolished.

On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement of Strengthening Reform of VAT Policies (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), or the Announcement No. 39, which provides certain VAT reduction arrangements. According to the Announcement No. 39, (i) for general VAT payers’ sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9%, respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (iii) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iv) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (v) for the exportation of goods

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## REGULATIONS

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or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement No. 39 came into effect on April 1, 2019 and shall prevail in case of any conflict with existing provisions.

### ***Enterprise Income Tax on Indirect Transfer of Non-Resident Enterprises***

On December 10, 2009, SAT issued the Notice on Strengthening the Administration of Enterprise Income Tax on Equity Transfers of Non-resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》), or the Circular 698. By promulgating and implementing the Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. SAT further issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Notice 7 on February 3, 2015, which replaces certain provisions in the Circular 698. The SAT Notice 7 introduces a new tax regime that is significantly different from that under the Circular 698. The SAT Notice 7 extends its tax jurisdiction to capture not only indirect transfer as set forth under the Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. The SAT Notice 7 also provides clearer criteria than the Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the PRC Enterprise Income Tax Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

On October 17, 2017, SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or the SAT Circular 37, which came into force and replace the Circular 698 and certain provisions in Circular 7 on December 1, 2017 and was partly amended on June 15, 2018. SAT Circular 37, among other things, simplifies the procedures of withholding and payment of income tax levied on non-resident enterprises. Pursuant to SAT Circular 37, where the party responsible for withholding such income tax did not, or was unable to, withhold, and the non-resident enterprise receiving such income failed to declare and pay the taxes that should have been withheld to the relevant tax authority, both of such parties may be subject to penalties.

### **Regulations on Foreign Exchange**

Foreign exchange activities in China are primarily governed by the following regulations:

- Foreign Currency Administration Rules (2008), or the Exchange Rules (《中華人民共和國外匯管理條例》); and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules (《結匯、售匯及付匯管理規定》).

Under the Exchange Rules, if documents certifying the purposes of the conversion of RMB into foreign currency are submitted to the relevant foreign exchange conversion bank, the RMB will be convertible for current account items, including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions. Conversion of RMB for capital

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## REGULATIONS

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account items, such as direct investment, loans, securities investment and repatriation of investment, however, is subject to the approval of, or registration with, SAFE or its local counterpart. Capital investments by PRC entities outside of China, after obtaining the required approvals of, or making filings with, the relevant approval authorities, such as the MOFCOM and the NDRC or their local counterparts, are also required to register with SAFE or its local counterpart.

Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from or being registered with SAFE or its local counterpart.

In utilizing the proceeds we received from our equity offerings, as an offshore holding company with PRC subsidiaries, we may (a) make additional capital contributions to our PRC subsidiaries, (b) establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, (c) make loans to our PRC subsidiaries or VIEs or (d) acquire offshore entities with business operations in China in offshore transactions. However, such use of proceeds are subject to PRC regulations. For example, loans by us to our PRC subsidiaries, each of which is a foreign-invested enterprise, to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches or filed with SAFE in its information system.

On March 30, 2015, SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19 (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which became effective on June 1, 2015. On June 9, 2016, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16 (《國家外匯管理局關於改革和規範資本專案結匯管理政策的通知》), which revised some provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from registered capital denominated in foreign currency of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than the foreign-invested company's affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties. Pursuant to both of SAFE Circular 19 and SAFE Circular 16, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or choose to follow the "conversion-at-will" system for foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will system for foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account, special account for foreign debt or special account for overseas listing into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19 and SAFE Circular 16, therefore, have substantially lifted the restrictions on the usage by a foreign-invested enterprise of its Renminbi registered capital, foreign debt and repatriated funds raised through overseas listing converted from foreign currencies. According to SAFE Circular 19 and SAFE Circular 16, such Renminbi capital, foreign debt and repatriated funds raised through overseas listing may be used at the discretion of the foreign-invested enterprise and SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, it is still not clear whether foreign-invested enterprises like our PRC subsidiaries are allowed to extend intercompany loans to our VIEs. In addition, as SAFE Circular 19 and SAFE Circular 16 were promulgated recently, there remain

substantial uncertainties with respect to the interpretation and implementation of these circulars by relevant authorities.

Moreover, on January 26, 2017, SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance, or the Circular 3 (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》). The Circular 3 stipulates several control measures with respect to the outbound remittance of any profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks should review board resolutions, the original version of tax filing records and audited financial statements before wiring the foreign exchange profit distribution of a foreign-invested enterprise exceeding US\$50,000; and (ii) domestic entities should hold income to make up previous years' losses before remitting the profits to offshore entities. Moreover, pursuant to Circular 3, verification on the genuineness and compliance of foreign direct investments in domestic entities has also been tightened.

On October 23, 2019, SAFE issued the Notice on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the Circular 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments.

### **Regulations on Dividend Distribution**

The principal regulations governing dividend distributions of wholly foreign-owned enterprises include:

- the Companies Law (2005, as amended in 2013 and 2018) (《中華人民共和國公司法》);
- the Foreign Investment Law(2019) (《中華人民共和國外商投資法》);
- the Implementation of the Foreign investment Law(2019) (《中華人民共和國外商投資法實施條例》).

Under these regulations, foreign investors may freely remit into or out of PRC, in Renminbi or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on generated within the territory of PRC.

Wholly foreign-owned enterprises in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, according to PRC Company Law, these wholly foreign-owned enterprises are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital.

### **Regulations on Offshore Investment by PRC Residents**

On July 4, 2014, SAFE promulgated the Notice on Relevant Issues Concerning Foreign Exchange Control of Domestic Residents' Overseas Investment and Financing and Roundtrip Investment through

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## REGULATIONS

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Offshore Special Purpose Vehicles, or SAFE Circular No. 37 (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), which replaced the former Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (generally known as SAFE Circular No. 75) (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE on October 21, 2005.

SAFE Circular No. 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 such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, which is referred to in SAFE Circular No. 37 as a "special purpose vehicle." SAFE Circular No. 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC residents, share transfer or exchange, merger, division or other material events. In the event that a PRC resident holding interests in a special purpose vehicle fails to complete the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Pursuant to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies, or SAFE Circular No. 13 (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by SAFE on February 13, 2015 and came into effect on June 1, 2015, the administrative approvals of foreign exchange registration for direct domestic investment and direct overseas investment were canceled. In addition, SAFE Circular No. 13 simplified the procedures of registration of foreign exchange by allowing investors to register with local banks with respect to the registration of foreign exchange for direct domestic investment and direct overseas investment.

Should there be any PRC residents proposed to become our shareholders in the future, they shall register with the competent local branch of SAFE or relevant banks with respect to their investments in our company as required by SAFE Circular No. 37 or SAFE Circular No. 13 and shall update their registration filings with SAFE or relevant banks when there are any changes that should be registered under SAFE Circular No. 37 or SAFE Circular No. 13.

### **Regulations on Employee Stock Options Plans**

In December 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals (《個人外匯管理辦法》), setting forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. The relevant implementing rules (《個人外匯管理辦法實施細則》) which were issued in January 2007 and further revised in May 2016 by SAFE specified approval requirements for certain capital account transactions, such as a PRC citizen's participation in employee stock ownership plans or share option plans of an overseas publicly listed company. In February 2012, SAFE promulgated the Stock Option Notice (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) that supersedes the requirements and procedures for the registration of PRC resident individuals' participation in stock incentive plans set forth by certain rules (《境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程》) promulgated by SAFE in March 2007. The

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## REGULATIONS

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purpose of the Stock Option Notice is to regulate the foreign exchange administration of PRC resident individuals who participate in employee stock holding plans and share option plans of overseas listed companies.

According to the Stock Option Notice, if a PRC resident individual participates in any employee stock incentive plan of an overseas listed company, a PRC domestic qualified agent appointed through the PRC subsidiary of such overseas listed company must, among other things, file, on behalf of such individual, an application with SAFE or its local counterpart to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or share option exercises. With the approval from SAFE or its local counterpart, the PRC domestic qualified agent shall open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of shares, any dividends issued on the stock and any other income or expenditures approved by SAFE or its local counterpart.

Under the Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》), as amended, the foreign exchange proceeds of domestic entities and individuals can be remitted into China or deposited abroad, subject to the terms and conditions to be issued by SAFE. However, the implementing rules in respect of depositing the foreign exchange proceeds abroad have not been issued by SAFE. The foreign exchange proceeds from the sales of shares can be converted into RMB or transferred to such individuals' foreign exchange savings account after the proceeds have been remitted back to the special foreign exchange account opened at the PRC domestic bank. If share options are exercised in a cashless exercise, the PRC domestic individuals are required to remit the proceeds to special foreign exchange accounts.

Many issues with respect to the Stock Option Notice require further interpretation. We and our PRC employees who participate in an employee stock incentive plan are subject to the Stock Option Notice as we are an overseas listed company. We have registered with the local counterparts of SAFE for our PRC resident employees who participate in our share incentive plans, as required under the Stock Option Notice and relevant rules. If we or our PRC employees fail to comply with the Stock Option Notice, we and our PRC employees may face sanctions imposed by the PRC foreign exchange authority or any other PRC government authorities, including restrictions on foreign currency conversions and additional capital contribution to our PRC subsidiaries.

In addition, the MOF and the SAT has issued circulars concerning employee share options (《財政部、國家稅務總局關於個人股票期權所得徵收個人所得稅問題的通知》). Under these circulars, our employees working in China who exercise share options will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options with relevant tax authorities and withhold the individual income taxes of employees who exercise their share options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities.

### **Regulation on Employment**

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》) and the PRC Labor Contract Law (《中華人民共和國勞動合同法》), employers must execute written labor contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with workplace safety training. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative liabilities.

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## REGULATIONS

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In addition, employers in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

According to the Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011, and was amended on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) effective on January 22, 1999 and amended on March 24, 2019, Regulations on Work Injury Insurance (《工傷保險條例》) implemented on January 1, 2004 and amended on December 20, 2010, Regulations on Unemployment Insurance (《失業保險條例》) promulgated on January 22, 1999 and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, employment injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while employment injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; and where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to the Regulations on the Administration of Housing Fund (《住房公積金管理條例》), which was promulgated by the State Council and became effective on April 3, 1999, and was amended on March 23, 2002 and March 23, 2019, enterprises in the PRC must register with the competent managing center for housing provident funds and upon the examination by such center, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing provident funds. Enterprises are also required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner. Employers that violate these regulations and fail to process housing provident fund payments or deposit registrations with the housing provident fund administration center within a designated period are subject to a fine ranging from RMB10,000 to RMB50,000.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, employment injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice by the General Office of the State Administration of Taxation on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures on Further Support and Serve the Development of Private

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## REGULATIONS

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Economy (《國家稅務總局關於實施進一步支援和服務民營經濟發展若干措施的通知》) promulgated on November 16, 2018 reiterates that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

### **Regulations on Concentration in Merger and Acquisition Transactions**

The M&A Rules established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time- consuming and complex. These rules require, among other things, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings (《國務院關於經營者集中申報標準的規定》) issued by the State Council on August 3, 2008 and amended on September 18, 2018 are triggered. In August 2006, six PRC regulatory agencies, including the CSRC, jointly adopted the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rule (《關於外國投資者併購境內企業的規定》), which became effective in September 2006 and was further amended in June 2009. This M&A Rule purports to require, among other things, offshore special purpose vehicles, formed for listing purposes through acquisition of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval from the CSRC prior to publicly listing their securities on an overseas stock exchange.

## SHARE CAPITAL

### AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company immediately prior to and upon completion of the Global Offering, assuming the Global Offering becomes unconditional and the Offer Shares are issued pursuant to the Global Offering, without taking into account any new Shares issued and reserved for the purpose of our Share Incentive Plans subsequent to the Latest Practicable Date and any allotment and issuance of Shares upon exercise of the Over-allotment Option.

#### Authorized share capital

	Ordinary Shares	Approximate aggregate nominal value of the shares US\$
Authorized share capital . . . . .	400,000,000,000	1,000,000,000

#### Issued, fully paid or credited to be fully paid

	Ordinary Shares	Approximate aggregate nominal value of the shares US\$
Issued share capital as of the Latest Practicable Date <sup>(1)</sup> . . . . .	484,649,200	1,211,623
<i>Shares to be issued under the Global Offering</i> . . . . .	20,194,400	50,486
<i>Shares to be issued upon full exercise of the Over-allotment Option</i> . . . . .	4,544,000	11,360
Issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is fully exercised) . . . . .	509,387,600	1,273,469
Issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) . . . . .	504,843,600	1,262,109

*Note:*

- (1) Including 4,925,460 Shares after the Share Re-designation and Share Subdivision that had been issued and reserved for the purpose of our Share Incentive Plans as of the Latest Practicable Date. Excluding the above item, the Company had 479,723,740 Shares outstanding after the Share Re-designation and Share Subdivision as of the Latest Practicable Date.

### RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date that falls after the date of this document.

### GENERAL MEETINGS

See “Summary of our Constitution and Cayman Company Law” in Appendix III.

### SHARE INCENTIVE PLANS

See “Director and Senior Management—Compensation—Share Incentive Plans.”

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## USE OF PROCEEDS

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We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,943.8 million after deducting estimated underwriting fees and the estimated offering expenses payable by us and based upon maximum Public Offer Price, HK\$251.8 per Offer Share for both Hong Kong Public Offering and International Offering, and assuming the Over-allotment Option is not exercised, or HK\$6,068.9 million if the Over-allotment Option is exercised in full. The Selling Shareholder is expected to receive proceeds of approximately HK\$2,542.4 million based upon maximum Public Offer Price, HK\$251.8 per Offer Share for the International Offering.

The International Offer Price in the International Offering may be higher than, or the same as, the Public Offer Price in the Hong Kong Public Offering. See “Structure of the Global Offering—Stabilization—Pricing and allocation.”

We plan to use the net proceeds we will receive from the Global Offering for the following purposes:

- **Invest in our technology and product development:** We will continue to develop our technological leadership in AI, big data, and cloud, as well as AR- and VR-related technologies, to strengthen user engagement, monetization capabilities and operational efficiencies. Through the massive amount of data we have accumulated, we will also continue to refine our data capabilities and provide best-in-class data SaaS solutions to generate more value for the automotive industry. Approximately HK\$1,483.1 million (representing 30% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.
- **Incubate new businesses:** We will further incubate new businesses, such as Internet of Vehicles and online automotive aftermarket services, to unlock additional growth potential for our future development. We believe through developing products and offerings deeply embedded into the industry’s value chain, we would better address users and customers’ demand and provide solid value to a broad spectrum of industry participants. Approximately HK\$1,483.1 million (representing 30% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.
- **Enhance our domestic and overseas presence and develop an automotive ecosystem:** Exploring geographical expansion to overseas markets is part of our long-term strategy. We have set up two subsidiary companies in the U.K. and Germany, launched an overseas brand platform called YesAuto, and planned to further extend our presence to emerging markets such as Southeast Asia. Domestically, we will continue to selectively explore acquisition or investment opportunities, in businesses, technologies or strategic alliances, to form a strong global automotive ecosystem, like what we have done on TTP, although we have no present commitments or agreements to enter into any acquisitions or investments. Approximately HK\$1,483.1 million (representing 30% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.
- **General corporate purposes:** We will use the remaining proceeds for general corporate purposes, working capital, capital expenditure, and other general and administrative matters. Approximately HK\$494.5 million (representing 10% of the net proceeds, assuming the Over-allotment Option is not exercised) is intended to be used for the above purposes.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or

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## USE OF PROCEEDS

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business conditions change, we may use the proceeds of this offering differently than as described in this document.

We will place the net proceeds from the Global Offering which are not immediately required for the uses described above in short-term, interest-bearing debt instruments or deposits at authorized licensed banks.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited (*in alphabetical order with no ranking assigned*)

Goldman Sachs (Asia) L.L.C. (*in alphabetical order with no ranking assigned*)

Credit Suisse (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

Deutsche Bank AG, Hong Kong Branch

Haitong International Securities Company Limited

China PA Securities (Hong Kong) Company Limited

ABCI Securities Company Limited

### UNDERWRITING

This document is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, we do not agree with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 3,029,200 Hong Kong Offer Shares and the International Offering of initially 27,262,000 International Offer Shares (including 10,096,800 Sale Shares), subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option (in the case of the International Offering).

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this document and the Hong Kong Underwriting Agreement at the Public Offer Price.

Subject to (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued pursuant to the Share Incentive Plans on the Main Board of the Hong Kong Stock Exchange and such approval not having been subsequently revoked prior to the commencement of trading of the Shares on the Hong Kong Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this document and the Hong Kong Underwriting Agreement.

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## UNDERWRITING

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The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

### *Grounds for Termination*

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their absolute discretion and by giving notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market or the Hong Kong Stock Exchange or other relevant exchanges;
- (b) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market;
- (c) a material disruption in securities settlement, payment or clearance services in the Cayman Islands, the PRC, Hong Kong or the United States shall have occurred; or
- (d) any moratorium on commercial banking activities shall have been declared by United States Federal, New York State, the PRC, Hong Kong or the Cayman Islands authorities; or
- (e) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets, currency exchange rates or controls, any calamity or crisis or any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national, regional or international emergency or war, acts of war, acts of God, acts of terrorism or economic sanctions) that, in the reasonable judgment of the Joint Representatives, is material and adverse and which, singly or together with any other event specified in this paragraph, makes it, in the reasonable judgment of the Joint Representatives, impracticable to proceed with the offer, sale or delivery of the Offer Shares on the terms and in the manner contemplated in this document, the registration statement, the general disclosure package and the final prospectus to be filed or issued by us in connection with the International Offering; or
- (f) there shall have occurred an event that may or is likely to result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole.

### *Undertakings Pursuant to the Hong Kong Underwriting Agreement*

Except for (i) the issue, offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to Over-Allotment Option), (ii) the grant or issue of securities pursuant to the terms of the Share Incentive Plans, (iii) any capitalization issue, capital reduction or consolidation or sub-division of the Shares, and (iv) any repurchase of securities pursuant to any share repurchase programs existing on the date of the Hong Kong Underwriting Agreement, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is 90 days after the Listing Date (the “**Lock-up Period**”), the Company has undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Joint Sponsors not to, without the prior written

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## UNDERWRITING

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consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) offer, allot, issue, sell, pledge, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or ADSs or any securities convertible into or exchangeable or exercisable for or that represent the right to receive, any Shares or ADSs or other securities of the Company, or deposit any Shares or other securities of the Company, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or ADSs or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive any Shares or ADSs or other securities of the Company); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) and (b) above; or
- (d) offer to or contract to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) and (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) and (c) above is to be settled by delivery of Shares or ADSs or other securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or ADSs or other shares or securities will be completed within the Lock-up Period).

### **International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with the Joint Representatives (for themselves and on behalf of the International Underwriters) and the Selling Shareholder on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. The International Offering will consist of a U.S. offering and a non-U.S. offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “Structure of the Global Offering – The International Offering.”

#### ***Over-allotment Option***

We expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which we may be required to allot and issue up to 4,544,000 additional Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the International Offer Price, to cover over-allocations in the International Offering, if any. See “Structure of the Global Offering – The International Offering – Over-allotment Option.”

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## UNDERWRITING

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### Commissions and expenses

The Underwriters will receive an underwriting commission equal to 1.5% of the aggregate offer price of all the Offer Shares (including any Offer Shares to be issued by us pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and fees together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy and the Hong Kong Stock Exchange trading fee, SEC registration fees, legal and other professional fees and printing and all other expenses relating to the offering are estimated to be up to approximately RMB118.8 million (assuming an indicative maximum offer price of HK\$251.8 per Offer Share for both Hong Kong Public Offering and International Offering and the exercise of the Over-allotment Option in full) and will be paid by our Company. The Selling Shareholder shall bear, and be responsible for the payment of, the underwriting fees, the Hong Kong Stock Exchange trading fee, SFC transaction levy and SEC registration fee corresponding to the Sale Shares, and we shall bear other listing expenses.

### ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/

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## UNDERWRITING

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or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated. It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilization Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, commercial banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

### **LOCK-UP UNDERTAKING BY THE SELLING SHAREHOLDER**

The Selling Shareholder has agreed with the Hong Kong Underwriters and International Underwriters that, it will not, during the period beginning on the Listing Date and ending on the date that is 90 days after the Listing Date, without the prior written consent of the Joint Representatives, among other things: (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any ADSs or Shares or any securities convertible into or exercisable or exchangeable for ADSs or Shares (including without limitation, ADSs or Shares or such other securities which may be deemed to be beneficially owned by a lock-up party in accordance with the rules and regulations of the U.S. Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the ADSs or Shares or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of ADSs or Shares or such other securities, in cash or otherwise or (3) make any demand for or exercise any

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## UNDERWRITING

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right with respect to the registration of any ADSs or Shares or any security convertible into or exercisable or exchangeable for ADSs or Shares. The restrictions described in the immediately preceding paragraph do not apply to, among other items:

- transfers of ADSs or Shares or such other securities as a bona fide gift or gifts or by testate succession or intestate distribution;
- any ADSs or Shares acquired by a lock-up party in the open market;
- the exercise of stock options or other similar awards granted pursuant to our equity incentive plans, as described herein; provided that the terms of the lock-up agreement shall apply to any ADSs or Shares of a lock-up party issued upon such exercise;
- any Shares or such other securities that are used for the primary purpose of satisfying any tax or other governmental withholding obligation, through cashless surrender or otherwise, with respect to any award or equity-based compensation granted pursuant to our equity incentive plans, as described herein, or in connection with tax or other obligations as a result of testate succession or intestate distribution;
- transfers to immediate family member or members of a lock-up party, or to a trust, the direct or indirect beneficiaries of which are a lock-up party and/or a member or members of his immediate family;
- transfers of Shares or any security convertible into or exercisable or exchangeable for Shares to us pursuant to any contractual arrangement that provides for the repurchase of the lock-up party's Shares or such other securities by us or in connection with the termination of the lock-up party's employment with us or the lock-up party's failure to meet certain conditions set out upon receipt of such Shares or other such securities;
- distributions of ADSs, Shares or such other securities to limited partners, where applicable, members or shareholders of the lock-up parties or to any corporation, partnership or other person or entity that is a direct or indirect affiliate of the lock-up party;
- where applicable, any Shares loaned to the Stabilization Manager pursuant to the Stock Borrowing Agreement; and
- any transfers, sales, tenders or other dispositions of Shares or any security convertible into or exercisable or exchangeable for Shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all holders of Shares or such other securities pursuant to which one hundred percent (100%) of our ownership is transferred to such third party (including, without limitation, the entering into any lock-up, voting or similar agreement pursuant to which the lock-up party may agree to transfer, sell, tender or otherwise dispose of Shares or other such securities in connection with such transaction, or vote any Shares or other such securities in favor of any such transaction); provided that such tender offer merger, amalgamation, consolidation or other similar transaction is completed.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited and Goldman Sachs (Asia) L.L.C. (*in alphabetical order with no ranking assigned*) and Credit Suisse (Hong Kong) Limited are the Joint Representatives of the Global Offering.

The listing of the Shares on the Main Board of the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on our behalf to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued or sold as mentioned in this document.

30,291,200 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 3,029,200 New Shares (subject to adjustment) in Hong Kong as described in “Hong Kong Public Offering” below; and
- (b) the International Offering of initially 27,262,000 Shares (including 10,096,800 Sale Shares) (subject to adjustment and the Over-allotment Option) pursuant to the shelf registration statement on Form F-3 that was filed with the SEC and became effective on March 2, 2021, the preliminary prospectus supplement filed with the SEC on March 2, 2021 and the final prospectus supplement to be filed with the SEC on or about March 9, 2021.

Investors may either:

- (a) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (b) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 6.0% of the total number of Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of share options or other awards that have been or may be granted from time to time. If the Over-allotment Option is exercised in full, the Offer Shares (including the Shares issued pursuant to the Over-allotment Option) will represent approximately 6.84% of the total number of Shares in issue immediately following the completion of the Global Offering and the full exercise of the Over-allotment Option (without taking into account the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of share options or other awards that have been or may be granted from time to time).

References in this document to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares Initially Offered

We are initially offering 3,029,200 Shares for subscription by the public in Hong Kong at the Public Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong

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## STRUCTURE OF THE GLOBAL OFFERING

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Kong Public Offering, will represent approximately 0.6% of the total number of Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of share options or other awards that have been or may be granted from time to time).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “Conditions of the Global Offering” below.

### **Allocation**

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering.

The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Public Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,514,600 Hong Kong Offer Shares is liable to be rejected.

### **Reallocation**

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the

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## STRUCTURE OF THE GLOBAL OFFERING

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number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

Where the Offer Shares under the International Offering are fully subscribed or oversubscribed and if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents: (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 9,087,600 Offer Shares (in the case of (a)), 12,116,800 Offer Shares (in the case of (b)) and 15,146,000 Offer Shares (in the case of (c)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate.

Where the International Offer Shares are undersubscribed and:

- (a) if the Hong Kong Offer Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of the Prospectus, the Application Form and the Underwriting Agreements; and
- (b) if the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 3,029,200 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will increase to 6,058,400 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In addition, the Joint Representatives may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may be reallocated between these offerings at the discretion of the Joint Representatives. In accordance with the Guidance Letter HKEX-GL91-18 issued by the Hong Kong Stock Exchange, if such reallocation is done other than pursuant to the clawback mechanism above, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e., 6,058,400 Shares, representing approximately 20% of the total number of Offer Shares initially available under the Global Offering).

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## STRUCTURE OF THE GLOBAL OFFERING

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### **Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Public Offer Price of HK\$251.8 per Offer Share in addition to the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$25,433.74 for one board lot of 100 Shares. If the Public Offer Price, as finally determined in the manner described in "Pricing and Allocation" is less than the maximum Public Offer Price of HK\$251.8 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares."

### **THE INTERNATIONAL OFFERING**

#### **Number of Offer Shares Initially Offered**

The International Offering will consist of an offering of initially 27,262,000 Offer Shares (including 10,096,800 Sale Shares), representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to adjustment and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 5.4% of the total number of Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of share options or other awards that have been or may be granted from time to time).

#### **Allocation**

The International Offering will include U.S. offering of Offer Shares in the United States as well as non-U.S. offering to institutional and professional and other investors in other jurisdictions outside the United States. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "Pricing and Allocation" and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application

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## STRUCTURE OF THE GLOBAL OFFERING

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under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

### **Reallocation**

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “Hong Kong Public Offering—Reallocation”, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

### **Over-allotment Option**

In connection with the Global Offering, we expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to 4,544,000 additional Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the International Offer Price under the International Offering, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.89% of the total number of Shares in issue immediately following the completion of the Global Offering without taking into account the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of share options or other awards that have been or may be granted from time to time. If the Over-allotment Option is exercised, an announcement will be made.

### **STABILIZATION**

Underwriters use stabilization in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which the stabilization is effected is not permitted to exceed the Public Offer Price.

In connection with the Global Offering, the Stabilization Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date in the Hong Kong market.

However, there is no obligation on the Stabilization Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken: (a) will be conducted at the absolute discretion of the Stabilization Manager (or any person acting for it) and in what the Stabilization Manager reasonably regards as our best interest; (b) may be discontinued at any time; and (c) is

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## STRUCTURE OF THE GLOBAL OFFERING

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required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering. The Company will not, and will cause its affiliates or any of its or its affiliates' respective directors, officers, employees, or any person acting on its behalf or on behalf of any of the foregoing persons not to, conduct any stabilizing action.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes: (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares; (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraphs (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and (f) offering or attempting to do anything as described in paragraphs (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilization Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilization Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Thursday, April 8, 2021, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Public Offer Price by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Public Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

In addition, stabilization transactions with respect to the ADSs may be effected by one of the Underwriters or its affiliates before the listing of the Shares on the Hong Kong Stock Exchange in accordance with applicable laws and regulations.

### **Over-allocation**

Following any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilization Manager (or any

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## STRUCTURE OF THE GLOBAL OFFERING

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person acting for it) in the secondary market at prices that do not exceed the Public Offer Price or through the Stock Borrowing Agreement as detailed below, or through a combination of these means.

### Stock Borrowing Agreement

To cover any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager may choose to borrow up to 4,544,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Yun Chen pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilization Manager and Yun Chen on or about the Price Determination Date for the sole purpose of covering any short position before the exercise of the Over-allotment Option.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements in Hong Kong. No payment will be made to Yun Chen by the Stabilization Manager (or any person acting for it) in relation to such Shares borrowing arrangement.

### Pricing and Allocation

#### *Determining the Offer Price*

We will determine the pricing for the Offer Shares for the purpose of the various offerings under the Global Offering on the Price Determination Date, which is expected to be on or about Tuesday, March 9, 2021 and, in any event, no later than Wednesday, March 10, 2021, by agreement with the Joint Representatives (for themselves and on behalf of the Underwriters), and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

We will determine the Public Offer Price by reference to, among other factors, the closing price of the ADSs on the New York Stock Exchange on the last trading day on or before the Price Determination Date, and the Public Offer Price will not be more than HK\$251.8 per Hong Kong Offer Share. The historical prices of our ADSs and trading volume on the New York Stock Exchange are set out below.

Period	High	Low	ADTV
	US\$	US\$	ADSs <sup>(1)</sup>
Fiscal year of 2020	105.89	63.71	547,635.92
Fiscal year of 2021 (up to the Latest Practicable Date)	137.92	97.75	727,724.95

*Note:*

(1) Average daily trading volume (the “ADTV”) represents daily average number of our ADSs traded over the relevant period.

Applicants under the Hong Kong Public Offering must pay, on application, the maximum Public Offer Price of HK\$251.8 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, amounting to a total of HK\$25,433.74 for one board lot of 100 Shares.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the New York Stock Exchange on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this document; and/or (b) we believe that it is in its best interest as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the book-building process.

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## STRUCTURE OF THE GLOBAL OFFERING

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If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. Under no circumstances will we set the Public Offer Price above the maximum Public Offer Price as stated in this document or the International Offer Price.

We reserve the right not to proceed with the Hong Kong Public Offering or the International Offering on or at any time until the Price Determination Date if, for any reason, including as a result of volatility in the price of our ADSs or other changes in market conditions, we do not agree with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Wednesday, March 10, 2021.

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with our consent, reduce the number of Offer Shares offered below as stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on our website and the website of the Hong Kong Stock Exchange at <http://ir.autohome.com.cn/> and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, notices of the reduction.

Upon the issue of such a notice, the revised number of Offer Shares will be final. If the number of Offer Shares is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications, unless positive confirmations from the applicants to proceed are received.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this document, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced.

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares—Publication of Results."

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## STRUCTURE OF THE GLOBAL OFFERING

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### UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, our agreeing with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in “Underwriting.”

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of share options or other awards that have been or may be granted from time to time, on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the pricing of the Offer Shares having been agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and us;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days from the date of this document.

If, for any reason, we do not agree with the Joint Representatives (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares on or before Wednesday, March 10, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us on our website and the website of the Hong Kong Stock Exchange at <http://ir.autohome.com.cn/> and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, on

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## STRUCTURE OF THE GLOBAL OFFERING

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the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares—Refund of application monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Monday, March 15, 2021, provided that the Global Offering has become unconditional in all respects at or before that time.

### DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, March 15, 2021, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Monday, March 15, 2021.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 2518.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### IMPORTANT NOTICE TO INVESTORS:

#### FULLY ELECTRONIC APPLICATION PROCESS

*We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this document or any printed copies of any application forms for use by the public.*

*This document is available at the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at <http://ir.autohome.com.cn>. If you require a printed copy of this document, you may download and print from the website addresses above.*

*The contents of the electronic version of the document are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.*

*Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.*

*If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.*

*If you have any questions about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8600 from 9:00 a.m. to 9:00 p.m. on Thursday, March 4, 2021, Friday, March 5, 2021 and Monday, March 8, 2021, from 9:00 a.m. to 12:00 noon on Tuesday, March 9, 2021 and from 9:00 a.m. to 6:00 p.m. on Saturday, March 6, 2021 and Sunday, March 7, 2021.*

#### APPLICATIONS FOR THE HONG KONG OFFER SHARES

##### How to Apply

*We will not provide any printed application forms for use by the public.*

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
  - (a) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
  - (b) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(a) or (2)(b) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

### **Who can Apply**

#### ***Eligibility for the Application***

You can apply for the Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- (a) are 18 years of age or older; and
- (b) have a Hong Kong address.

If an application is made by a person under a power of attorney, we and the Joint Representatives may accept it at their discretion, and on any conditions we think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Hong Kong Listing Rules or any relevant waivers that have been granted by the Hong Kong Stock Exchange (details of the relevant waivers are set out in "Waivers and Exemptions—Subscription For Shares By Existing Shareholders", you cannot apply for any Hong Kong Offer Shares if:

- (a) you are an existing beneficial owner of Shares and/or a substantial shareholder of any of the Company's subsidiaries;
- (b) you are the Company's director or chief executive and/or a director or chief executive officer of its subsidiaries;
- (c) you are a close associate of any of the above persons;
- (d) you are a core connected person of the Company or a person who will become a core connected person of the Company immediately upon the completion of the Global Offering; or
- (e) you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

#### ***Items Required for the Application***

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- (a) have a valid Hong Kong identity card number; and
- (b) provide a valid e-mail address and a contact telephone number.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you are applying for the Hong Kong Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

### Terms and Conditions of an Application

By applying through the application channels specified in this document you:

- (a) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as their agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (b) agree to comply with the Company's Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Act;
- (c) confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- (d) confirm that you have received and read this document and have relied only on the information and representations in this document in making your application and will not rely on any other information or representations, except those in any supplement to this document;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this document;
- (f) agree that none of the Company, the Relevant Persons and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this document (and any supplement to this document);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- (h) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data that any of them may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither the Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this document;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong;
- (l) warrant that the information you have provided is true and accurate;
- (m) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (n) authorize (i) the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you

## HOW TO APPLY FOR HONG KONG OFFER SHARES

and such other registers as required under the Company's Memorandum and Articles of Association and (ii) the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "—Personal Collection" below to collect the Share certificate(s) and/or refund check(s) in person;

- (o) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (p) understand that the Company, its directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (q) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (r) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### Minimum Application Amount and Permitted Numbers

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$
100	25,433.74	2,000	508,674.78	25,000	6,358,434.72	800,000	203,469,910.88
200	50,867.48	2,400	610,409.74	30,000	7,630,121.66	1,000,000	254,337,388.60
300	76,301.22	2,800	712,144.69	35,000	8,901,808.60	1,200,000	305,204,866.32
400	101,734.96	3,200	813,879.65	40,000	10,173,495.54	1,400,000	356,072,344.04
500	127,168.70	3,600	915,614.59	45,000	11,445,182.49	1,514,600 <sup>(1)</sup>	385,219,408.77
600	152,602.43	4,000	1,017,349.55	50,000	12,716,869.43		
700	178,036.17	5,000	1,271,686.94	60,000	15,260,243.32		
800	203,469.91	6,000	1,526,024.33	70,000	17,803,617.20		
900	228,903.65	7,000	1,780,361.72	80,000	20,346,991.09		
1,000	254,337.39	8,000	2,034,699.11	90,000	22,890,364.97		
1,200	305,204.87	9,000	2,289,036.50	100,000	25,433,738.86		
1,400	356,072.35	10,000	2,543,373.89	200,000	50,867,477.72		
1,600	406,939.82	15,000	3,815,060.83	400,000	101,734,955.44		
1,800	457,807.30	20,000	5,086,747.77	600,000	152,602,433.16		

*Note:*

(1) Maximum number of Hong Kong Offer Shares you may apply for.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### **Applying through the White Form eIPO Service**

#### ***General***

Individuals who meet the criteria in “—Who can apply” above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited at +852 2862 8600 which is available from 9:00 a.m. to 9:00 p.m. on Thursday, March 4, 2021, Friday, March 5, 2021 and Monday, March 8, 2021, and from 9:00 a.m. to 12:00 noon on Tuesday, March 9, 2021 and from 9:00 a.m. to 6:00 p.m. on Saturday, March 6, 2021 and Sunday, March 7, 2021.

#### ***Time for Submitting Applications under the White Form eIPO Service***

You may submit your application through the **White Form eIPO** service through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, March 4, 2021 until 11:30 a.m. on Tuesday, March 9, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, March 9, 2021, the last day for applications, or such later time as described in “Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists” below.

#### ***Commitment to Sustainability***

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Autohome Inc.” **White Form eIPO** application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support sustainability.

### **Applying through CCASS EIPO Service**

#### ***General***

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Sponsors, the Joint Representatives and the Hong Kong Share Registrar.

### *Applying through CCASS EIPO Service*

Where you have applied through **CCASS EIPO** service (either indirectly through a **broker or custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document; and
- (b) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant’s stock account on your behalf or your CCASS Investor Participant’s stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
  - *(if the electronic application instructions are given for your benefit)* declare that only one set of **electronic application instructions** has been given for your benefit;
  - *(if you are an agent for another person)* declare that you have only given one set of **electronic application instructions** for the other person’s benefit and are duly authorized to give those instructions as its agent;
  - confirm that you understand that the Company, its directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
  - authorize the Company to place HKSCC Nominees’ name on its register of members as the holder of the Hong Kong Offer Shares allocated to you, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;
  - confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
  - confirm that you have received and read this document and have relied only on the information and representations in this document in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this document;
  - agree that neither the Company nor any of the Relevant Persons is or will be liable for any information and representations not in this document (and any supplement to this document);

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company's agreement that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the results of the Hong Kong Public Offering;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with its Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Act; and
- agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong.

### *Effect of Applying through CCASS EIPO Service*

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- (a) instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (b) instructed and authorized HKSCC to arrange payment of the maximum Public Offer Price, brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Public Offer Price is less than the maximum Public Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- (c) instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

### *Time for Inputting Electronic Application Instructions<sup>(1)</sup>*

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

**Thursday, March 4, 2021 – 9:00 a.m. to 8:30 p.m.**

**Friday, March 5, 2021 – 8:00 a.m. to 8:30 p.m.**

**Monday, March 8, 2021 – 8:00 a.m. to 8:30 p.m.**

**Tuesday, March 9, 2021 – 8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, March 4, 2021 until 12:00 noon on Tuesday, March 9, 2021 (24 hours daily, except on Tuesday, March 9, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, March 9, 2021, the last day for applications, or such later time as described in “Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists” below.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

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*Note:*

- (1) The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

### *Personal Data*

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

### *Personal Information Collection Statement*

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### ***Reasons for the Collection of your Personal Data***

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

### ***Purposes***

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- (a) processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;
- (b) compliance with applicable laws and regulations in Hong Kong and elsewhere;
- (c) registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- (d) maintaining or updating the Company's register of members;
- (e) verifying identities of the holders of the Company's Shares;
- (f) establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- (g) distributing communications from the Company and its subsidiaries;
- (h) compiling statistical information and profiles of the holder of the Company's Shares;
- (i) disclosing relevant information to facilitate claims on entitlements; and
- (j) any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

### ***Transfer of Personal Data***

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- (a) the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (b) where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- (c) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- (d) the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- (e) any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

### *Retention of Personal Data*

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

### *Access to and Correction of Personal Data*

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in "Corporate Information" or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

## WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Company, the Relevant Persons, the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, March 9, 2021.

## HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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All of your applications will be rejected if more than one application through the **CCASS eIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an unlisted company makes an application and:

- (a) the principal business of that company is dealing in securities; and
- (b) you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Hong Kong Stock Exchange.

“**Statutory control**” means you:

- (a) control the composition of the board of directors of the company;
- (b) control more than half of the voting power of the company; or
- (c) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Public Offer Price is HK\$251.8 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 100 Hong Kong Offer Shares, you will pay HK\$25,433.74.

You must pay the maximum Public Offer Price, together with brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS eIPO** service in respect of a minimum of 100 Hong Kong Offer Shares. If you make an **electronic application instruction** for more than 100 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in “How To Apply for Hong Kong Offer Shares—Applications for the Hong Kong Offer Shares—Minimum application amount and permitted numbers.”

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Hong Kong Listing Rules), and the SFC transaction levy and the Hong Kong Stock Exchange trading fee will be paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For further details on the Public Offer Price, see “Structure of the Global Offering—Pricing and Allocation.”

### EFFECT OF BAD WEATHER AND EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, March 9, 2021. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, March 9, 2021 or if there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” the Company will make an announcement on its website at <http://ir.autohome.com.cn> and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

### PUBLICATION OF RESULTS

The Company expects to announce the pricing of the Offer Shares on Friday, March 12, 2021 on its website at <http://ir.autohome.com.cn> and on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Company expects to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Friday, March 12, 2021 on its website at <http://ir.autohome.com.cn> and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- (a) in the announcement to be posted on the Company’s website and the website of the Hong Kong Stock Exchange at <http://ir.autohome.com.cn> and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, by no later than Friday, March 12, 2021;
- (b) from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID function” on a 24 hour basis from 8:00 a.m. on Friday, March 12, 2021 to 12:00 midnight on Thursday, March 18, 2021; and
- (c) from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, March 12, 2021 and from Monday, March 15, 2021 to Wednesday, March 17, 2021.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If the Company accepts your offer to purchase (in whole or in part), which the Company may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### **CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE HONG KONG OFFER SHARES**

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

#### ***If your Application is Revoked:***

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- (a) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document; or
- (b) if any supplement to this document is issued, in which case the Company will notify applicants who have already submitted an application that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

#### ***If the Company or its Agents Exercise their Discretion to Reject your Application:***

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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*If:*

- (a) you make multiple applications or are suspected of making multiple applications;
- (b) you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Hong Kong Offer Shares and the International Offer Shares;
- (c) your payment is not made correctly;
- (d) your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk);
- (e) you apply for more than 1,514,600 Hong Kong Offer Shares, being 50% of the 3,029,200 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- (f) the Company or the Joint Representatives believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or
- (g) the Underwriting Agreements do not become unconditional or are terminated.

### REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Public Offer Price as finally determined is less than the maximum Public Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in “Structure of the Global Offering—Conditions of the Global Offering” are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Friday, March 12, 2021.

### DESPATCH/COLLECTION OF SHARE CERTIFICATES/E-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

The Company will not issue temporary document of title in respect of the Offer Shares. The Company will not issue receipt for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund checks as mentioned below, any refund checks and Share certificate(s) are expected to be posted on or before Friday, March 12, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, March 15, 2021, provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination described in “Underwriting” has not been exercised.

Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *Personal Collection*

If you apply through **White Form eIPO** service:

- (a) If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, March 12, 2021, or any other place or date notified by the Company.
- (b) If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.
- (c) If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, March 12, 2021 by ordinary post and at your own risk.
- (d) If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

If you apply through CCASS EIPO service:

### *Allocation of the Hong Kong Offer Shares*

- (a) For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

### *Deposit of Share Certificates into CCASS and Refund of Application Monies*

- (a) If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, March 12, 2021 or on any other date determined by HKSCC or HKSCC Nominees.
- (b) The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "—Publication of results" above on Friday, March 12, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, March 12, 2021 or such other date as determined by HKSCC or HKSCC Nominees.
- (c) If you have instructed your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (d) If you have applied as a CCASS Investor Participant, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, March 12, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- (e) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Public Offer Price and the maximum Public Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, March 12, 2021.

### ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

The Company has made all necessary arrangements to enable the Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AUTOHOME INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND GOLDMAN SACHS (ASIA) L.L.C. (IN ALPHABETICAL ORDER WITH NO RANKING ASSIGNED), AND CREDIT SUISSE (HONG KONG) LIMITED**

***Introduction***

We report on the historical financial information of Autohome Inc. (the "Company"), its subsidiaries and variable interest entities (together, the "Group") set out on pages I-3 to I-59, which comprises the consolidated balance sheets as of December 31, 2018, 2019 and 2020, and the consolidated statements of comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in shareholders' equity for each of the years ended December 31, 2018, 2019 and 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated March 4, 2021 (the "Prospectus") in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

***Directors' responsibility for the Historical Financial Information***

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

***Reporting accountant's responsibility***

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Opinion***

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the consolidated financial position of the Group as of December 31, 2018, 2019 and 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

### **Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

### ***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on page I-3 have been made.

### ***Dividends***

We refer to Note 21 to the Historical Financial Information which contains information about the dividends paid by Autohome Inc. in respect of the Track Record Period.

**PricewaterhouseCoopers**  
Certified Public Accountants  
Hong Kong, March 4, 2021

**I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Historical Financial Information in this report was prepared by the directors of the Company based on the previously issued financial statements of the Group for the Track Record Period ("Historical Financial Statements"). The Historical Financial Statements were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB").

The Historical Financial Information is presented in Renminbi ("RMB") and United States Dollars ("US\$"). All values are rounded to the nearest thousand except when otherwise indicated.

**CONSOLIDATED BALANCE SHEETS**

(in thousands except for number of shares and per share data)

		December 31,			
	Note	2018	2019	2020	
		RMB	RMB	RMB	US\$
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents . . . . .		211,970	1,988,298	1,751,222	268,387
Short-term investments . . . . .		9,849,488	10,806,812	12,878,176	1,973,667
Accounts receivable (net of allowance for doubtful accounts of RMB3,589, RMB33,989 and RMB128,199 (US\$19,647) as of December 31, 2018, 2019 and 2020, respectively) . . . . .	4	2,795,835	3,231,486	3,124,197	478,804
Amounts due from related parties, current . . . . .	12	34,047	29,501	47,303	7,250
Prepaid expenses and other current assets . . . . .	5	249,977	302,285	563,182	86,311
<b>Total current assets . . . . .</b>		<b>13,141,317</b>	<b>16,358,382</b>	<b>18,364,080</b>	<b>2,814,419</b>
<b>Non-current assets:</b>					
Restricted cash . . . . .	2.8	5,000	5,200	17,926	2,747
Property and equipment, net . . . . .	7	170,198	281,773	410,081	62,848
Intangible assets, net . . . . .	8, 19	39,404	27,746	440,421	67,497
Goodwill . . . . .	19	1,504,278	1,504,278	4,071,391	623,968
Long-term investments . . . . .	9	70,979	71,664	70,418	10,792
Amounts due from related parties, non-current . . . .	12	2,041	4,509	18,163	2,784
Deferred tax assets . . . . .	6	90,179	27,782	79,661	12,209
Other non-current assets . . . . .	10	732,805	874,531	258,704	39,647
<b>Total non-current assets . . . . .</b>		<b>2,614,884</b>	<b>2,797,483</b>	<b>5,366,765</b>	<b>822,492</b>
<b>Total assets . . . . .</b>		<b>15,756,201</b>	<b>19,155,865</b>	<b>23,730,845</b>	<b>3,636,911</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Accrued expenses and other payables . . . . .	11	2,439,948	2,417,438	2,577,709	395,051
Advance from customers . . . . .		75,017	95,636	127,235	19,500
Deferred revenue . . . . .		1,510,726	1,370,953	1,315,667	201,635
Income tax payable . . . . .		119,210	45,489	85,177	13,054
Amounts due to related parties . . . . .	12	19,868	36,387	79,895	12,244

## CONSOLIDATED BALANCE SHEETS—continued

(in thousands except for number of shares and per share data)

	Note	December 31,			
		2018	2019	2020	
		RMB	RMB	RMB	US\$
<b>Total current liabilities</b>					
(including current liabilities of consolidated VIEs without recourse to Autohome WFOE , Chezhiying WFOE or TTP WFOE of RMB276,569, RMB193,303 and RMB602,990 (US\$92,412) as of December 31, 2018, 2019 and 2020, respectively) . . . . .		<u>4,164,769</u>	<u>3,965,903</u>	<u>4,185,683</u>	<u>641,484</u>
<b>Non-current liabilities:</b>					
Other liabilities . . . . .	6, 2(t)	24,068	45,534	104,861	16,071
Deferred tax liabilities . . . . .	6, 19	<u>455,921</u>	<u>538,487</u>	<u>631,509</u>	<u>96,783</u>
<b>Total non-current liabilities</b>					
(including non-current liabilities of consolidated VIEs without recourse to Autohome WFOE , Chezhiying WFOE or TTP WFOE of RMB27,015, RMB19,504 and RMB11,731 (US\$1,797) as of December 31, 2018, 2019 and 2020, respectively) . . . . .		<u>479,989</u>	<u>584,021</u>	<u>736,370</u>	<u>112,854</u>
<b>Total liabilities</b>					
(including total liabilities of consolidated VIEs without recourse to Autohome WFOE , Chezhiying WFOE or TTP WFOE of RMB303,584, RMB212,807 and RMB 614,721 (US\$94,209) as of December 31, 2018, 2019 and 2020, respectively) . . . . .		<u>4,644,758</u>	<u>4,549,924</u>	<u>4,922,053</u>	<u>754,338</u>
<b>Commitments and contingencies</b> . . . . .	13				
<b>Mezzanine equity:</b>					
Convertible redeemable noncontrolling interests . .	19	—	—	1,056,237	161,875
<b>Shareholders' equity:</b>					
Ordinary shares (par value of US\$0.0025 per share; 400,000,000,000 ordinary shares authorized; 472,225,380, 475,706,748 and 479,219,628 ordinary shares issued and outstanding, as of December 31, 2018, 2019 and 2020, respectively) (Note) . . . . .	15, 23	7,969	8,029	8,089	1,240
Additional paid-in capital . . . . .		3,500,620	3,774,373	4,089,763	626,784
Accumulated other comprehensive income . . . . .		128,375	148,415	62,295	9,547
Retained earnings . . . . .		<u>7,498,314</u>	<u>10,698,280</u>	<u>13,465,587</u>	<u>2,063,691</u>
<b>Total Autohome Inc. shareholders' equity</b> . . . .		<u>11,135,278</u>	<u>14,629,097</u>	<u>17,625,734</u>	<u>2,701,262</u>
<b>Noncontrolling interests</b> . . . . .	19	<u>(23,835)</u>	<u>(23,156)</u>	<u>126,821</u>	<u>19,436</u>
<b>Total equity</b> . . . . .		<u>11,111,443</u>	<u>14,605,941</u>	<u>17,752,555</u>	<u>2,720,698</u>
<b>Total liabilities, mezzanine equity and equity</b> . .		<u>15,756,201</u>	<u>19,155,865</u>	<u>23,730,845</u>	<u>3,636,911</u>

Note: Par value per share and the number of shares have been retrospectively adjusted for the Share Subdivision and the ADS Ratio Change that were effective on February 5, 2021 as detailed in Note 2.1 and Note 23.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands except for number of shares and per share data)

	Note	Year ended December 31,			
		2018	2019	2020	
		RMB	RMB	RMB	US\$
<b>Net revenues:</b>					
Media services .....		3,508,254	3,653,767	3,455,056	529,510
Leads generation services .....		2,870,996	3,275,544	3,198,832	490,242
Online marketplace and others .....		853,901	1,491,440	2,004,671	307,229
<b>Total net revenues</b>					
(including related party transactions of RMB473,590, RMB447,350 and RMB621,845 (US\$95,302) for the years ended December 31, 2018, 2019 and 2020, respectively) .....		7,233,151	8,420,751	8,658,559	1,326,981
<b>Cost of revenues</b>					
(including related party transactions of RMB24,771, RMB41,591 and RMB61,566 (US\$9,435) for the years ended December 31, 2018, 2019 and 2020, respectively) .....	14	(820,288)	(960,292)	(961,170)	(147,306)
<b>Gross profit</b> .....		6,412,863	7,460,459	7,697,389	1,179,675
<b>Operating expenses:</b>					
Sales and marketing expenses .....		(2,435,236)	(3,093,345)	(3,246,507)	(497,549)
General and administrative expenses (including provision for doubtful accounts of RMB2,215, RMB36,676 and RMB95,683 (US\$14,664) for the years ended December 31, 2018, 2019 and 2020, respectively) .....		(314,846)	(317,967)	(381,843)	(58,520)
Product development expenses .....		(1,135,247)	(1,291,054)	(1,364,227)	(209,077)
<b>Total operating expenses</b>					
(including related party transactions of RMB74,302, RMB67,810 and RMB99,763 (US\$15,289) for the years ended December 31, 2018, 2019 and 2020, respectively) .....		(3,885,329)	(4,702,366)	(4,992,577)	(765,146)
Other income, net .....	2.28	341,391	477,699	443,215	67,926
<b>Operating profit</b> .....		2,868,925	3,235,792	3,148,027	482,455
Interest income (including related party transactions of RMB50,968, RMB47,459 and RMB63,558 (US\$9,741) for the years ended December 31, 2018, 2019 and 2020, respectively) .....		358,811	469,971	537,389	82,358
Earnings/(loss) from equity method investments .....		24,702	685	(1,246)	(191)
Fair value change of other current and non-current assets .....		(11,017)	(5,442)	(15,658)	(2,400)
<b>Income before income taxes</b> .....		3,241,421	3,701,006	3,668,512	562,222
Income tax expense .....	6	(377,890)	(500,361)	(260,945)	(39,992)
<b>Net income</b> .....		2,863,531	3,200,645	3,407,567	522,230

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME—continued

(in thousands except for number of shares and per share data)

	Note	Year ended December 31,			
		2018 RMB	2019 RMB	2020 RMB	US\$
Net loss/(income) attributable to noncontrolling interests .....		7,484	(679)	(2,338)	(358)
<b>Net income attributable to Autohome Inc. ....</b>		<b>2,871,015</b>	<b>3,199,966</b>	<b>3,405,229</b>	<b>521,872</b>
<b>Earnings per share for ordinary shares:(Note)</b>					
Basic .....	17, 23	6.10	6.75	7.13	1.09
Diluted .....	17, 23	6.02	6.69	7.10	1.09
<b>Earnings per ADS attributable to ordinary shareholders (one ADS equals four ordinary shares)</b>					
Basic .....	17, 23	24.40	26.99	28.53	4.37
Diluted .....	17, 23	24.08	26.77	28.40	4.35
<b>Weighted average number of shares used to compute earnings per share attributable to ordinary shareholders:(Note)</b>					
Basic .....	17, 23	470,687,884	474,328,384	477,467,268	477,467,268
Diluted .....	17, 23	476,941,516	478,060,988	479,686,380	479,686,380
<b>Net income .....</b>		<b>2,863,531</b>	<b>3,200,645</b>	<b>3,407,567</b>	<b>522,230</b>
<b>Other comprehensive income/(loss), net of tax of nil</b>					
Foreign currency translation adjustments ...		58,421	20,040	(86,120)	(13,198)
<b>Comprehensive income .....</b>		<b>2,921,952</b>	<b>3,220,685</b>	<b>3,321,447</b>	<b>509,032</b>
Comprehensive loss/(income) attributable to noncontrolling interests .....		7,484	(679)	(2,338)	(358)
<b>Comprehensive income attributable to Autohome Inc. ....</b>		<b>2,929,436</b>	<b>3,220,006</b>	<b>3,319,109</b>	<b>508,674</b>

Note: Par value per share and the number of shares have been retrospectively adjusted for the Share Subdivision and the ADS Ratio Change that were effective on February 5, 2021 as detailed in Note 2.1 and Note 23.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income . . . . .	2,863,531	3,200,645	3,407,567	522,230
<b>Adjustments to reconcile net income to net cash from operating activities:</b>				
Depreciation of property and equipment . . . . .	90,270	106,941	158,229	24,250
Amortization of intangible assets . . . . .	11,623	11,662	12,045	1,846
Non-cash lease expense . . . . .	—	122,427	108,904	16,690
Loss/(gain) on disposal of property and equipment . . . . .	789	83	(249)	(38)
Provision for doubtful accounts . . . . .	2,215	36,676	95,683	14,664
(Earning)/loss from equity method investments . . . . .	(24,702)	(685)	1,246	191
Fair value change of short-term investments . . . . .	(29,730)	20,662	9,042	1,386
Fair value change of other current and non-current assets . . . . .	11,017	5,442	15,658	2,400
Interest income of convertible bond . . . . .	(36,172)	(70,889)	(77,720)	(11,911)
Share-based compensation . . . . .	202,325	204,008	211,206	32,369
Deferred income taxes . . . . .	102,111	144,963	(22,427)	(3,437)
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable . . . . .	(904,313)	(479,538)	(39,910)	(6,116)
Amounts due from related parties, current . . . . .	(9,545)	4,546	(17,802)	(2,728)
Prepaid expenses and other current assets . . . . .	(62,813)	(50,995)	(217,720)	(33,367)
Amounts due from related parties, non-current . . . . .	8,915	(2,468)	(13,654)	(2,093)
Other non-current assets . . . . .	(3,580)	(186,591)	(252,877)	(38,755)
Accrued expenses and other payables . . . . .	807,333	(22,630)	(158,270)	(24,257)
Advance from customers . . . . .	4,563	20,619	31,599	4,843
Deferred revenue . . . . .	101,241	(139,773)	(55,286)	(8,473)
Income tax payable . . . . .	(25,169)	(73,721)	39,688	6,083
Amounts due to related parties . . . . .	9,583	16,519	43,508	6,668
Other liabilities . . . . .	(8,054)	21,466	47,171	7,230
<b>Net cash generated from operating activities . . . . .</b>	<b>3,111,438</b>	<b>2,889,369</b>	<b>3,325,631</b>	<b>509,675</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment . . . . .	(113,796)	(204,113)	(263,892)	(40,443)
Proceeds from disposal of property and equipment . . . . .	665	621	388	59
Purchase of intangible assets . . . . .	(104)	—	(573)	(88)
Cash consideration paid for the acquisition, net of cash acquired . . . . .	—	—	(639,760)	(98,048)
Purchase of convertible bond . . . . .	(643,496)	—	—	—
Proceeds from disposal of long-term investments . . . . .	51,500	—	—	—
Purchase of short-term investments . . . . .	(54,532,940)	(42,660,267)	(40,050,012)	(6,137,933)
Maturity of short-term investments . . . . .	51,936,932	41,695,492	37,968,391	5,818,911
<b>Net cash used in investing activities . . . . .</b>	<b>(3,301,239)</b>	<b>(1,168,267)</b>	<b>(2,985,458)</b>	<b>(457,542)</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

(in thousands)

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from exercise of share options .....	51,811	68,676	104,154	15,963
Payment of dividends .....	(595,779)	—	(651,121)	(99,788)
<b>Net cash (used in)/generated from financing activities .....</b>	<b>(543,968)</b>	<b>68,676</b>	<b>(546,967)</b>	<b>(83,825)</b>
Effect of exchange rate changes on cash and cash equivalents and restricted cash .....	39,151	(13,250)	(17,556)	(2,690)
Net (decrease)/increase in cash and cash equivalents and restricted cash .....	(694,618)	1,776,528	(224,350)	(34,382)
Cash and cash equivalents and restricted cash at beginning of year .....	911,588	216,970	1,993,498	305,516
<b>Cash and cash equivalents and restricted cash at end of year .....</b>	<b>216,970</b>	<b>1,993,498</b>	<b>1,769,148</b>	<b>271,134</b>
<b>Supplemental disclosures of cash flow information:</b>				
Income taxes paid .....	362,835	430,308	563,415	86,347
Purchase of fixed assets included in accrued expenses and other payables .....	27,132	20,382	34,061	5,220
Dividends declared but not paid .....	—	—	—	—
Cash paid for amounts included in the measurement of operating lease liabilities .....	—	132,096	135,773	20,808
Operating lease right-of-use assets obtained in exchange for operating lease liabilities .....	—	54,315	217,668	33,359

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands except for number of shares and per share data)

	Ordinary shares		Additional capital paid-in	Accumulated other comprehensive income	Retained earnings	Noncontrolling interest	Total equity
	Shares (Note)	Amount					
	Number	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2017	468,563,424	7,909	3,246,475	69,954	4,627,299	(16,351)	7,935,286
Net income/(loss)	—	—	—	—	2,871,015	(7,484)	2,863,531
Other comprehensive income:							
Foreign currency translation							
adjustments	—	—	—	58,421	—	—	58,421
Exercise and vesting of share-based awards	3,661,956	60	51,820	—	—	—	51,880
Share-based compensation	—	—	202,325	—	—	—	202,325
Balance as of December 31, 2018	472,225,380	7,969	3,500,620	128,375	7,498,314	(23,835)	11,111,443
Net income	—	—	—	—	3,199,966	679	3,200,645
Other comprehensive income:							
Foreign currency translation							
adjustments	—	—	—	20,040	—	—	20,040
Exercise and vesting of share-based awards	3,481,368	60	69,745	—	—	—	69,805
Share-based compensation	—	—	204,008	—	—	—	204,008
Balance as of December 31, 2019	475,706,748	8,029	3,774,373	148,415	10,698,280	(23,156)	14,605,941
Net income	—	—	—	—	3,405,229	2,338	3,407,567
Other comprehensive income:							
Foreign currency translation							
adjustments	—	—	—	(86,120)	—	—	(86,120)
Acquisition of a subsidiary (Note 19)	—	—	—	—	—	147,639	147,639
Dividends declared (US\$0.77 per ordinary share before the Share Subdivision; RMB637,922 to ordinary shareholders) (Note)	—	—	—	—	(637,922)	—	(637,922)
Exercise and vesting of share-based awards	3,512,880	60	104,184	—	—	—	104,244
Share-based compensation	—	—	211,206	—	—	—	211,206
Balance as of December 31, 2020	479,219,628	8,089	4,089,763	62,295	13,465,587	126,821	17,752,555
Balance as of December 31, 2020, in US\$		1,240	626,784	9,547	2,063,691	19,436	2,720,698

Note: Par value per share and the number of shares have been retrospectively adjusted for the Share Subdivision and the ADS Ratio Change that were effective on February 5, 2021 as detailed in Note 2.1 and Note 23.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION****1.1 General Information**

Autohome Inc., formerly known as Sequel Limited (the “Company”), was incorporated under the laws of the Cayman Islands on June 23, 2008. Upon incorporation, the Company was 100% owned by Telstra Holdings Pty Ltd. (“Telstra”). On June 27, 2008 (the “Acquisition date”), the Company acquired Cheerbright International Holdings Limited (“Cheerbright”), China Topside Co., Ltd. (“China Topside”), and Norstar Advertising Media Holdings Co., Ltd. (“Norstar”), and their respective wholly foreign-owned enterprises and variable interest entities (“VIEs”). Subsequent to the acquisition, the Company was owned 55% by Telstra, and 45% by the selling shareholders of Cheerbright, China Topside and Norstar. In May 2012, Telstra acquired additional ordinary shares of the Company from other shareholders. In June 2016, Telstra completed the sale of approximately 47.4% of the then total issued shares in the Company to Yun Chen Capital Cayman (“Yun Chen”), a subsidiary of Ping An Insurance (Group) Company of China Ltd. (“Ping An”) and on February 22, 2017, Yun Chen further acquired from Telstra approximately 6.5% of the then total issued shares in the Company. After the consummation of the sale, Yun Chen has become the Company’s controlling shareholder since June 2016.

The Company successfully completed its IPO and listing of 8,993,000 American Depositary Shares (“ADSs”) on the New York Stock Exchange in December 2013, and raised net proceeds of US\$142,590 from the offering. Each ADS represents four ordinary shares (previously 1 ADS represents 1 ordinary share before the ADS Ratio Change as detailed in Note 2.1). Upon the completion of IPO in December 2013, the Company’s dual-class ordinary share structure came into effect (Note 15). Upon the completion of follow-on offering in November 2014, 2,424,801 ADSs were issued by the Company and 27,858,448 Class B ordinary shares (previously 6,964,612 ordinary shares before the Share Subdivision as detailed in Note 2.1) were converted into Class A ordinary shares. The net proceeds from the follow-on offering amounted to US\$97,344 net of issuance cost. Upon the transfer of 47.4% share ownership by Telstra to Yun Chen in June 2016, all the Class B ordinary shares were converted into Class A ordinary shares. As of December 31, 2020, the Company had 479,219,628 issued and outstanding ordinary shares after taking into account the effects of the Share Subdivision as detailed in Note 2.1. Yun Chen was the Company’s controlling shareholder holding 49.0% of the total equity interest in the Company as of December 31, 2020.

The Company, through its subsidiaries and VIEs (as disclosed in the table below), is engaged in the provision of media services, leads generation services and online marketplace and others.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued****1.1 General Information—continued**

As of December 31, 2020, the Company's principal subsidiaries and VIEs where Autohome WFOE, Chezhiying WFOE and TTP WFOE are the primary beneficiaries include the following entities:

Entity	Date of incorporation or acquisition	Place of incorporation	Percentage of direct ownership by the Company
<b>Principal Subsidiaries</b>			
Cheerbright International Holdings, Limited (“Cheerbright”) . . . . .	June 13, 2006	British Virgin Islands	100%
Autohome E-commerce Inc. . . . .	February 6, 2015	Cayman Islands	100%
Autohome Link Inc. . . . .	January 29, 2015	Cayman Islands	100%
TTP Car Inc. (“TTP”) . . . . .	June 12, 2015	Cayman Islands	49%(Note)
Autohome (Hong Kong) Limited (“Autohome HK”) . . . . .	March 16, 2012	Hong Kong	100%
Autohome Link Hong Kong Limited . . . . .	February 16, 2015	Hong Kong	100%
Autohome Media Limited (“Autohome Media”, formerly known as Prbrownies Marketing Limited) . . . . .	October 18, 2013	Hong Kong	100%
Fetchauto Limited (UK) . . . . .	October 8, 2019	United Kingdom	100%
Fetchauto Limited (Ireland) . . . . .	October 18, 2019	Ireland	100%
FetchAuto GmbH . . . . .	December 23, 2019	Germany	100%
TTP CAR (HK) Limited . . . . .	June 23, 2015	Hong Kong	49%
Beijing Cheerbright Technologies Co., Ltd. (“Autohome WFOE”) . . . . .	September 1, 2006	PRC	100%
Autohome Shanghai Advertising Co., Ltd. (“Shanghai Advertising”) . . . . .	September 29, 2013	PRC	100%
Beijing Prbrownies Software Co., Ltd. (formerly known as “Beijing Autohome Software Co., Ltd.”) . . . . .	November 12, 2013	PRC	100%
Beijing Autohome Technologies Co., Ltd. . . . .	November 12, 2013	PRC	100%
Beijing Autohome Advertising Co., Ltd. . . . .	November 13, 2013	PRC	100%
Guangzhou Autohome Advertising Co., Ltd. . . . .	November 25, 2013	PRC	100%
Beijing Chezhiying Technology Co., Ltd. (“Chezhiying WFOE”) . . . . .	May 26, 2015	PRC	100%
Beijing Kemoshijie Technology Co., Ltd. . . . .	September 11, 2015	PRC	75%
Chengdu Prbrownies Software Co., Ltd. . . . .	September 30, 2016	PRC	100%
Guangzhou Chezhiyitong Advertising Co., Ltd. . . . .	August 20, 2018	PRC	100%
Hainan Chezhiyitong Information Technology Co., Ltd. . . . .	August 20, 2018	PRC	100%
Tianjin Autohome Data Information Technology Co., Ltd. . . . .	October 15, 2018	PRC	100%
Autohome Zhejiang Advertising Co., Ltd. . . . .	December 19, 2018	PRC	100%
Shanghai Jinpai E-commerce Co., Ltd. (“TTP WFOE”) . . . . .	July 31, 2015	PRC	49%
<b>Principal VIEs and VIEs' subsidiaries</b>			
Beijing Autohome Information Technology Co., Ltd. (“Autohome Information”) . . . . .	August 28, 2006	PRC	—
Beijing Shengtuo Hongyuan Information Technology Co., Ltd. (“Shengtuo Hongyuan”) . . . . .	November 8, 2010	PRC	—
Shanghai Tianhe Insurance Brokerage Co., Ltd. . . . .	September 21, 2017	PRC	—
Shanghai Jinwu Auto Technology Consultant Co., Ltd. (“Shanghai Jinwu”) . . . . .	September 20, 2007	PRC	—

*Note: Please refer to Note 19 for the disclosure of acquisition.*

The Company, its subsidiaries and VIEs are hereinafter collectively referred to as the “Group”. The Group provides media services, leads generation services and online marketplace and others through its websites and mobile applications. These services are primarily offered to automakers and dealers, and advertising agencies that represent automakers and dealers in the automobile industry, and financial institutions. The Group's principal geographic market is in the PRC. The Company does not conduct any substantive operations of its own but conducts its primary business operations through its wholly-owned subsidiaries and VIEs.

PRC laws and regulations prohibit or restrict foreign ownership of internet content businesses. To comply with these foreign ownership restrictions, the Company and its subsidiaries operate websites

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued****1.1 General Information—continued**

and mobile applications and conduct its business related to internet content services through VIEs. The paid-in capital of the VIEs was funded by the Company's PRC subsidiaries, Autohome WFOE, Chezhiying WFOE and TTP WFOE, through loans extended to the VIEs' shareholders (“Nominee Shareholders”). The effective control of the VIEs is held by WFOEs, through a series of contractual agreements (the “Contractual Agreements”). As a result of the Contractual Agreements, the WFOEs maintain the ability to control the VIEs, are entitled to substantially all of the economic benefits from the VIEs and are obligated to absorb all of the VIE's expected losses.

In September 2016 and March 2017, the then individual nominee shareholders of Shengtuo Hongyuan, Autohome Information and Shanghai Advertising (the Company's previous VIE that is already dissolved and registered in July 2020), entered into Equity Interest Purchase Agreements and Debt Transfer and Offset Agreements with Min Lu and Haiyun Lei, pursuant to which the then individual nominee shareholders transferred all of their equity interest in each of the entities to Min Lu and Haiyun Lei. In September 2016 and in March 2017, each of Autohome WFOE and Chezhiying WFOE, and each of Shengtuo Hongyuan and its two subsidiaries, Autohome Information and its two subsidiaries and Shanghai Advertising, and each of Min Lu and Haiyun Lei, as the individual nominee shareholder of VIEs, entered into contractual agreements.

In February 2021, Min Lu, in connection with his resignation and as the then individual nominee shareholder of Autohome Information and Shengtuo Hongyuan, entered into equity interest transfer agreements and debt transfer and offset agreements with Quan Long and other related parties, pursuant to which Min Lu transferred all his equity interests in each Autohome Information and Shengtuo Hongyuan to Quan Long. In February 2021, Autohome WFOE entered into a termination agreement with Autohome Information and its then individual nominee shareholders, namely, Min Lu and Haiyun Lei, to terminate the contractual agreements in connection with Autohome Information made in March 2017, and Chezhiying WFOE entered into a termination agreement with Shengtuo Hongyuan and its then individual nominee shareholders, namely, Min Lu and Haiyun Lei, to terminate the contractual agreements in connection with Shengtuo Hongyuan made in September 2016. Upon the execution of the above agreements, all contractual arrangements made by and among Min Lu, Haiyun Lei, Autohome Information, Shengtuo Hongyuan and the Company's wholly-owned subsidiaries have been terminated.

In February 2021, Autohome WFOE entered into a series of contractual agreements with Autohome Information and each of its individual nominee shareholders, namely, Quan Long and Haiyun Lei, and Chezhiying WFOE entered into a series of contractual agreements with Shengtuo Hongyuan and each of its individual nominee shareholders, namely, Quan Long and Haiyun Lei.

In the end of December 2020, the Company acquired TTP, its subsidiaries and VIEs, which also conduct its business related to internet content services through VIEs. In August 2015, the then individual nominee shareholder of Shanghai Jinwu, entered into Equity Interest Purchase Agreements and Debt Transfer and Offset Agreements with Weiwei Wang, pursuant to which the then individual nominee shareholder transferred all of its equity interest of Shanghai Jinwu to Weiwei Wang. In August 2015, TTP WFOE, and Shanghai Jinwu and Weiwei Wang, as the individual nominee shareholder of VIE, entered into contractual agreements.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued****1.1 General Information—continued**

Despite the lack of technical majority ownership, there exists a parent-subsidiary relationship between the Company and the VIEs through the irrevocable power of attorney agreement, whereby the Nominee Shareholders effectively assigned all of their voting rights underlying their equity interest in the VIEs to the WFOEs. In addition, through the Contractual Agreements the Company demonstrates its ability and intention to continue to exercise the ability to absorb substantially all of the expected losses and majority of the profits of the VIEs through the WFOEs.

Thus, the Company is also considered the primary beneficiary of the VIEs through the WFOEs. As a result of the above, the Company consolidates the VIEs in accordance with SEC Regulation SX-3A-02 and Accounting Standards Codification (“ASC”) 810-10 (“ASC 810-10”) Consolidation: Overall.

The following is a summary of the Contractual Agreements:

*Exclusive technical consulting and service agreements*

Pursuant to the exclusive technical consulting and service agreements that have been entered into by the WFOEs and the VIEs, the VIEs have engaged the WFOEs as their exclusive provider of technical support and management consulting services. In addition, the WFOEs shall provide the necessary financial support to the VIEs whether or not the VIEs incur any losses, and not request for repayment if the VIEs are unable to do so. The VIEs shall pay to the WFOEs service fees calculated based on such VIE's revenues reduced by its value-added taxes and surcharges, operating expenses and an appropriate amount of retained profit that is determined pursuant to the Group's tax planning strategies and relevant tax laws. The service fees can be adjusted by the WFOEs unilaterally. The WFOEs shall exclusively own any intellectual property arising from the performance of this agreement. This agreement has a 30 year term that can be automatically extended for another 10 years at the option of the WFOEs. The agreement can only be terminated mutually by the parties in writing. During the term of the agreement, the VIEs may not enter into any agreement with third parties for the provision of any technical or management consulting services without prior consent of the WFOEs.

*Loan agreement*

Pursuant to the loan agreements between the Nominee Shareholders of the VIEs and the WFOEs, the WFOEs granted interest-free loans for the Nominee Shareholders' contributions to the VIEs. The term of the loan is indefinite until the WFOEs requests repayment. The manner and timing of the repayment shall be at the sole discretion of the WFOEs and at the WFOEs' option may be in the form of transferring the VIEs' equity interest to the WFOEs or their designated persons.

*Exclusive equity option agreements*

Pursuant to the exclusive equity option agreements entered into among the Nominee Shareholders of the VIEs, VIEs and the WFOEs, the Nominee Shareholders jointly and severally granted to the WFOEs an option to purchase their equity interests in the VIEs. The purchase price will be offset against the loan repayments under the loan agreements. If the transfer price of the equity interest is

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued****1.1 General Information—continued***Exclusive equity option agreements—continued*

greater than the loan amount, the Nominee Shareholders are required to immediately return the received transfer price in excess of the loan amount to the WFOEs or any person designated by the WFOEs. The WFOEs may exercise such option at any time until it has acquired all equity interests of the VIEs or freely transfer the option to any third party and such third party may assume the right and obligations of the option agreement. In addition, dividends and distributions are not permitted without the prior consent of the WFOEs, to the extent there is a dividend or distribution, the Nominee Shareholders will remit the amounts in full to the WFOEs immediately. In the event of liquidation or dissolution of the VIEs, all assets shall be sold to the WFOEs at the lowest selling price permitted by applicable PRC law, and any proceeds from the transfer and any residual interests in the VIEs shall be remitted to the WFOEs immediately. The exclusive equity option agreements have an indefinite term and will terminate at the earlier of i) the date on which all of the equity interests have been transferred to the WFOEs or any person designated by the WFOEs; or ii) the unilateral termination by the WFOEs.

*Equity interest pledge agreements*

Pursuant to the equity interest pledge agreements entered into between the Nominee Shareholders of the VIEs and the WFOEs, the Nominee Shareholders pledged all of their equity interests in the VIEs to the WFOEs as collateral for all of their payments due to the WFOEs and to secure their obligations under the above agreements. The Nominee Shareholders may not transfer or assign the shares, the rights and obligations in the share pledge agreement or create or permit to create any pledges which may have an adverse effect on the rights or benefits of the VIEs without the WFOE's preapproval. The WFOE is entitled to transfer or assign in full or in part the shares pledged. In the event of default, the WFOE as the pledgee will be entitled to request immediate repayment of the loan or to dispose of the pledged equity interests through transfer or assignment. There have been no dividends or distributions from inception to date. The equity interest pledge agreements have an indefinite term and will terminate after all the obligations under these agreements have been satisfied in full or the pledged equity interests have been transferred to the WFOEs or their designees.

*Power of attorney agreements*

Pursuant to the power of attorney agreements, shareholders of the VIEs have given the WFOEs an irrevocable proxy to act on their behalf on all matters pertaining to the VIEs and to exercise all of their rights as shareholders of the VIEs, including the right to attend shareholders' meetings, to exercise voting rights and to transfer all or a part of his equity interests in the VIEs.

Risk in relation to the VIE Structure

Internet content related businesses are subject to significant restrictions under current PRC laws and regulations. Specifically, foreign investors are not allowed to own more than 50% equity interest in any Internet Content Provider (“ICP”) business.

The Group conducts its operations in China through Contractual Agreements entered into between the WFOEs and VIEs. In 2014, the Group began gradually migrating the advertising service business from

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued****1.1 General Information—continued**

*Power of attorney agreements—continued*

Risk in relation to the VIE Structure—continued

the VIEs to the subsidiaries of Autohome Media, a transition that was completed to a substantial extent. If the Company or any of its current or future VIEs or subsidiaries are found in violation of any existing or future laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including levying fines, confiscating the income of Autohome WFOE, Chezhiying WFOE and VIEs, revoking their business licenses or operating licenses, shutting down the Group's servers or blocking the Group's websites and mobile applications, discontinuing or placing restrictions or onerous conditions on the Group's operations, requiring the Group to undergo a costly and disruptive restructuring, restricting the Group's rights to use the proceeds from the offering to finance the Group's business and operations in China, or enforcement actions that could be harmful to the Group's business. Any of these actions could cause significant disruption to the Group's business operations and severely damage the Group's reputation, which would in turn materially and adversely affect the Group's business and results of operations. In addition, if the imposition of any of these penalties causes the Company to lose the rights to direct the activities of VIEs or the Company's right to receive their economic benefits, the Company would no longer be able to consolidate the VIEs.

In addition, if Autohome Information and its subsidiaries, Shengtuo Hongyuan and its subsidiaries, Shanghai Jinwu and its subsidiaries or their shareholders fail to perform their obligations under the Contractual Agreements, the Company may have to incur substantial costs and expend resources to enforce the Company's rights under the contracts. The Company may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. All of these Contractual Agreements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in PRC is not as developed as in other jurisdictions, such as United States. As a result, uncertainties in the PRC legal system could limit the Company's ability to enforce these Contractual Agreements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. In the event the Company is unable to enforce these Contractual Agreements, the Company may not be able to exert effective control over its VIEs, and the Company's ability to conduct its business may be negatively affected.

Based on the advice of the Company's PRC legal counsel, the corporate structure and Contractual Agreements of the Company's VIEs and WFOEs in China are in compliance with all existing PRC laws and regulations. Therefore, in the opinion of management, (i) the ownership structure of the Company and the VIEs are in compliance with existing PRC laws and regulations; (ii) the Contractual Agreements with VIEs and their nominee shareholders are valid and binding, and will not result in any violation of PRC laws or regulations currently in effect; and (iii) the Group's business operations are in compliance with existing PRC law and regulations in all material respects.

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued

## 1.1 General Information—continued

*Power of attorney agreements—continued*

Risk in relation to the VIE Structure—continued

VIEs contributed an aggregate of 9.3%, 8.3% and 8.1% of the consolidated net revenues for the years ended December 31, 2018, 2019 and 2020, respectively, after elimination of inter-company transactions. As of December 31, 2018, 2019 and 2020, the VIEs accounted for an aggregate of 14.8%, 9.6% and 8.8%, respectively, of the consolidated total assets, and 6.5%, 4.7% and 12.5%, respectively, of the consolidated total liabilities after elimination of inter-company balances.

Relevant PRC laws and regulations restrict the VIE from transferring a portion of its net assets to the Company in the form of loans and advances or cash dividends. Please refer to Note 16 for disclosure of restricted net assets.

The following table sets forth the assets, liabilities, results of operations and cash flows of the VIEs included in the Company's consolidated balance sheets, consolidated statements of comprehensive income and consolidated statements of cash flows:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Current assets	855,789	375,908	558,442	85,585
Non-current assets	1,641,154	1,607,933	1,653,968	253,482
<b>Total assets</b>	<b>2,496,943</b>	<b>1,983,841</b>	<b>2,212,410</b>	<b>339,067</b>
Accrued expenses and other payables	182,885	109,934	497,742	76,282
Advance from customers	55,268	63,969	87,604	13,426
Deferred revenue	36,847	18,947	17,644	2,704
Amounts due to related parties	1,569	453	—	—
Inter-company payables	509,899	86,275	103,393	15,846
<b>Total current liabilities</b>	<b>786,468</b>	<b>279,578</b>	<b>706,383</b>	<b>108,258</b>
Other liabilities	14,880	12,383	9,054	1,387
Deferred tax liabilities	12,135	7,121	2,677	410
Total non-current liabilities	27,015	19,504	11,731	1,797
<b>Total liabilities</b>	<b>813,483</b>	<b>299,082</b>	<b>718,114</b>	<b>110,055</b>
<b>Net assets</b>	<b>1,683,460</b>	<b>1,684,759</b>	<b>1,494,296</b>	<b>229,012</b>
	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Net revenues	673,188	702,040	700,608	107,373
Net income/(loss)	29,099	(848)	23,342	3,577
	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Net cash used in operating activities	(224,531)	(446,358)	23,147	3,547
Net cash generated from investing activities	131,087	478,513	193,190	29,608
Net cash generated from financing activities	—	—	—	—

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION—continued****1.1 General Information—continued**

*Power of attorney agreements—continued*

Risk in relation to the VIE Structure—continued

The revenue-producing assets that are held by the VIEs comprise of customer relationships, trademarks, websites, domain names, operating license and servers.

The current assets of the VIEs included amounts due from PRC subsidiaries of RMB169,546, RMB149,925 and RMB129,223 (US\$19,804), as of December 31, 2018, 2019 and 2020, respectively, which were eliminated upon consolidation by the Company. The current liabilities of the VIEs included amounts due to PRC subsidiaries of RMB509,899, RMB86,275 and RMB103,393 (US\$15,846), as of December 31, 2018, 2019 and 2020, respectively, which were eliminated upon consolidation by the Company. There was no pledge or collateralization of the VIEs' assets and the WFOEs have not provided any financial support that they were not previously contractually required to provide to the VIEs. There were no assets of the VIEs that can only be used to settle their own obligations. Creditors of the VIEs have no recourse to the general credit of the WFOEs, which are the primary beneficiaries of the VIEs.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Preparation**

The accompanying consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”). Significant accounting policies including the impact of adoption of the relevant new accounting standards are presented in the rest of this Note 2.

On February 2, 2021, the Company announced that the following proposed resolution submitted for shareholder approval has been adopted and approved as a special resolution at the Company's extraordinary general meeting of shareholders: All authorized Class A ordinary shares and Class B ordinary shares are re-designated and combined into one single class of ordinary shares, and subsequently each ordinary share is subdivided into four shares, effective as of February 5, 2021 (the “Share Subdivision”). As a result of this variation of share capital, the authorized share capital of the Company shall be US\$1,000,000,000 divided into 400,000,000,000 ordinary shares of a par value of US\$0.0025 each, effective as of February 5, 2021. The Company also announced that, concurrently with the effectiveness of the variation of share capital of the Company, the ratio of ADS to ordinary share will be adjusted to one ADS representing four ordinary shares, beginning on February 5, 2021 (the “ADS Ratio Change”). Accordingly, because the Share Subdivision and ADS Ratio Change are exactly proportionate, the ADS Ratio Change, in and of itself, is neutral in its impact on the per-ADS trading price of the Company's ADSs on the New York Stock Exchange (“NYSE”), as the percentage interest in the Company represented by each ADS will not be altered. The number of issued and unissued ordinary shares as disclosed in these consolidated financial statements are prepared on a basis after taking into account the effects of the Share Subdivision and the ADS Ratio Change and have been retrospectively adjusted accordingly.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.2 Principles of Consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the VIEs for which the Company or subsidiaries of the Company are the primary beneficiaries. All significant inter-company transactions and balances between the Company, its subsidiaries, and the VIEs are eliminated upon consolidation. Results of acquired subsidiaries and VIEs are consolidated from the date on which control is transferred to the Company.

**2.3 Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Areas where management uses subjective judgment include, but are not limited to identification of performance obligations, standalone selling price for each performance obligation and estimation of variable consideration represented by sales rebates related to revenue transactions, initial valuation of the assets acquired and liabilities assumed in a business combination, fair value measurement of short-term investments, depreciation or amortization of long-lived assets and intangible assets, subsequent impairment assessment of long-lived assets, intangible assets, goodwill, other non-current assets and long-term investments, provision for expected credit loss of accounts receivable, accounting for deferred income taxes accounting for the share-based compensation, and capitalization of self-developed software. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

**2.4 Foreign Currency**

The functional currency of the Company, its Cayman subsidiaries and Cheerbright, is the United States dollar (“US\$”), whereas the Company’s subsidiaries and VIEs with operations in the PRC, Hong Kong, and other jurisdictions generally use their respective local currencies as their functional currencies as determined based on the criteria of ASC 830, Foreign Currency Matters. The Company uses the RMB as its reporting currency.

Transactions denominated in foreign currencies are re-measured into the functional currency 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. Exchange gains and losses are included in other income, net in the consolidated statements of comprehensive income.

Assets and liabilities of the Company and Company’s subsidiaries, other than the subsidiaries with the functional currency of RMB, are translated into RMB at fiscal year-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the fiscal year.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.5 Convenience Translation**

Amounts in United States dollars (“US\$”) are presented for the convenience of the reader and are translated at the noon buying rate of US\$1.00 to RMB6.5250 on December 31, 2020 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at such rate.

**2.6 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, demand deposits, time deposits and money market funds placed with banks or other financial institutions which are unrestricted as to withdrawal and use and have original maturities of three months or less.

**2.7 Short-term Investments**

Short-term investments represent bank deposits, adjustable-rate financial products with original maturities of greater than 3 months but less than 1 year and money market funds that are measured at fair value. In accordance with ASC 825, Financial Instruments, for adjustable-rate financial products with the interest rate indexed to performance of underlying assets and money market funds, the Group elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the consolidated statements of comprehensive income as interest income.

**2.8 Restricted Cash and Consolidated Statement of Cash Flows**

Restricted cash primarily represents cash deposits in a regulatory escrow account related to insurance brokerage services and application for the credit lines from bank.

The following table provides a reconciliation of the amount of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets to the total of the same such amounts shown in the consolidated statements of cash flows:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Amounts shown in Consolidated Balance Sheets:				
Cash and cash equivalents . . . . .	211,970	1,988,298	1,751,222	268,387
Restricted cash . . . . .	5,000	5,200	17,926	2,747
Total cash, cash equivalents and restricted cash as shown in				
Consolidated Statements of Cash Flows . . . . .	<u>216,970</u>	<u>1,993,498</u>	<u>1,769,148</u>	<u>271,134</u>

**2.9 Fair Value Measurements of Financial Instruments**

Financial instruments of the Group primarily comprise of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, amounts due from related parties, prepaid expenses and

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.9 Fair Value Measurements of Financial Instruments—continued**

other current assets excluding prepayments and staff advances, other non-current assets excluding operating lease right-of-use assets, accrued expenses and other payables, and amounts due to related parties. The carrying values of these financial instruments excluding other non-current assets approximated their fair values due to the short-term maturity of these instruments.

ASC topic 820 (“ASC 820”), *Fair Value Measurements and Disclosures*, establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace

Level 3 – Unobservable inputs which are supported by little or no market activity

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

**2.10 Property and Equipment**

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Category	Estimated useful life
Electronic equipment	3-5 years
Office equipment	3-5 years
Motor vehicles	4-5 years
Software	3-5 years
Leasehold improvements	Shorter of lease term or the estimated useful lives of the assets

Repair and maintenance costs are charged to expense as incurred, whereas the costs of betterments that extend the useful life of property and equipment are capitalized as additions to the related assets. Retirements, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of comprehensive income.

**2.11 Intangible Assets**

Intangible assets are carried at cost less accumulated amortization and any recorded impairment. Intangible assets acquired in a business combination were recognized initially at fair value at the date of acquisition. Intangible assets acquired in asset acquisitions are measured based on the cost to the

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.11 Intangible Assets—continued**

acquiring entity, which generally includes transaction costs. Intangible assets with finite useful lives are amortized using a straight-line method of amortization that reflects the estimated pattern in which the economic benefits of the intangible asset are to be consumed. The estimated useful life for the intangible assets is as follows:

Category	Estimated useful life
Trademarks	3-15 years
Technologies	5 years
Customer relationship	5 years
Websites	4 years
Domain names	4-10 years
Database	5 years
Licensing agreements	1.75 years
Insurance brokerage license	4 years

**2.12 Long-term Investments**

The Company's long-term investments consist of equity method investments. Investments in entities in which the Company can exercise significant influence and holds an investment in voting common stock or in-substance common stock (or both) of the investee but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323 (“ASC 323”), Investments-Equity Method and Joint Ventures. Under the equity method, the Company initially records its investments at cost. The Company subsequently adjusts the carrying amount of the investments to recognize the Company's proportionate share of each equity investee's net income or loss into earnings after the date of investments. The Company evaluates the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in earnings when the decline in value is determined to be other-than-temporary.

**2.13 Goodwill**

Goodwill represents the excess of the purchase price over the amounts assigned to the fair value of the assets acquired and the liabilities assumed of an acquired business. The Group's goodwill at December 31, 2018, 2019 and 2020 were related to its acquisition of Cheerbright, China Topside and Norstar in June 2008, and its acquisition of TTP in December 2020. In accordance with ASC 350, Goodwill and Other Intangible Assets, recorded goodwill amounts are not amortized, but rather are tested for impairment annually or more frequently if there are indicators of impairment present.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. These events or circumstances include a significant change in stock prices, business environment, legal factors, financial performances, competition, or events affecting the reporting unit. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.13 Goodwill—continued**

and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The estimation of fair value of reporting unit using a discounted cash flow methodology also requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company's business, estimation of the useful life over which cash flows will occur, and determination of the Company's weighted average cost of capital. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for the reporting unit.

Management has determined that the Group represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Starting from January 1, 2020, the Group adopted ASU 2017-04, which simplifies the accounting for goodwill impairment by eliminating Step 2 from the goodwill impairment test. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, versus determining an implied fair value in Step 2 to measure the impairment loss. Management evaluated the recoverability of goodwill by performing a qualitative assessment before using a two-step impairment test approach at the reporting unit level. Based on an assessment of the qualitative factors, management determined that it is more-likely-than-not that the fair value of the reporting unit is in excess of its carrying amount as of December 31, 2018, 2019 and 2020. Therefore, no impairment loss was recorded for the years ended December 31, 2018, 2019 and 2020. At December 31, 2018, 2019 and 2020, goodwill was RMB1,504,278, RMB1,504,278 and RMB4,071,391 (US\$623,968), respectively.

If the Group reorganizes its reporting structure in a manner that changes the composition of one or more of its reporting units, goodwill is reassigned based on the relative fair value of each of the affected reporting units.

**2.14 Other Non-current Assets**

Other non-current assets are primarily comprised of an investment in TTP in the form of a three year convertible bond with an annual 8% compound interest rate, in an aggregate principal amount of US\$100,000. Concurrently with the issuance of the convertible bond, the Group was granted the right (not the obligation) to purchase an additional 8.0% convertible bond in an aggregate principal amount of US\$65,000, to be issued by TTP upon its request from time to time, within three years after the consummation of transaction in June 2018. On or prior to the maturity date, which is June 10, 2021 unless extended otherwise, any or all of the outstanding principal under the bond is automatically convertible into preferred shares of TTP subject to certain conditions, or optionally convertible into preferred shares of TTP at the Company's discretion upon its maturity.

A convertible bond that is not within the scope of ASC 320 “Investments—debt and equity securities” is accounted for under ASC 310 “Receivables”. The initial investment amount of US\$100,000 was first allocated, based on fair value, to any freestanding instrument that was purchased together with the convertible loan, and to any embedded features requiring separate recognition under ASC 815

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.14 Other Non-current Assets—continued**

“Derivatives and Hedging”. The US\$65,000 warrant was recognized as a freestanding financial derivative and recorded at its fair value; any subsequent changes in fair value will be recognized in earnings. There were no embedded features that required separate recognition. After allocation, the remaining investment amount was recognized as the convertible bond. The difference between the carrying value and face value of the convertible bond, after allocation, was treated as a discount on convertible bond and is amortized and recognized as interest income using the effective interest method. The convertible bond is carried at its amortized cost, net of the discount.

According to ASC 310-10-35, a loan receivable should be evaluated for impairment at each reporting period. A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. All amounts due according to the contractual terms means that both the contractual interest payments and the contractual principal payments of a loan will be collected as scheduled in the loan agreement. Upon adoption of Accounting Standards Update No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC 326”) starting from January 1, 2020, the Company establishes current expected credit losses (“CECL”) model for a loan receivable. Based upon the Company’s assessment of various factors, including historical experience, credit ratings of similar debt instruments, and the expectation of future economic conditions, the Company determined there was no cumulative effect from the adoption of ASC 326 as of January 1, 2020. No credit loss was recorded for the year ended December 31, 2020.

As of December 31, 2020, the Company has completed the acquisition of TTP, and Convertible Bond and Warrant have been eliminated in the consolidated financial statements.

**2.15 Impairment of Long-Lived Assets and Intangibles**

The Group evaluates its long-lived assets or asset group, including intangible assets with finite lives, for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset or a group of long-lived assets may not be recoverable. When these events occur, the Group evaluates impairment by comparing the carrying amount of the assets 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 flow is less than the carrying amount of the assets, the Group would recognize an impairment loss based on the excess of the carrying amount of the asset group over its fair value. No impairment charge was recorded for any of the years presented.

**2.16 Revenue Recognition and Accounts Receivable**

The Group accounts for revenue in accordance with the ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASC 606”). ASC 606 permits entities to apply one of two methods: retrospective or modified retrospective, since first adoption on January 1, 2018. ASC 606 was adopted on January 1, 2018 using the modified retrospective method. Results for the Track Record Period are presented under ASC 606. The adoption changed the presentation of value-added-tax on gross basis to

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.16 Revenue Recognition and Accounts Receivable—continued**

net basis and there was no adjustment to the beginning retained earnings on January 1, 2018. The Group's revenues are derived from media services, leads generation services and online marketplace and others. Under ASC 606, revenues are recognized when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The recognition of revenue involves certain management judgments including identification of performance obligations, standalone selling price for each performance obligation, estimation of variable consideration represented by sales rebates, etc. The Group provides rebates to agency companies based on their cumulative annual advertising and service volume, and the timeliness of their payments, which are accounted for as variable consideration. The Group estimate its obligations under such agreements by applying the most likely amount method, based on an evaluation of the likelihood of the agency companies' achievement of the advertising and service volume targets, and the timeliness of their payments, after taking into account the agency companies' purchase trends and history. A refund liability (included in accrued expenses and other payables) is recognized for expected sales rebates payable to agency companies in relation to advertising services provided. The Group recognizes revenue for the amount of fees it receives from its clients, after deducting these sales rebates, and net of VAT collected from customers. The Group believes that there will not be significant changes to its estimates of variable consideration and updates the estimate at each reporting period as actual utilization becomes available.

The Group determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Group satisfies a performance obligation.

*Media services*

Media services revenues mainly include revenues from automaker advertising services and regional marketing campaigns conducted by certain automobile brands' regional offices. The majority of online advertising service contracts involve multiple deliverables or performance obligations presented on PC and mobile platforms and under different formats such as banner advertisements, links and logos, other media insertions and promotional activities that are delivered over different periods of time. Revenue is allocated among these different deliverables based on their relative standalone selling prices. The Group generally determines the standalone selling price as the observable price of a product or service charged to customers when sold on a standalone basis. Advertising services are primarily delivered based on cost per day (“CPD”) pricing model. For CPD advertising arrangements, revenue is recognized when the corresponding advertisements are published over the stated display period. For cost per thousand impressions (“CPM”) model, revenue is recognized when the advertisements are displayed and based on the number of times that the advertisement has been displayed. For cost-per-click (“CPC”) model, revenue is recognized when the user clicks on the customer-sponsored

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.16 Revenue Recognition and Accounts Receivable—continued***Media services—continued*

links and based on the number of clicks. For certain marketing campaigns and promotional activities services, revenue is recognized when the corresponding services have been rendered.

*Leads generation services*

Leads generation services primarily include revenues from (i) dealer subscription services, (ii) advertising services sold to individual dealer advertisers, and (iii) used car listing services. Under the dealer subscription services, the Group makes available throughout the subscription period a webpage linked to its websites and mobile applications where the dealers can publish information such as the pricing of their products, locations and addresses and other related information. Usually, advanced payment is made for the dealer subscription services and revenue is recognized over time on a straight line basis as services are constantly provided over the subscription period. For the advertising services sold to individual dealers, revenue is recognized when the advertising is published over the stated display period. The used car listing services primarily include listing and display of used vehicles, generation of sales leads, etc., through the Group's platform. The used car platform acts as a user interface that allows potential used car buyers to identify listings that meet their specific requirements and contact the seller. The service fee is charged per the number of displayed days, or quantity of sales leads delivered. Revenue is recognized respectively at a point in time upon the display of vehicles or the delivery of sales leads.

*Online marketplace and others*

Online marketplace and others revenue primarily consist of revenues related to new car and used car marketplace, auto-financing business, data products and others. For the new car and used car marketplace, and auto-financing business, the Group provides platform-based services including facilitation of transactions, transaction-oriented marketing solutions, generation of sales leads and facilitation of transactions as an insurance brokerage service provider. For the new car marketplace, the Group also acts as the platform for users to review automotive-related information, purchase coupons offered by automakers for discounts and make purchases to complete the transaction. For the used car platform, the Group acts as a used car consumer-to- business-to-consumer, or C2B2C, transaction system that facilitates the used car transaction between the sellers and buyers and charge the service fee per each sale. For the auto-financing business, the Group provides a platform which serves as a bridge to match users and automobile sellers that have auto financing needs with the Group's cooperative financial institutions that offer a variety of products covering merchant loans, consumer loans, leases and insurance services. The auto-financing service fee is charged on a per sale or lead basis. The service fee is recognized at a point in time when the relevant information is displayed, marketing solution package is delivered, when the sales leads are delivered or upon the successful facilitation of transaction. For the data products, the Group provides data analysis reports and data-driven intelligent sales and marketing tools for the automakers and dealers and recognizes revenue at a point in time upon the delivery of reports or over the period of the consumption or utilization of marketing tools by the automakers and dealers.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.16 Revenue Recognition and Accounts Receivable—continued***Contract Balances and Accounts Receivable*

Payment terms and conditions vary by contract and service types. However, generally speaking, excluding dealer subscription and used car listing, the rest of service contracts usually require payment within several months of service delivery. The term between billings and when payment is due is not significant and the Group generally does not provide significant financing terms. Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represent amounts invoiced and revenue recognized prior to invoicing, when the Group has satisfied its performance obligations and has the unconditional right to payment. Non-refundable payments in advance of revenue recognition are recorded as deferred revenue and recognized as revenue along with the fulfillment of performance obligations. Deferred revenue is primarily related to the advanced payment related to dealer subscription services and used car listings under leads generation services. The beginning balance of deferred revenue of RMB1,370,953 (US\$210,108) was fully recognized as revenue for the year ended December 31, 2020. There is no significant change in contract liability balance for the year ended December 31, 2020.

Accounts receivable are carried at net realizable value. An allowance for doubtful accounts is recorded in the period when a loss is probable based on an assessment of specific evidence indicating troubled collection, historical experience, accounts aging and other factors. On January 1, 2020, the Group adopted Accounting Standards Update No. 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”) using the modified retrospective transition method. ASC 326 replaces the existing incurred loss impairment model with a forward-looking current expected credit loss (“CECL”) methodology. The Group has developed a CECL model based on historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The cumulative effect from the adoption as of January 1, 2020 was immaterial to the consolidated financial statements. An accounts receivable balance is written off after all collection effort has ceased.

*Practical Expedients and Exemptions*

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less. The Group does not have significant remaining performance obligations in excess of one year. For the remaining performance obligations as of December 31, 2020, most of them are to be recognized within a year.

The revenue standard requires the Group to recognize an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Group has determined that sales commission for sales personnel meet the requirements of capitalization. However, the Group applies a practical expedient to expense these costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.17 Cost of Revenues**

Cost of revenues primarily consist of bandwidth and internet data center fees, depreciation of the Group's long-lived assets, amortization of acquired intangible assets, tax surcharges, and content-related costs. Content-related costs primarily comprise of salaries and benefits for employees directly involved in revenue generation activities, cost related to content generation and acquisition and execution cost and other overhead expenses directly attributable to the provision of the media services, leads generation services and online marketplace and others.

**2.18 Advertising Expenditures**

Advertising expenditures which amounted to RMB1,047,160, RMB1,649,660 and RMB1,795,330 (US\$275,146) for the years ended December 31, 2018, 2019 and 2020, respectively, are expensed as incurred and are included in sales and marketing expenses.

**2.19 Product Development Expenses**

Product development expenses consist primarily of employee costs related to personnel involved in the development and enhancement of the Group's service offerings on its websites and mobile applications, and expenditure for research and development activities. The Group recognizes these costs as expenses when incurred, unless they qualify for capitalization as software development costs.

**2.20 Leases*****Adoption of the New Lease Accounting Standard***

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02, *Leases*. Further, as a clarification of the new guidance, the FASB issued several amendments and updates. The Group adopted the new lease guidance beginning January 1, 2019 by applying the modified retrospective method to those contracts that are not completed as of January 1, 2019, with the comparative information not being adjusted and continued to be reported under historic accounting standards. There is no impact to retained earnings at adoption.

The Group has elected to utilize the package of practical expedients at the time of adoption, which allows the Group to (1) not reassess whether any expired or existing contracts are or contain leases, (2) not reassess the lease classification of any expired or existing leases, and (3) not reassess initial direct costs for any existing leases. The Company also has elected to utilize the short-term lease recognition exemption and, for those leases that qualified, the Group did not recognize operating lease right-of-use (“ROU”) assets or operating lease liabilities.

Upon the adoption of the new guidance on January 1, 2019, the Group recognized operating lease ROU assets of RMB184,849 and operating lease liabilities of RMB176,376 (including current portion of RMB121,780 and non-current portion of RMB54,596). The amount of the operating lease right-of-use assets of RMB184,849 over the operating lease liabilities of RMB176,376 recognized on January 1, 2019 was credited to prepaid expenses and other current assets on the consolidated balance sheet as of January 1, 2019.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.20 Leases—continued***New Lease Accounting Policies*

The Group determines if an arrangement is a lease and determines the classification of the lease, as either operating or finance, at commencement. The Group has operating leases for office buildings and data centers and has no finance leases as of December 31, 2019 and 2020. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the lease payments over the lease term at commencement date.

As the Group's leases do not provide an implicit rate, an incremental borrowing rate is used based on the information available at the commencement date, to determine the present value of lease payments. The incremental borrowing rate approximates the rate the Group would pay to borrow in the currency of the lease payments for the weighted-average life of the lease.

The operating lease ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives and initial direct costs incurred if any. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Group's lease agreements contain both lease and non-lease components, which are accounted for separately based on their relative standalone price.

As of December 31, 2019 and 2020, the Group recognized the following items related to operating lease in its consolidated balance sheet.

		As of December 31,		
		2019	2020	
	Classification in Consolidated Balance Sheet	RMB	RMB	US\$
Operating lease ROU assets . . . . .	Other non-current assets	81,055	209,339	32,083
Operating lease liabilities, current portion . . . . .	Accrued expenses and other payables	52,781	112,094	17,178
Operating lease liabilities, non-current portion . . . . .	Other liabilities	23,067	90,614	13,887

Lease cost recognized in the Group's consolidated statements of comprehensive income is summarized as follows:

		For the year ended December 31,		
		2019	2020	
	Classification in Consolidated Statements of Comprehensive Income	RMB	RMB	US\$
Operating lease cost . . . . .	Cost of revenues and operating expenses	128,507	117,479	18,004
Cost of other leases with terms less than one year . . . . .	Cost of revenues and operating expenses	38,229	66,253	10,154

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.20 Leases—continued***New Lease Accounting Policies—continued*

Maturities of operating lease liabilities are as follows:

	For the year ended December 31,		
	2019	2020	
	RMB	RMB	US\$
2020 .....	54,091	—	—
2021 .....	19,963	120,527	18,472
2022 .....	4,719	87,260	13,373
2023 .....	—	17,596	2,697
2024 .....	—	1,005	154
2025 .....	—	200	31
Total lease payments .....	78,773	226,588	34,727
Less imputed interest .....	(2,925)	(23,880)	(3,662)
Total .....	75,848	202,708	31,065

As of December 31, 2020, the Group's weighted-average remaining lease term was 1.76 years, and weighted-average discount rate was 7.28%.

As of December 31, 2020, the Group does not have any significant operating or finance leases that have not yet commenced. The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Group leased office space and data centers from its related party, Ping An Group for a total amount of RMB72,185 and RMB119,855 (US\$18,369) for the years ended December 31, 2019 and 2020, respectively.

**2.21 Income Taxes**

The Group accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

The Group applies ASC 740, Accounting for Income Taxes, to account for uncertainty in income taxes. ASC 740 prescribes a recognition threshold a tax position is required to meet before being recognized in the financial statements. The Group has recorded unrecognized tax benefits in the other liabilities line item in the accompanying consolidated balance sheets. The Group has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of “income tax expense”, in the consolidated statements of comprehensive income.

The Group's estimated liability for unrecognized tax benefits and the related interest and penalties are periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.21 Income Taxes—continued**

tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The actual benefits ultimately realized may differ from the Group's estimates. As each audit is concluded, adjustments, if any, are recorded in the Company's consolidated financial statements. Additionally, in future periods, changes in facts and circumstances, and new information may require the Group to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which they occur.

**2.22 Earnings Per Share**

Earnings per share are calculated in accordance with ASC 260-10, Earnings per Share: Overall. Basic earnings per share are computed by dividing net income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year using the two-class method.

Diluted earnings per ordinary share reflects the potential dilution that could occur if securities to issue ordinary shares were exercised. The dilutive effect of outstanding share-based awards is reflected in the diluted earnings per share by application of the treasury stock method.

**2.23 Comprehensive Income**

Comprehensive income is defined to include all changes in shareholders' equity except those resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220-10, Comprehensive Income: Overall requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Company's comprehensive income includes foreign currency translation adjustments and is presented in the consolidated statement of comprehensive income. There have been no reclassifications out of accumulated other comprehensive income to net income for the years presented.

**2.24 Noncontrolling Interests**

Noncontrolling interests are recognized to reflect the portion of the equity of majority-owned subsidiary which is not attributable, directly or indirectly, to the controlling shareholder. Noncontrolling interests are classified as a separate line item in the equity section of the Group's consolidated balance sheets and have been separately disclosed in the Group's consolidated statements of comprehensive income to distinguish the interests from that of the Company.

**2.25 Segment Reporting**

In accordance with ASC 280-10, Segment Reporting: Overall, the Group's chief operating decision maker has been identified as the Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.25 Segment Reporting—continued**

as a whole; hence, the Group has only one operating segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group's long-lived assets and revenue are substantially located in and derived from the PRC, no geographical segments are presented.

**2.26 Employee Benefits**

The full-time employees of the Company's PRC subsidiaries and VIEs are entitled to staff welfare benefits including medical care, housing fund, pension benefits and unemployment insurance, which are governmental mandated defined contribution plans. These entities are required to accrue for these benefits based on certain percentages of the employees' respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued. The total expenses for the employee benefits plans were RMB319,491, RMB344,829 and RMB241,951 (US\$37,081) for the years ended December 31, 2018, 2019 and 2020, respectively.

**2.27 Share-based Compensation**

Share-based awards granted to employees are accounted for under ASC 718, Compensation—Stock Compensation, which requires that share-based awards granted to employees be measured based on the grant date fair value and recognized as compensation expense over the requisite service period (which is generally the vesting period) in the consolidated statements of comprehensive income. The Company has elected to recognize compensation expense using the straight-line method for all share-based awards granted with service conditions that have a graded vesting schedule. For awards with performance condition and multiple service dates, if the performance conditions are all set at inception and independent for each year, each tranche is accounted for as a separate award with its own requisite service period. Compensation cost is recognized over the respective requisite service period separately for each separately-vesting tranche as though each tranche of the award is, in substance, a separate award.

Under ASC 718, an entity can make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The Company has elected to estimate the forfeiture rate at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. The Company recognizes compensation cost for awards with performance conditions if and when the Company concludes that it is probable that the performance condition will be achieved. The Company reassesses the probability of vesting at each reporting period for awards with performance conditions and adjusts compensation cost based on its probability assessment.

Forfeiture rates are estimated based on historical and future expectations of employee turnover rates and are adjusted to reflect future changes in circumstances and facts, if any. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest. To the extent the Company revises these estimates in the future,

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.27 Share-based Compensation—continued**

the share-based payments could be materially impacted in the period of revision, as well as in following periods. The Company, with the assistance of an independent third-party valuation firm, determined the fair value of the stock options granted to employees. The binomial option pricing model was applied in determining the estimated fair value of the options granted to employees. Subsequent to the IPO, fair value of the ordinary shares is the price of the Company's publicly traded shares.

The Company accounts for a change in any of the terms or conditions of share-based awards as a modification in accordance with ASC subtopic 718-20, Compensation-Stock Compensation: Awards Classified as Equity, whereby the incremental fair value, if any, of a modified award, is recorded as compensation cost on the date of modification for vested awards or over the remaining vesting period for unvested awards. The incremental compensation cost is the excess of the fair value of the modified award on the date of modification over the fair value of the original award immediately before the modification.

**2.28 Other Income, net**

Commencing in 2018 with the adoption of the new revenue accounting standard, VAT refunds are presented as a component of other income, net. For Beijing Prbrownies Software Co., Ltd., Chengdu Prbrownies Software Co., Ltd. and Tianjin Autohome Data Information Technology Co., Ltd., they are subject to 13% VAT (or 16% VAT before April 1, 2019 and 17% before May 1, 2018) for the dealer subscription services and other services, which were sold in the form of software products. Since November 2014 and December 2016 and January 2021, respectively, Beijing Prbrownies Software Co., Ltd., Chengdu Prbrownies Software Co., Ltd. and Tianjin Autohome Data Information Technology Co., Ltd. are entitled to an immediate 10% VAT (or 13% before April 1, 2019 and 14% before May 1, 2018) refund, which is a refund in excess of 3% VAT on the total VAT payable, after their registration of software products with relevant authorities and obtaining a refund approval from the local tax bureau. For the years ended December 31, 2018, 2019 and 2020, RMB289,326, RMB293,008 and RMB218,412 (US\$33,473) of VAT refunds were recorded as other income, net.

Other income, net also includes government grants, which primarily represent subsidies and tax refunds for operating a business in certain jurisdictions and fulfillment of specified tax payment obligations. These grants are not subject to any specific requirements and are recorded when received. For the years ended December 31, 2018, 2019 and 2020, RMB45,190, RMB147,694 and RMB210,022 (US\$32,187) of government grants were recorded as other income, net.

**2.29 Commitment and Contingencies**

From time to time, the Group is subject to legal proceedings and claims in the ordinary course of business. Liabilities for such contingencies are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.30 Business Combinations**

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities incurred by the Group to the sellers and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs 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. During the measurement period, which can be up to one year from the acquisition date, the Group may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of comprehensive income.

In a business combination achieved in stages, the Group re-measures the previously held equity interest in the acquiree when obtaining control at its acquisition date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated statements of comprehensive income.

For the Company's majority-owned subsidiaries and consolidated VIEs, a noncontrolling interest is recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to the Company. 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 interests are classified as mezzanine equity. Consolidated net income on the consolidated statements of comprehensive income includes the net income/loss attributable to noncontrolling interests and mezzanine equity holders when applicable.

**2.31 Recent Accounting Pronouncements**

In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes” to remove specific exceptions to the general principles in Topic 740 and to simplify accounting for income taxes. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company has finalized its analysis and does not expect this ASU to have a material impact on the consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, “Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815”, which clarifies the interaction of the accounting for equity investments under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.31 Recent Accounting Pronouncements—continued**

and purchased options accounted for under Topic 815. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard and does not expect this ASU to have a material impact on the consolidated financial statements.

**2.32 Concentration of Risk***Credit risk*

Financial instruments that potentially subject the Group to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, short-term investments and accounts receivable. As of December 31, 2018, 2019 and 2020, cash and cash equivalents, restricted cash and short-term investments altogether amounting to RMB10,066,458, RMB12,800,310 and RMB14,647,324 (US\$2,244,801), respectively, were deposited with various major reputable financial institutions located in the PRC and international financial institutions outside of the PRC. Management believes that these financial institutions are of high credit quality and continually monitors the creditworthiness of these financial institutions. Historically, deposits in Chinese banks are secure due to the state policy on protecting depositors' interests. However, China promulgated a new Bankruptcy Law in August 2006 that came into effect on June 1, 2007, which contains a separate article expressly stating that the State Council may promulgate implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law. Under the new Bankruptcy Law, a Chinese bank may go into bankruptcy. In the event of bankruptcy of one of the banks which holds the Group's deposits, it is unlikely to claim its deposits back in full since it is unlikely to be classified as a secured creditor based on PRC laws. The Group continues to monitor the financial strength of these financial institutions.

Accounts receivable are typically unsecured and derived from revenue earned from customers, which are exposed to credit risk. The risk is mitigated by the Group's assessment of its customers' creditworthiness and its ongoing monitoring process of outstanding balances. The Group maintains reserves for allowance of doubtful accounts and these allowances have generally been within expectations. There were three customers, no customer and one customer that individually represented greater than 10% of the total accounts receivable as of December 31, 2018, 2019 and 2020.

*Business, customer, political, social and economic risks*

The Group participates in a dynamic high technology industry and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations or cash flows; changes in the overall demand for services and products; changes in business offerings; epidemic outbreak that may cause disruption to business operation of the Group, its customers and suppliers; competitive pressures due to new entrants; acceptance of the Internet as an effective marketing platform by China's automotive industry; changes in certain strategic relationships or customer relationships; growth in China's automotive industry, regulatory considerations; and risks associated with the Group's ability to attract and retain employees necessary to support its growth.

There were no customer, no customer and no customer that individually represented greater than 10% of the total net revenues for the years ended December 31, 2018, 2019 and 2020, respectively.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued****2.32 Concentration of Risk—continued***Currency convertibility risk*

The Group transacts majority of its business in RMB, which is not freely convertible into foreign currencies. According to the relevant regulations in the PRC, all foreign exchange transactions are required to take place either through the People’s Bank of China (“PBOC”) or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers’ invoices, shipping documents and signed contracts.

Most of the cash and cash equivalents and short-term investments held by PRC subsidiaries and the VIEs are denominated in RMB, while a portion of cash and cash equivalents and short-term investments held by PRC subsidiaries and the VIEs are denominated in US\$. Cash distributed outside of the PRC by PRC subsidiaries and the VIEs are subject to PRC dividend withholding tax.

*Foreign Currency exchange rate risk*

Since July 21, 2005, the RMB was permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. There was depreciation of 5.4%, depreciation of 1.2%, and appreciation of 6.7% for the years ended December 31, 2018, 2019 and 2020, respectively. Any significant appreciation or depreciation of the RMB may materially and adversely affect the Group’s earnings and financial position, and the value of, and any dividends payable on, the Company’s ADSs in U.S. dollars. For example, to the extent that the Group need to convert U.S. dollars it received from its initial public offering into RMB to pay its operating expenses, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount it would receive from the conversion. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of the Group’s earnings, which in turn could adversely affect the price of ADSs.

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 3. FAIR VALUE MEASUREMENT

Assets measured at fair value on a recurring basis

Fair value measurement at December 31, 2020 using			
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
	RMB	RMB	RMB
Cash equivalents			
Time deposits .....	—	268,634	—
Short-term investments			
Term deposits .....	—	7,286,100	—
Adjustable-rate financial products .....	—	5,592,076	—
Restricted cash .....	—	17,926	—
Other non-current assets			
Warrant .....	—	—	—
	—	13,164,736	—
		<b>Fair Value at December 31, 2020</b>	
		RMB	US\$
Cash equivalents			
Time deposits .....		268,634	41,170
Short-term investments			
Term deposits .....		7,286,100	1,116,644
Adjustable-rate financial products .....		5,592,076	857,023
Restricted cash .....		17,926	2,747
Other non-current assets			
Warrant .....		—	—
		13,164,736	2,017,584
		<b>Fair Value Measurement at</b>	
		<b>December 31, 2019 using</b>	
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
	RMB	RMB	RMB
Cash equivalents			
Time deposits .....	—	738,112	—
Short-term investments			
Term deposits .....	—	2,577,905	—
Adjustable-rate financial products .....	—	8,228,907	—
Restricted cash .....	—	5,200	—
Other non-current assets			
Warrant .....	—	—	31,393
	—	11,550,124	31,393

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 3. FAIR VALUE MEASUREMENT—continued

## Assets measured at fair value on a recurring basis—continued

	Fair Value at December 31, 2019		
	RMB		
Cash equivalents			
Time deposits			738,112
Short-term investments			
Term deposits			2,577,905
Adjustable-rate financial products			8,228,907
Restricted cash			5,200
Other non-current assets			
Warrant			31,393
			<u>11,581,517</u>

	Fair Value Measurement at December 31, 2018 using		
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
	RMB	RMB	RMB
Cash equivalents			
Money market fund	7,295	—	—
Short-term investments			
Term deposits	—	1,732,110	—
Money market fund	—	24,394	—
Adjustable-rate financial products	—	8,092,984	—
Restricted cash	—	5,000	—
Other non-current assets			
Warrant	—	—	36,375
	<u>7,295</u>	<u>9,854,488</u>	<u>36,375</u>

	Fair Value at December 31, 2018	
	RMB	
Cash equivalents		
Money market fund		7,295
Short-term investments		
Term deposits		1,732,110
Money market fund		24,394
Adjustable-rate financial products		8,092,984
Restricted cash		5,000
Other non-current assets		
Warrant		36,375
		<u>9,898,158</u>

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**3. FAIR VALUE MEASUREMENT—continued****Other financial instruments**

The followings are other financial instruments not measured at fair value in the consolidated balance sheets, but for which the fair value is estimated for disclosure purposes.

Financial assets including accounts receivable, amounts due from related parties, prepaid expenses and other current assets excluding prepayments and staff advances, and other non-current assets excluding operating lease right-of-use assets and warrant are not measured at fair value in the consolidated balance sheets, and the carrying values approximated fair value due to their short-term maturity. Financial liabilities including accrued expense and other payables, and amounts due to related parties are also not measured at fair value in the consolidated balance sheets, and the carrying values approximated fair value due to their short-term maturity.

**Assets and liabilities measured at fair value on a non-recurring basis**

The Group measures certain assets, including long-term investments, goodwill and intangible assets, at fair value on a non-recurring basis when they are deemed to be impaired (Level 3). The fair values of these assets are determined based on valuation techniques using the best information available, and may include management judgments, future performance projections, etc. An impairment charge to these investments is recorded when the cost of the investment exceeds its fair value and this condition is determined to be other-than-temporary.

**4. ACCOUNTS RECEIVABLE, NET**

Accounts receivable and allowance for doubtful accounts consist of the following:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Accounts receivable . . . . .	2,799,424	3,265,475	3,252,396	498,451
Allowance for doubtful accounts . . . . .	(3,589)	(33,989)	(128,199)	(19,647)
Total . . . . .	<u>2,795,835</u>	<u>3,231,486</u>	<u>3,124,197</u>	<u>478,804</u>

As of December 31, 2018, 2019 and 2020, all accounts receivable were due from third party customers.

An analysis of the allowance for doubtful accounts is as follows:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Beginning balance . . . . .	1,408	3,589	33,989	5,209
Additions charged to bad debt expense . . . . .	3,789	37,141	104,434	16,005
Reversal . . . . .	(1,574)	(465)	(8,751)	(1,341)
Write off . . . . .	(34)	(6,276)	(1,473)	(226)
Ending balance . . . . .	<u>3,589</u>	<u>33,989</u>	<u>128,199</u>	<u>19,647</u>

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**4. ACCOUNTS RECEIVABLE, NET—continued**

The Group recognized additions to allowance for doubtful accounts amounting to RMB2,215, RMB36,676 and RMB95,683 (US\$14,664) within general and administrative expenses, for the years ended December 31, 2018, 2019 and 2020, respectively, part of the additions to allowance for doubtful accounts for the year ended December 31, 2020 are in response to the deteriorating financial position of certain automaker customers.

**5. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Prepayments .....	188,481	216,809	299,154	45,847
Rental and other deposits .....	6,646	19,329	10,867	1,665
Interest receivable .....	8,030	18,269	114,726	17,583
Staff advances .....	5,444	4,040	2,070	317
Receivables from third-party payment platform .....	5,793	10,348	86,777	13,299
Other receivables .....	35,583	33,490	49,588	7,600
	<u>249,977</u>	<u>302,285</u>	<u>563,182</u>	<u>86,311</u>

Prepayments primarily include prepaid VAT and surcharges, prepaid promotional expenses and service fee.

**6. TAXATION****Enterprise income tax***Cayman Islands*

The Company and its subsidiaries are incorporated in the Cayman Islands and conduct substantially all of its business through its PRC subsidiaries and VIEs. Under the current laws of the Cayman Islands, the Company and its subsidiaries are not subject to tax on income or capital gains. In addition, upon payments of dividends by these entities to their shareholders, no Cayman Islands withholding tax will be imposed.

*British Virgin Islands*

Cheerbright is incorporated in the British Virgin Islands and conducts substantially all of its businesses through its PRC subsidiary and VIEs. Under the current laws of the British Virgin Islands, Cheerbright is not subject to tax on income or capital gains. In addition, upon payments of dividends by these entities to their shareholders, no British Virgin Islands withholding tax will be imposed.

*Hong Kong*

Autohome (Hong Kong) Limited, Autohome Media, Autohome E-commerce Hong Kong Limited, Autohome Link Hong Kong Limited and Autohome Financing Hong Kong Limited (deregistered in

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**6. TAXATION—continued****Enterprise income tax—continued***Hong Kong—continued*

2020) were incorporated in Hong Kong. Subsidiaries in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. On April 1, 2018, a two-tiered profits tax regime was introduced. The profits tax rate for the first HK\$2 million of profits of corporations is lowered to 8.25%, while profits above that amount continue to be subject to the tax rate of 16.5%. For 2018, 2019 and 2020, save for the tax payment made by Autohome Financing Hong Kong Limited in relation to the disposal of the Shanghai Youcheyoujia Financing Co., Ltd. as its 25% shareholder, the Company did not make any other provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong during these periods except for the abovementioned investment disposal gain. Under the Hong Kong tax law, the Company's subsidiaries in Hong Kong are exempted from income tax on their foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

*The PRC*

Autohome WFOE, Chezhiying WFOE, Beijing Autohome Technologies Co., Ltd., or Beijing Autohome Technologies, Beijing Prbrownies Software Co., Ltd. and Beijing Kemoshijie Technology Co., Ltd. are recognized as “High-New Technology Enterprise” (“HNTE”) and are eligible for a 15% preferential tax rate effective through 2021, 2020, 2020, 2020 and 2020, respectively, upon the completion of their filings with the relevant tax authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the relevant authorities in China. Three HNTEs, Autohome WFOE, Beijing Autohome Technologies and Beijing Prbrownies Software Co., Ltd., further enjoy a more preferential enterprise tax rate of 10% as they are accredited as key software enterprises (“KSE”) under the relevant PRC laws and regulations as well, which tax rate will continue to apply for so long as each of them maintains their respective key software enterprise status during each relevant tax year.

Chengdu Prbrownies Software Co., Ltd., or Chengdu Prbrownies, is recognized as a software enterprise (“SE”) and could be exempt from income tax for the tax year of 2017 and 2018, followed by a 50% reduction in the statutory income tax rate of 25% for the years of 2019, 2020 and 2021 provided that it maintains its status as a SE during each relevant tax year. In the meanwhile, Chengdu Prbrownies further enjoy a more preferential enterprise tax rate of 10% as it is accredited as KSE for the year of 2020.

Chezhiying WFOE, Hainan Chezhiyitong Information Technology Co., Ltd. and Tianjin Autohome Data Information Technology Co., Ltd. are recognized as SE and could be exempt from income tax for the tax year of 2019 and 2020, followed by a 50% reduction in the statutory income tax rate of 25% for the years of 2021, 2022 and 2023 provided that it maintains its status as a SE during each relevant tax year.

Pursuant to the Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry jointly issued by the State Administration of Taxation and the MOF on April 20, 2012, and the Circular on Issues concerning Preferential Enterprise Income Tax

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**6. TAXATION—continued****Enterprise income tax—continued***The PRC—continued*

Policies for Software and Integrated Circuit Industries jointly issued by the Ministry Of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Industry and Information Technology on May 4, 2016, eligible software enterprises which pass annual review and filing by the relevant tax authorities can enjoy exemption of enterprise income tax for the first and second year as calculated from the profit making year or no later than December 31, 2017 if no profit is made prior to that date, and thereafter enjoy half of the statutory rate of 25% for the third through fifth year thereafter until the expiration of the preferential period. As each of Beijing Prbrownies Software Co., Ltd., Autohome WFOE and Beijing Autohome Technologies, has further registered as a key software enterprise in 2018 and 2019, it enjoyed a reduced enterprise income tax of 10% for tax year of 2017 and 2018. Going forward, if any of Autohome WFOE, Beijing Autohome Technologies and Beijing Prbrownies Software Co., Ltd. fails to complete the filing and registration with the relevant tax authorities, it will no longer enjoy the preferential tax rate, and the applicable enterprise income tax rate may increase to up to 15% as an HNTE if it still maintains the HNTE qualification, or up to 25% if it loses the HNTE qualification. If Chengdu Prbrownies fails to maintain its software enterprise qualification, it will automatically forfeit the respective preferential tax treatment described above.

Except for the above-mentioned entities, the Company's remaining PRC subsidiaries and all the VIEs were subject to enterprise income tax at a rate of 25% for 2018, 2019 and 2020.

The management subsequently assessed and concluded that uncertain preferential tax rates for certain subsidiaries were able to be realized in the fourth quarter of 2020 and a reversal of RMB331,952 (US\$50,874) was recorded in the fourth quarter of 2020, composed of current income tax expense of RMB371,826 (US\$56,985) and deferred income tax benefit of RMB39,874 (US\$6,111). A reversal of RMB117,470 and RMB150,714 was also recorded in the fourth quarter of 2018 and 2019, each composed of current income tax expense of RMB118,996 and deferred income tax benefit of RMB1,526, current income tax expense of RMB151,645 and deferred income tax benefit of RMB931.

The basic earnings per share effects related to the preferential tax rate were RMB0.80, RMB0.68 and RMB0.97 (US\$0.15) after taking into account the effects of the Share Subdivision as detailed in Note 2.1 for the years ended December 31, 2018, 2019 and 2020, respectively.

The New EIT Law also provides that enterprises established under the laws of foreign countries or regions and whose “place of effective management” is located within the PRC are considered PRC tax resident enterprises and subject to PRC income tax at the rate of 25% on worldwide income. The definition of “place of effective management” refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, and other aspects of an enterprise. If the Company is deemed as a PRC tax resident, it would be subject to PRC tax under the New EIT Law. The Company has analyzed the applicability of this law and believes that the chance of being recognized as a tax resident enterprise is remote for PRC tax purposes.

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 6. TAXATION—continued

## Enterprise income tax—continued

*The PRC—continued*

The Company's subsidiaries incorporated in other jurisdictions were subject to income tax charges calculated according to the tax laws enacted or substantially enacted in the countries where they operate and generate income.

The Group had minimal operations in jurisdictions other than the PRC. Income/(loss) before income tax expense consists of:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
PRC .....	3,197,471	3,647,316	3,770,148	577,800
Non PRC .....	43,950	53,690	(101,636)	(15,578)
	<u>3,241,421</u>	<u>3,701,006</u>	<u>3,668,512</u>	<u>562,222</u>

The income tax expense is comprised of:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Current .....	275,779	355,398	283,372	43,429
Deferred .....	102,111	144,963	(22,427)	(3,437)
	<u>377,890</u>	<u>500,361</u>	<u>260,945</u>	<u>39,992</u>

The reconciliation of income tax expense for the years ended December 31, 2018, 2019 and 2020 is as follows:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Income before income tax expense .....	3,241,421	3,701,006	3,668,512	562,222
Income tax expense computed at PRC statutory tax rates (25%) .....	810,355	925,253	917,128	140,556
Non-deductible expenses .....	49,117	27,333	22,063	3,381
Research and development expenses super-deduction ..	(89,796)	(194,000)	(225,715)	(34,592)
Change in valuation allowances .....	(15,285)	16,420	(5,285)	(810)
Outside basis difference .....	8,481	(7,727)	142	22
Effect of international tax rate difference .....	(10,988)	(14,440)	8,682	1,331
Effect of preferential tax rate .....	(373,994)	(323,534)	(463,819)	(71,083)
Effect of withholding tax on dividend .....	—	71,056	76,610	11,741
Other adjustments ( <i>Note</i> ) .....	—	—	(68,861)	(10,554)
Income tax expense .....	<u>377,890</u>	<u>500,361</u>	<u>260,945</u>	<u>39,992</u>

*Note: This amount represents tax savings relating to share-based compensation exercised in 2019, which can be deducted when the Company did tax filing according to income tax guidance adopted in 2020.*

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 6. TAXATION—continued

## Deferred tax

The significant components of deferred taxes are as follows:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	756	7,592	22,343	3,424
Accrued staff cost and expenses	27,329	12,669	42,091	6,451
Deferred revenue	5,941	11,051	11,214	1,719
Tax losses <i>(Note)</i>	96,025	52,411	404,178	61,943
VAT refund	—	351	2,032	311
Less: Valuation allowances	(39,872)	(56,292)	(402,197)	(61,639)
Total deferred tax assets	90,179	27,782	79,661	12,209
<b>Deferred tax liabilities</b>				
Identifiable intangible assets arising from acquisition	—	—	63,570	9,743
Intangible assets and internally-developed software	10,540	15,691	39,306	6,024
Outside basis difference and others	445,381	451,740	452,023	69,275
Withholding income tax	—	71,056	76,610	11,741
Total deferred tax liabilities	455,921	538,487	631,509	96,783

*Note: Upon the acquisition of TTP on December 31, 2020, the Group recorded deferred tax assets due to tax losses and related valuation allowance by approximately RMB355,730 (US\$54,518) and RMB355,730 (US\$54,518), respectively.*

In assessing the realizability of deferred tax assets, the Group has considered whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Group records a valuation allowance to reduce deferred tax assets to a net amount that management believes is more-likely-than-not of being realizable based on the weight of all available evidence. The Company recorded valuation allowances against the deferred tax assets of eleven and eight PRC subsidiaries and VIEs as of December 31, 2018, 2019 and 2020, respectively, due to the cumulative tax loss positions and insufficient forecasted future taxable income.

As of December 31, 2020, the Group had net operating losses of approximately RMB1,618,888 (US\$248,105), which can be carried forward to offset taxable income. The net operating loss will start to expire in 2021 if not utilized.

***Deferred tax liabilities arising from undistributed earnings***

The Enterprise Income Tax Law also imposes a withholding income tax of 10% on dividends distributed by a Foreign Invested Enterprises (“FIEs”) to its immediate holding company outside of 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 China. As of December 31, 2020, the Group has no such qualified subsidiary, dividends are subject to a withholding tax rate of 10%.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**6. TAXATION—continued****Deferred tax—continued*****Deferred tax liabilities arising from undistributed earnings—continued***

On November 4, 2019, the Company’s board of directors approved an annual cash dividend policy. Under the policy, starting from 2020, the Company will declare and distribute a recurring cash dividend at an amount equivalent to approximately 20% of the Company’s net income in the previous fiscal year. In 2019 and 2020, the Company accrued RMB71,056 and RMB76,610 of deferred income tax expenses associated with the expected cash dividend payment, respectively.

As of December 31, 2018, 2019 and 2020, the total amount of undistributed earnings from the Company’s PRC subsidiaries and VIEs that are considered to be permanently reinvested was RMB 8,274,556, RMB11,061,788 and RMB13,674,190 (US\$1,964,174), respectively. As of December 31, 2018, 2019 and 2020, determination of the amount of unrecognized deferred tax liability related to the earnings that are indefinitely reinvested is not practical.

***Unrecognized tax benefits***

As of December 31, 2018, 2019 and 2020, the Company recorded an unrecognized tax benefit of RMB24,068, RMB22,467 and RMB17,805 (US\$2,729), respectively, of which nil, nil and nil, respectively, are presented on a net basis against the deferred tax assets related to tax loss carry forwards on the consolidated balance sheets. This represents the difference between the amount of benefit recognized in the statement of financial position and the amount taken or expected to be taken in a tax return. It is possible that the amount of uncertain tax position will change in the next twelve months, however, an estimate of the range of the possible outcomes cannot be made at this time. As of December 31, 2018, 2019 and 2020, unrecognized tax benefits of RMB11,659, RMB8,436 and RMB3,198 (US\$490), respectively, if ultimately recognized, will impact the effective tax rate.

A roll-forward of unrecognized tax benefits is as follows:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Beginning balance .....	19,047	11,659	8,436	1,293
Additions based on tax positions related to current year .....	—	—	—	—
Decreases based on tax positions related to prior years .....	(7,388)	(3,223)	(5,238)	(803)
Ending balance .....	<u>11,659</u>	<u>8,436</u>	<u>3,198</u>	<u>490</u>

During the years ended December 31, 2018, 2019 and 2020, the Company recorded late payment interest expense of nil, nil and nil, and penalties of nil, nil and nil, respectively, as part of income tax expense. As of December 31, 2018, 2019 and 2020, the Company recorded RMB12,409, RMB14,031 and RMB11,049 (US\$1,693) for late payment interest expense, and nil, nil and nil for penalties.

The tax years ended December 31, 2016 through 2020 for the Company’s PRC subsidiaries and VIEs remain subject to examination by the PRC tax authorities.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**7. PROPERTY AND EQUIPMENT, NET**

Property and equipment consist of the following:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
At cost:				
Electronic equipment .....	418,381	525,545	647,271	99,199
Office equipment .....	1,534	2,057	5,841	895
Motor vehicles .....	3,645	4,583	7,071	1,084
Software .....	40,255	134,393	305,552	46,828
Leasehold improvements .....	41,225	46,053	96,211	14,745
	505,040	712,631	1,061,946	162,751
Less: Accumulated depreciation .....	(334,842)	(430,858)	(651,865)	(99,903)
	170,198	281,773	410,081	62,848

Depreciation expense was RMB90,270, RMB106,941 and RMB158,229 (US\$24,250) for the years ended December 31, 2018, 2019 and 2020, respectively.

**8. INTANGIBLE ASSETS, NET**

The following tables present the Group's intangible assets with definite lives as of the respective balance sheet dates:

	December 31, 2020			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	
	RMB	RMB	RMB	US\$
Technologies .....	202,100	—	202,100	30,973
Trademarks .....	175,309	(56,993)	118,316	18,133
Customer relationship .....	46,900	(5,600)	41,300	6,330
Websites .....	27,000	(27,000)	—	—
Domain names .....	2,237	(2,012)	225	34
Database .....	73,500	—	73,500	11,264
Licensing agreements .....	2,870	(2,579)	291	44
Insurance brokerage license .....	28,133	(23,444)	4,689	719
	558,049	(117,628)	440,421	67,497

	December 31, 2019		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	RMB	RMB	RMB
Trademarks .....	68,380	(52,439)	15,941
Customer relationship .....	9,050	(9,050)	—
Websites .....	27,000	(27,000)	—
Domain names .....	2,023	(1,940)	83
Licensing agreements .....	2,670	(2,670)	—
Insurance brokerage license .....	28,133	(16,411)	11,722
	137,256	(109,510)	27,746

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**8. INTANGIBLE ASSETS, NET—continued**

	December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	RMB	RMB	RMB
Trademarks .....	68,380	(47,868)	20,512
Customer relationship .....	9,050	(9,050)	—
Websites .....	27,000	(27,000)	—
Domain names .....	2,021	(1,884)	137
Licensing agreements .....	2,612	(2,612)	—
Insurance brokerage license .....	28,133	(9,378)	18,755
	<u>137,196</u>	<u>(97,792)</u>	<u>39,404</u>

The Group obtained insurance brokerage license in 2017 through acquisition of Shanghai Tianhe Insurance Brokerage Co., Ltd., which was accounted for as asset acquisition. The Company acquired TTP on December 31, 2020 and identified the intangible assets of technologies, trademarks, customer relationship and database (Note 19). The intangible assets are amortized using the straight-line method, which is the Group’s best estimate of how these assets will be economically consumed over their respective estimated useful lives ranging from approximately 1.75 to 15 years. Amortization expense was RMB11,623, RMB11,662 and RMB12,045 (US\$1,846) for the years ended December 31, 2018, 2019 and 2020, respectively.

The annual estimated amortization expenses for the acquired intangible assets for each of the next five years are as follows:

	2021	2022	2023	2024	2025
	RMB	RMB	RMB	RMB	RMB
Amortization expenses .....	83,475	78,779	76,404	74,095	74,095

**9. LONG-TERM INVESTMENTS**

As of December 31, 2018, 2019 and 2020, the Company holds several equity investments through its subsidiaries or VIEs, all of which were accounted for under the equity method since the Company can exercise significant influence but does not own a majority equity interest in or control them.

*Hunan Mango Autohome Automobile Sales Co., Ltd. (“Mango JV”)*

In May 2015, the Group entered into a shareholder agreement with HappiGo Home Shopping Co. (“HappiGo”) to establish a strategic joint venture, Mango JV, with total capital contribution of RMB100,000, of which the Company subscribed for RMB49,000 or 49% of the ordinary shares.

*Shanghai Youcheyoujia Financing Co., Ltd. (“Financing JV”)*

In September 2015, the Group signed a memorandum of understanding to establish a joint venture with three parties. In 2015, the Group made a full payment of RMB75,000, for a 25% equity interest of the Financing JV. In September 2017, the Group entered into a definitive agreement to transfer all its equity interests in Financing JV to an unaffiliated party. As of December 31, 2018, the equity transfer

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**9. LONG-TERM INVESTMENTS—continued**

*Shanghai Youcheyoujia Financing Co., Ltd. (“Financing JV”)—continued*

was completed. The difference between the selling price and carrying amount upon the completion of sales was recognized as disposal gain and recorded under “earnings from equity method investments”.

*Visionstar Information Technology (Shanghai) Co., Ltd. (“Shanghai Visionstar”)*

In July 2017, the Group acquired a 10% interest in Shanghai Visionstar, which primarily engages in augmented reality technology and related operations in the PRC, with a total cash consideration of RMB30,000. The investment was accounted for using equity method as the Group determined that it can exercise significant influence over Shanghai Visionstar.

*Other investments*

The Company also holds several other investments in equity investees.

The carrying amount of all of the equity method investments was RMB70,979, RMB71,664 and RMB70,418 (US\$10,792) as of December 31, 2018, 2019 and 2020, respectively. The Company excluded the summarized information for these equity method investees as they were insignificant either individually or on an aggregated basis for all the years presented.

No impairment charges associated with the equity method investments were recognized during any of the years presented.

**10. OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

	December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Convertible bond (a) . . . . .	675,334	757,864	—	—
Warrant (a) . . . . .	36,375	31,393	—	—
Operating lease right-of-use assets . . . . .	—	81,055	209,339	32,083
Others . . . . .	21,096	4,219	49,365	7,564
	<u>732,805</u>	<u>874,531</u>	<u>258,704</u>	<u>39,647</u>

(a) In June 2018, the Company entered into a definitive agreement with TTP, a company operating an online auction platform for used automobiles, pursuant to which the Company made an investment in TTP in the form of a three year convertible bond, with an annual 8% compound interest rate, in an aggregate principal amount of US\$100,000 in cash. The transaction was successfully consummated in June 2018. The Company was granted the right (“warrant”), not the obligation to purchase an additional 8.0% convertible bond in an aggregate principal amount of US\$65 million to be issued by TTP upon the Company’s request from time to time within three years after the consummation of transaction in June 2018. The conversion feature does not meet the definition of derivative and the put option (redemption right) was considered as embedded derivatives that does not meet the criteria to be

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**10. OTHER NON-CURRENT ASSETS—continued**

bifurcated and accounted for together with the convertible bond itself. The warrant for the subscription of additional convertible bond was considered as a freestanding financial instrument and was accounted for at fair value with the change in fair value recognized in earnings. As of December 31, 2020, the convertible bond and warrant, are reclassified as prepaid expenses and other current assets in the Company's condensed balance sheets as the convertible bond and warrant are due on June 10, 2021. The convertible bond and warrant are eliminated in the consolidated financial statements due to the acquisition of TTP by the Company.

Fair value change of the warrant was RMB11,017, RMB5,442 and RMB15,658 (US\$2,400) for the years ended December 31, 2018, 2019 and 2020, respectively.

To estimate the fair value of the warrant, Black-Scholes Option Pricing Model was used in the valuation, with the following assumptions:

	December 31, 2018	December 31, 2019	December 31, 2020
Risk-free interest rate	2.5%	1.6%	0.14%
Exercise price	US\$65,000	US\$65,000	US\$65,000
Dividend yield	0.00%	0.00%	0.00%
Expected time to exercise (years)	2.4	1.4	0.44
Asset volatility	25.0%	28.0%	32.0%

**11. ACCRUED EXPENSES AND OTHER PAYABLES**

The components of accrued expenses and other payables are as follows:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
VAT and surcharges payable	156,045	107,770	85,372	13,084
Payroll and welfare payable	574,389	495,711	552,985	84,749
Accrued rebates	880,624	683,915	797,218	122,179
Deposit from customers	80,385	43,283	22,387	3,431
Accrued expenses	571,625	915,978	737,797	113,072
Payable for purchase of fixed assets	27,132	23,847	39,852	6,108
Professional service fees	9,206	1,969	7,074	1,084
Payable for exercise of share-based awards	39,500	15,977	38,217	5,857
Operating lease liabilities—current portion	—	52,781	112,094	17,178
Others	101,042	76,207	184,713	28,309
	<u>2,439,948</u>	<u>2,417,438</u>	<u>2,577,709</u>	<u>395,051</u>

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 12. RELATED PARTY TRANSACTIONS

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Ping An and its subsidiaries (“Ping An Group”)	The Company’s controlling shareholder and its subsidiaries
Mango JV	An equity-method investee of the Company’s subsidiary
Shanghai Visionstar	An equity-method investee of the Company’s subsidiary

Yun Chen became the Company’s controlling shareholder in June 2016 and Yun Chen is a subsidiary of Ping An. Therefore Ping An Group became the Company’s related party since then.

During the years ended December 31, 2018, 2019 and 2020, related party transactions were as follows:

	<u>Year ended December 31,</u>			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>US\$</u>
Services provided to Ping An Group (a) .....	473,466	447,010	621,845	95,302
Services provided to other related parties .....	124	340	—	—
Net revenues from related parties .....	<u>473,590</u>	<u>447,350</u>	<u>621,845</u>	<u>95,302</u>
Services provided by and assets purchased from Ping An Group (b) .....	88,658	107,706	156,420	23,972
Services provided by and assets purchased from other related parties .....	10,415	15,717	5,625	862
Services provided by related parties .....	<u>99,073</u>	<u>123,423</u>	<u>162,045</u>	<u>24,834</u>
Interest income from Ping An Group .....	50,968	47,459	63,558	9,741

As of December 31, 2018, 2019 and 2020, balances with related parties were as follows:

	<u>As of December 31,</u>			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>US\$</u>
Amounts due from related parties, current				
Ping An Group (c) .....	34,018	29,489	47,303	7,250
Mango JV .....	29	12	—	—
	<u>34,047</u>	<u>29,501</u>	<u>47,303</u>	<u>7,250</u>
Amounts due from related parties, non-current				
Ping An Group (c) .....	<u>2,041</u>	<u>4,509</u>	<u>18,163</u>	<u>2,784</u>
Amounts due to related parties				
Ping An Group (d) .....	19,660	26,155	76,048	11,655
Mango JV .....	208	507	14	2
Shanghai Visionstar .....	—	9,725	3,833	587
	<u>19,868</u>	<u>36,387</u>	<u>79,895</u>	<u>12,244</u>

- (a) The amount represents the commission fee for transaction facilitation service on financial product including loan and insurance products and advertising services provided to Ping An Group.
- (b) The amount represents rental and property management services, technical services, other miscellaneous services and assets provided by Ping An Group.
- (c) Receivable from Ping An Group primarily consists of deposit in relation to the operating lease and other agreements, service fee receivable, and interest receivable from cash and cash equivalents and short-term investments held at Ping An Group. As of

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**12. RELATED PARTY TRANSACTIONS—continued**

December 31, 2018, 2019 and 2020 the Group had cash and cash equivalents and short-term investments of RMB1,117,132, RMB1,907,217 and RMB3,466,900 (US\$ 531,326) at Ping An Group, respectively.

- (d) The outstanding payable to Ping An Group primarily consists of payable for provision of services related to business operation, IDC service fee and other miscellaneous services.

**13. COMMITMENTS AND CONTINGENCIES*****Legal proceedings***

From time to time, the Group is subject to legal proceedings and claims in the ordinary course of business. The Group does not believe that any currently pending legal proceeding to which the Group is a party will have a material effect on its business, balance sheets, or results of operations or cash flows.

**14. COST OF REVENUES**

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Content-related costs . . . . .	441,459	633,042	720,465	110,416
Depreciation and amortization . . . . .	41,600	31,169	29,889	4,581
Bandwidth and internet data center . . . . .	105,313	106,146	113,858	17,450
Tax surcharges . . . . .	231,916	189,935	96,958	14,859
	<u>820,288</u>	<u>960,292</u>	<u>961,170</u>	<u>147,306</u>

**15. ORDINARY SHARES**

Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for conversion and voting rights. Each Class B ordinary share is convertible into one Class A ordinary share at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Each Class A ordinary share is entitled to one vote.

As of December 31, 2020, the Company had 479,219,628 issued and outstanding ordinary shares after taking into account the effects of the Share Subdivision as detailed in Note 2.1.

**16. RESTRICTED NET ASSETS**

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries.

Under PRC law, the Company's PRC subsidiaries are required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund. The subsidiary is required to allocate at least 10% of their after tax profits on an individual company basis

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**16. RESTRICTED NET ASSETS—continued**

as determined under PRC accounting standards to the general reserve and has the right to discontinue allocations to the general reserve if such reserve has reached 50% of registered capital on an individual company basis.

Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors of the subsidiary. The Company's VIEs in the PRC are also subject to similar statutory reserve requirements. These reserves can only be used for specific purposes and are not transferable to the Group in the form of loans, advances or cash dividends. As of December 31, 2018, 2019 and 2020, the Company's PRC subsidiaries and VIEs had appropriated RMB75,929, RMB84,537 and RMB87,759 (US\$13,450), respectively, of retained earnings for its statutory reserves.

As a result of these PRC laws and regulations subject to the limit discussed above that require annual appropriations of 10% of after-tax income to be set aside, prior to payment of dividends as general reserve fund, the Company's PRC subsidiaries and VIEs are restricted in their ability to transfer a portion of their net assets to the Company. Foreign exchange and other regulations in the PRC may further restrict the Company's PRC subsidiaries and VIEs from transferring funds to the Company in the form of dividends, loans and advances. As of December 31, 2018, 2019 and 2020, amounts restricted are the net assets of the Company's PRC subsidiaries and VIEs, which amounted to RMB9,747,124, RMB13,311,536 and RMB15,734,456 (US\$2,411,411), respectively.

The Company performed a test on the restricted net assets of its consolidated subsidiaries and VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e)(3), “General Notes to the Financial Statements” and concluded that it was applicable for the Company to disclose the condensed financial information for the parent company (Note 20) for the years ended December 31, 2018, 2019 and 2020. For the purposes of presenting parent only financial information, the Company records its investments in its subsidiaries and VIEs under the equity method of accounting. Such investments are presented on the separate condensed balance sheets of the Company as “Investments in subsidiaries and VIEs” and the profit of the subsidiaries and VIEs is included in “Share of income of subsidiaries and VIEs” in the condensed statements of comprehensive income.

**17. EARNINGS PER SHARE**

Following the Share Subdivision and the ADS Ratio Change as detailed in Note 2.1, each ordinary share was subdivided into four ordinary shares and each ADS represents four ordinary shares. The weighted average number of ordinary shares used for the calculation of basic and diluted earnings per share/ADS for the years ended December 31, 2018, 2019 and 2020 have been retrospectively adjusted.

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 17. EARNINGS PER SHARE—continued

Basic and diluted earnings per share for each of the years presented are calculated as follows:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
<b>Basic earnings per share:</b>				
<b>Numerator:</b>				
Net income attributable to Autohome Inc. . . .	2,871,015	3,199,966	3,405,229	521,872
<b>Denominator:</b>				
Weighted average ordinary shares				
outstanding . . . . .	470,687,884	474,328,384	477,467,268	477,467,268
<b>Basic earnings per share (Note)</b>	<b>6.10</b>	<b>6.75</b>	<b>7.13</b>	<b>1.09</b>
<b>Diluted earnings per share:</b>				
<b>Numerator:</b>				
Net income attributable to Autohome Inc. . . .	2,871,015	3,199,966	3,405,229	521,872
<b>Denominator:</b>				
Weighted average ordinary shares				
outstanding . . . . .	470,687,884	474,328,384	477,467,268	477,467,268
Dilutive effect of share-based awards . . . . .	6,253,632	3,732,604	2,219,112	2,219,112
Weighted average number of shares				
outstanding-diluted . . . . .	476,941,516	478,060,988	479,686,380	479,686,380
<b>Diluted earnings per share (Note) . . . . .</b>	<b>6.02</b>	<b>6.69</b>	<b>7.10</b>	<b>1.09</b>
<b>Earnings per ADS</b>				
<b>Net income per ADS – basic (RMB) . . . . .</b>	<b>24.40</b>	<b>26.99</b>	<b>28.53</b>	<b>4.37</b>
<b>Net income per ADS – diluted (RMB) . . . . .</b>	<b>24.08</b>	<b>26.77</b>	<b>28.40</b>	<b>4.35</b>

*Note: Basic and diluted net income per ordinary share, weighted average number of ordinary shares and the adjustments for dilutive effect of share-based awards have been retrospectively adjusted for the Share Subdivision and the ADS Ratio Change that were effective on February 5, 2021 as detailed in Note 2.1.*

The effects of 636,132, 389,440 and 481,828 stock options (previously 159,033, 97,360 and 120,457 stock options, respectively before the Share Subdivision as detailed in Note 2.1) were excluded from the calculation of diluted earnings per share as their effect would have been anti-dilutive during the years ended December 31, 2018, 2019 and 2020, respectively. The effects of 1,019,316, 714,700 and 90,536 restricted shares (previously 254,829, 178,675 and 22,634 restricted shares, respectively before the Share Subdivision as detailed in Note 2.1) were excluded from the calculation of diluted earnings per share as their effect would have been anti-dilutive during the years ended December 31, 2018, 2019 and 2020, respectively.

## 18. SHARE-BASED COMPENSATION

In order to provide additional incentives to employees and to promote the success of the Company's business, the Company adopted a share incentive plan in 2011 (the “2011 Plan”), a share incentive plan in 2013 (the “2013 Plan”), Amended and Restated 2016 Share Incentive Plan (the “2016 Plan”) and 2016 Share Incentive Plan II (the “2016 Plan II”) in 2016, collectively “the Plans”. The Company may grant share-based awards to its employees, directors and consultants to purchase an aggregate of no more than 31,372,400, 13,400,000, 19,560,000 and 12,000,000 ordinary shares (previously 7,843,100,

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**18. SHARE-BASED COMPENSATION—continued**

3,350,000, 4,890,000 and 3,000,000 ordinary shares, respectively before the Share Subdivision as detailed in Note 2.1) of the Company under the 2011 Plan, 2013 Plan, 2016 Plan and 2016 Plan II, respectively. 2011 Plan, 2013 Plan, 2016 Plan and 2016 Plan II were approved by the Board of Directors in May 2011, November 2013, March 2017 and December 2016, respectively. The Plans are administered by the Board of Directors or any of its committees as set forth in the Plans. For share options and restricted shares with service condition or performance condition granted under the Plans, majority are subject to vesting schedules of approximately four years with 25% of the awards vesting each year and have a contractual term of ten years.

Following the Share Subdivision and the ADS Ratio Change that became effective on February 5, 2021 as detailed in Note 2.1, each ordinary share was subdivided into four ordinary shares and each ADS represents four ordinary shares. Pro-rata adjustments have been made to the number of ordinary shares underlying each share option and restricted share granted, so as to give the participants the same proportion of the equity that they would have been entitled to prior to the Share Subdivision. Prior to February 5, 2021, one ordinary share was issuable upon the exercise of one outstanding share option or the vesting of one outstanding restricted share, respectively. Subsequent to the Share Subdivision, four ordinary shares are issuable upon the exercise of one outstanding share option or the vesting of one outstanding restricted share, respectively. The Share Subdivision has no impact on the number of share options, the number of restricted shares, the weighted average exercise price per share option and the weighted average grant date fair value per restricted share as stated below.

**Share options**

The following table summarizes the Company's employee share option activity under the share option plans:

	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding, January 1, 2020 .....	877,393	45.30	34.14	7.61	30,729
Granted .....	130,548	84.59	40.52		
Exercised .....	(460,222)	33.15			
Forfeited .....	(35,929)	51.56			
Outstanding, December 31, 2020 .....	511,790	63.83	41.10	7.54	18,910
Vested and expected to vest at December 31, 2020 .....	489,476	62.24	41.00	7.40	18,296
Exercisable as of December 31, 2020 .....	201,517	47.43	35.87	6.36	10,518

The aggregate intrinsic value in the table above is calculated as the difference between the exercise price of the underlying awards and US\$99.62, the closing stock price of the Company's ordinary shares on December 31, 2020. The weighted-average grant-date fair value of options granted during the years ended December 31, 2018, 2019 and 2020 was US\$52.60, US\$45.26 and US\$40.52, respectively. The total grant date fair value of options vested during the years ended December 31, 2018, 2019 and 2020 was RMB63,708, RMB79,197 and RMB58,092 (US\$8,903), respectively. Total

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**18. SHARE-BASED COMPENSATION—continued****Share options—continued**

intrinsic value of options exercised during the years ended December 31, 2018, 2019 and 2020 was RMB189,564, RMB178,577 and RMB170,374 (US\$26,111), respectively.

The aggregate fair value of the outstanding options at the grant dates were determined to be RMB137,253 (US\$21,035) and such amount shall be recognized as compensation expenses using the straight-line method for all employee share options granted with graded vesting. As of December 31, 2020, there was RMB62,483 (US\$9,576) of total unrecognized share-based compensation expenses, net of estimated forfeitures, related to unvested share-based awards which are expected to be recognized over a weighted-average period of 2.16 years. Total unrecognized compensation expenses may be adjusted for future changes in estimated forfeitures.

**Restricted shares**

Restricted shares activity for the year ended December 31, 2020 was as follows:

	Number of options	Weighted average grant date fair value
Outstanding, January 1, 2020 .....	1,005,290	65.73
Granted .....	467,115	85.44
Vested .....	(417,998)	53.07
Forfeited .....	(201,076)	61.48
Outstanding, December 31, 2020 .....	<u>853,331</u>	<u>79.88</u>
Expected to vest, December 31, 2020 .....	<u>655,199</u>	<u>79.47</u>

The weighted average grant-date fair value of restricted shares granted during the years ended December 31, 2018, 2019 and 2020 was US\$91.00, US\$85.30 and US\$85.44, respectively, which was derived from the fair value of the underlying ordinary shares. The total grant date fair value of restricted shares vested during the years ended December 31, 2018, 2019 and 2020 was RMB106,563, RMB141,227 and RMB144,757 (US\$22,185). The aggregate fair value of the outstanding restricted shares at the grant dates were determined to be RMB444,796 (US\$68,168) and such amount shall be recognized as compensation expense using the straight-line method for all restricted shares granted with graded vesting. As of December 31, 2020, there was RMB257,855 (US\$39,518) of total unrecognized share-based compensation expenses, net of estimated forfeitures, related to unvested restricted shares which are expected to be recognized over a weighted-average period of 2.74 years. Total unrecognized compensation expenses may be adjusted for future changes in estimated forfeitures.

The binomial option pricing model was applied in determining the estimated fair value of the options granted to employees. The model requires the input of highly subjective assumptions including the estimated expected stock price volatility and the exercise multiple for which employees are likely to exercise share options. For expected volatilities, the Company has made reference to the historical price volatilities of ordinary shares of several comparable companies in the same industry as the

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**18. SHARE-BASED COMPENSATION—continued****Restricted shares—continued**

Company. 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 and is based on a consideration of research study regarding exercise pattern based on historical statistical data. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury Bills yield curve in effect at the time of grant. The Company's management is ultimately responsible for the determination of the estimated fair value of its ordinary shares. Subsequent to the IPO, fair value of the ordinary shares was the price of the Company's publicly traded shares.

The Company calculated the estimated fair value of the share-based awards on the respective grant dates using the binomial option pricing model with the following assumptions:

	2018	2019	2020
Fair value of ordinary share . . .	US\$63.91-US\$98.31	US\$87.39	US\$77.32-US\$94.46
Risk-free interest rates . . . . .	2.42%-3.09%	1.96%	0.62%-1.92%
Expected exercise multiple . . . .	2.2-2.8	2.2	2.2-2.8
Expected volatility . . . . .	52%-60%	53%	52%-53%
Expected dividend yield . . . . .	0.00%	0.00%	1.00%
Weighted average fair value per option granted . . . . .	US\$40.71-US\$78.09	US\$45.26	US\$30.00-US\$44.69

Share-based compensation expenses relating to options and restricted shares granted to employees recognized for the years ended December 31, 2018, 2019 and 2020 is as follows:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Cost of revenues . . . . .	16,112	15,508	21,372	3,276
Sales and marketing expenses . . . . .	61,599	46,081	40,103	6,146
General and administrative expenses . . . . .	55,992	62,884	55,868	8,562
Product development expenses . . . . .	68,622	79,535	93,863	14,385
	<u>202,325</u>	<u>204,008</u>	<u>211,206</u>	<u>32,369</u>

**19. ACQUISITION**

In October 2020, the Company entered into a definitive agreement with TTP, an auction platform for used cars in China. Pursuant to the agreement, the Company committed to make an investment in TTP through subscription of preferred shares in the capital of TTP for an aggregate purchase price of US\$168 million, including (i) the first closing transaction of US\$143 million in exchange for 31.48% preferred shares of TTP on an as-converted basis; and (ii) the second closing transaction of US\$25 million, in exchange for an additional 4.17% preferred shares of TTP. In addition, the Company also obtained the right to purchase up to US\$200 million in total principal amount of convertible bonds (“New Warrant”) to be issued by TTP upon the Company's request.

The first closing transaction was completed on December 31, 2020, which would give the Company 51% voting rights at the shareholders' level and right to appoint majority members on TTP's board of

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**19. ACQUISITION—continued**

directors. Therefore, the Company has obtained control over TTP. After the first closing, the Company holds investments in TTP both in forms of convertible bonds and preferred shares, representing in aggregate 48.87% of TTP's equity interest on as-converted basis. The second closing transaction is subject to certain closing conditions and is expected to be completed in 2021. After the second closing, the Company will hold 51.00% of TTP's equity interest on as-converted basis.

The acquisition was accounted for as a business combination. The financial position and results of operation of TTP and its subsidiaries have been included in the Group's consolidated financial statements on December 31, 2020. Since the acquisition was effective on the last day of the fiscal year, the impact was immaterial to the results of operations for the year ended December 31, 2020. Total purchase price for the acquisition comprised of:

	<u>Amount</u> <u>RMB</u>
Total Cash consideration .....	935,932
Less: consideration for New Warrant .....	<u>(74,383)</u>
Purchase consideration .....	<u>861,549</u>

The Group made estimates and judgments in determining the fair value of the assets acquired and liabilities assumed with the assistance from an independent valuation firm. The purchase price allocation as the date of the acquisition is as follows:

	<u>Amount</u> <u>RMB</u>	<u>Amortization</u> <u>Period</u>
Intangible assets		
- Technologies .....	202,100	5 years
- Trademarks .....	106,900	10 years
- Customer relationship .....	41,300	5 years
- Database .....	73,500	5 years
Goodwill .....	2,567,113	
Net liabilities acquired, excluding intangible assets and the related deferred tax liabilities .....	(861,918)	
Deferred tax liabilities .....	(63,570)	
Noncontrolling interests .....	(147,639)	
Convertible redeemable noncontrolling interests (a) .....	<u>(1,056,237)</u>	
	<u>861,549</u>	

(a) TTP had issued previously preferred shares in several series to certain shareholders, which could be redeemed by such shareholders upon the occurrence of certain events. The outcome of these events are not solely within the control of the Company and, therefore, these preferred shares have been accounted for as convertible redeemable noncontrolling interests.

The excess of purchase price over net tangible assets and identifiable intangible assets acquired were recorded as goodwill. Goodwill primarily represents the expected synergies from combining the TTP's resources and experiences in used car auction industry with the Group's current business. The goodwill is not expected to be deductible for tax purposes.

Pro forma results of operations for TTP acquisition has not been presented because it was not material to the consolidated financial statements.

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 20. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

## CONDENSED BALANCE SHEETS

	December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	18,168	308,354	281,379	43,123
Short-term investments	272,332	—	—	—
Prepaid expenses and other current assets	13,752	33,723	815,934	125,048
<b>Total current assets</b>	<b>304,252</b>	<b>342,077</b>	<b>1,097,313</b>	<b>168,171</b>
<b>Non-current assets:</b>				
Other non-current assets	713,854	789,542	—	—
Investment in subsidiaries and VIEs	10,167,881	13,566,962	16,540,687	2,534,971
<b>Total non-current assets</b>	<b>10,881,735</b>	<b>14,312,504</b>	<b>16,540,687</b>	<b>2,534,971</b>
<b>Total assets</b>	<b>11,185,987</b>	<b>14,654,581</b>	<b>17,638,000</b>	<b>2,703,142</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Accrued expenses and other payables	50,709	25,484	12,266	1,880
<b>Total current liabilities</b>	<b>50,709</b>	<b>25,484</b>	<b>12,266</b>	<b>1,880</b>
<b>Total liabilities</b>	<b>50,709</b>	<b>25,484</b>	<b>12,266</b>	<b>1,880</b>
<b>Commitments and Contingencies</b>				
<b>Shareholders' equity:</b>				
Ordinary shares (par value of US\$0.0025 per share; 400,000,000,000 ordinary shares authorized; 472,225,380, 475,706,748 and 479,219,628 ordinary shares issued and outstanding, as of December 31, 2018, 2019 and 2020, respectively) (Note)	7,969	8,029	8,089	1,240
Additional paid-in capital	3,500,620	3,774,373	4,089,763	626,784
Accumulated other comprehensive income	128,375	148,415	62,295	9,547
Retained earnings	7,498,314	10,698,280	13,465,587	2,063,691
<b>Total shareholders' equity</b>	<b>11,135,278</b>	<b>14,629,097</b>	<b>17,625,734</b>	<b>2,701,262</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,185,987</b>	<b>14,654,581</b>	<b>17,638,000</b>	<b>2,703,142</b>

Note: Par value per share and the number of shares have been retrospectively adjusted for the Share Subdivision and the ADS Ratio Change that were effective on February 5, 2021 as detailed in Note 2.1 and Note 23.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**20. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY—continued****CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
<b>Operating expenses:</b>				
General and administrative expenses .....	(14,797)	(14,757)	(21,109)	(3,235)
<b>Operating losses .....</b>	<b>(14,797)</b>	<b>(14,757)</b>	<b>(21,109)</b>	<b>(3,235)</b>
Interest income .....	45,023	79,628	80,574	12,349
Fair value change of other non-current assets .....	(11,017)	(5,442)	(15,658)	(2,400)
Share of income of subsidiaries and VIEs .....	2,851,806	3,140,537	3,361,422	515,158
<b>Income before income taxes .....</b>	<b>2,871,015</b>	<b>3,199,966</b>	<b>3,405,229</b>	<b>521,872</b>
Income tax expense .....	—	—	—	—
<b>Net income .....</b>	<b>2,871,015</b>	<b>3,199,966</b>	<b>3,405,229</b>	<b>521,872</b>
<b>Other comprehensive income, net of tax of nil</b>				
Foreign currency translation adjustments .....	58,421	20,040	(86,120)	(13,198)
<b>Comprehensive income .....</b>	<b>2,929,436</b>	<b>3,220,006</b>	<b>3,319,109</b>	<b>508,674</b>

**CONDENSED STATEMENTS OF CASH FLOWS**

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
Net cash generated from/(used in) operating activities .....	14,214	(498)	(1,188)	(182)
Net cash generated from investing activities .....	515,101	218,406	532,293	81,577
Net cash (used in)/generated from financing activities .....	(543,968)	68,676	(546,967)	(83,826)
Effect of exchange rate changes on cash and cash equivalents and restricted cash .....	1,040	3,602	(11,113)	(1,703)
Net (decrease)/increase in cash and cash equivalents and restricted cash .....	(13,613)	290,186	(26,975)	(4,134)
Cash and cash equivalents and restricted cash at beginning of year .....	31,781	18,168	308,354	47,257
Cash and cash equivalents and restricted cash at end of year .....	18,168	308,354	281,379	43,123

**Basis of accounting**

For the Company only condensed financial information, the Company records its investment in its subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323-10, Investments-Equity Method and Joint Ventures: Overall. Such investment is presented on the condensed balance sheets as “Investment in subsidiaries and VIEs” and share of their income as “Share of income of subsidiaries and VIEs” on the condensed statements of comprehensive income. The parent company’s condensed financial statements should be read in conjunction with the Company’s consolidated financial statements.

**Commitments**

Except for those disclosures in somewhere else in the consolidated financial statements, the Company does not have any significant commitments or long-term obligations as of any of the years presented.

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**21. DIVIDEND**

In November 2017, the board of directors declared a special cash dividend of US\$0.76 per ordinary share (inclusive of applicable fees payable to the depositary bank) in favor of holders of ordinary shares as of the close of business on January 4, 2018, which special cash dividend was paid on or about January 15, 2018.

On November 4, 2019, the board of directors resolved to adopt a regular dividend policy. Under this policy, the Company may issue recurring cash dividend every year from 2020 in an amount of approximately 20% of the net income generated in the previous fiscal year, with the exact amount to be determined by the directors based on the Company's financial performance and cash position prior to the distribution.

On February 19, 2020, the board of directors declared cash dividend of US\$0.77 per ordinary share (or per ADS) in favor of holders of the Company's Shares as of the close of business on April 15, 2020 in accordance of the dividend policy, which cash dividend was paid on or about April 22, 2020.

On February 2, 2021, the board of directors declared a cash dividend of US\$0.87 per ADS (or US\$0.2175 per Share after reflecting the proposed 4-for-1 share split on February 5, 2021) for fiscal year 2020, which is expected to be paid on March 5, 2021 to shareholders of record as of the close of business on February 25, 2021 in accordance with the Company's dividend policy.

**22. COVID-19**

The automotive industry in China was negatively impacted by the COVID-19 pandemic, during which automobile production and the number of purchasers declined due to precautionary government-imposed closures of certain travel and business, the government's order to delay resumption of service and mass production and the related quarantine measures. The containment efforts led by the government also caused delay in the near-term marketing demand of the Company's automaker and dealer customers. There is great uncertainty as to the future development of the COVID-19 pandemic and its impact on the automotive industry. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the re-imposition of restrictions. However, the Company will pay close attention to the development of the COVID-19 pandemic and continue to evaluate the nature and extent of the impact to the Group's financial condition.

**23. SUBSEQUENT EVENTS*****Share Subdivision and the ADS Ratio Change***

As detailed in Note 2.1, the Share Subdivision and the ADS Ratio Change were effective on February 5, 2021. The number of issued and unissued ordinary shares as disclosed in these consolidated financial statements are prepared on a basis after taking into account the effects of the Share Subdivision and the ADS Ratio Change and have been retrospectively adjusted accordingly.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies that comprise the Group in respect of any period subsequent to December 31, 2020 and up to the date of this report. Save as disclosed in note 21 above and elsewhere in this report, no other dividend or distribution has been declared or made by the Company or any of the companies that comprise the Group in respect of any period subsequent to December 31, 2020.

*The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the Company's reporting accountant, as set out in Appendix I to this document, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountant's Report set out in Appendix I to this document.*

#### A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules are set out to illustrate the effect of the Global Offering on the audited consolidated net tangible assets attributable to the ordinary shareholders of the Company as of December 31, 2020 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of Autohome Inc. and its subsidiaries and VIEs, or collectively the Group, had the Global Offering been completed as of December 31, 2020 or at any future dates. It is prepared based on the audited consolidated net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2020 as derived from the Accountant's Report in Appendix I to this document, and adjusted as described below.

	Audited consolidated net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2020	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2020	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per ADS	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per ADS
	(RMB'000) (Note 1)	(RMB'000) (Note 2)	(RMB'000)	RMB (Note 3)	RMB (Note 4)	HK\$ (Note 5)	HK\$ (Note 5)
Based on the Maximum Offer Price of HK\$251.8 per Share . . . . .	14,964,998	4,160,694	19,125,692	38.26	153.04	45.46	181.84

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*Notes:*

- (1) The audited consolidated net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2020 is derived from the Accountant's Report set out in Appendix I to this document, which is based on the audited consolidated net assets attributable to ordinary shareholders of the Company as of December 31, 2020 of RMB17,625,734,000 as set out in Appendix I with adjustments for goodwill and intangible assets attributable to the ordinary shareholders of the Company of RMB2,482,605,000 and RMB178,131,000, respectively.
- (2) The estimated net proceeds from the Global Offering are based on the Maximum Offer Price of HK\$251.8 per Offer Share after deduction of the estimated underwriting fees and other related expenses payable by the Company subsequent to December 31, 2020, taking into account of the Share Re-designation and the Share Subdivision but without taking into account of any allotment and issuance of Shares upon the exercise of the Over-allotment Option, the Shares reserved or to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time, and any issuance or repurchase of Shares and/or ADSs by the Company.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 499,918,140 Shares (excluding 4,925,460 Shares that had been issued and reserved for the purpose of the Share Incentive Plans) were in issue, assuming that the Global Offering had been completed on December 31, 2020, taking into account of the Share Re-designation and the Share Subdivision but without taking into account of any allotment and issuance of Shares upon the exercise of the Over-allotment Option, the Shares reserved or to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time, and any issuance or repurchase of Shares and/or ADSs by the Company.
- (4) The unaudited pro forma adjusted net tangible assets per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that one ADS represents 4 Shares.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of RMB1.0000 to HK\$1.1882. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (6) No other adjustments have been made to reflect the dividend declared by the board of directors on February 2, 2021, any trading results or other transactions of the Company entered into subsequent to December 31, 2020.
- (7) The unaudited pro forma adjusted net tangible assets of the Group as disclosed above does not take into account the dividend of US\$0.87 per ADS amounting to RMB680,818,000 declared on February 2, 2021 (assuming 119,930,935 ADSs are entitled to the proposed dividend). The unaudited pro forma adjusted net tangible assets per Share and per ADS would have been RMB36.90 (equivalent to HK\$43.84) per Share and RMB147.60 (equivalent to HK\$175.36) per ADS, respectively, after taking into account the declaration and payment of the dividend.

**B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Autohome Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Autohome Inc. (the "Company") and its subsidiaries and variable interest entities (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at December 31, 2020 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated March 4, 2021 (the "Prospectus"), in connection with the proposed public offering of the shares of the Company (the "Proposed Global Offering"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Global Offering on the Group's financial position as at December 31, 2020 as if the Proposed Global Offering had taken place at December 31, 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated financial information for the year ended December 31, 2020, on which an accountant's report has been published.

*Directors' Responsibility for the Unaudited Pro Forma Financial Information*

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

*Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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*Reporting Accountant's Responsibilities*

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Global Offering at December 31, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

*Opinion*

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, March 4, 2021

**SUMMARY OF THE CONSTITUTION OF OUR COMPANY****1 Memorandum of Association**

The Memorandum of Association of the Company was adopted on February 2, 2021 and effective on February 5, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed “Documents available for inspection”.

**2 Articles of Association**

The Articles of Association of the Company were adopted on February 2, 2021 and effective on February 5, 2021 and include provisions to the following effect:

**2.1 Ordinary Shares**

The share capital of the Company consist of ordinary shares. The capital of the Company at the date of adoption of the Articles is US\$1,000,000,000 divided into 400,000,000,000 ordinary shares of a nominal or par value of US\$0.0025 each.

All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing our ordinary shares are issued in registered form. Our Shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

**2.2 Dividends**

The holders of ordinary shares are entitled to such dividends as may be declared by the Board of Directors. In addition, shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by the Board of Directors. Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or the Company’s share premium account, and provided further that a dividend may not be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business.

Any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

**2.3 Voting Rights**

Holders of ordinary shares shall at all times vote together as one class on all resolutions submitted to a vote by the shareholders. At any general meeting on a show of hands, every shareholder holding ordinary shares present in person or by proxy shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every fully paid ordinary share of which he is the holder. Voting at any shareholders’ meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy with a right to attend and vote at such meeting.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Holders of the ordinary shares may, among other things, divide or consolidate their shares by ordinary resolution. A special resolution requires the affirmative vote of no less than two-thirds of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to the Memorandum and Articles of Association. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of the Company, as permitted by the Companies Act and the Memorandum and Articles of Association.

#### 2.4 Transfer of Shares

Any of the shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by the Board of Directors.

However, the Board of Directors may, in its absolute discretion, refuse to register any transfer of any ordinary share which is not fully paid up to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, or on which the Company has a lien. The Board of Directors may also decline to register any transfer of any ordinary share unless:

- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is duly and properly stamped, if required; or
- (d) any fee related to the transfer has been paid to the Company.

If the directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged with the Company, to send to each of the transferor and the transferee notice of such refusal.

#### 2.5 Liquidation

On a winding up of the Company, if the assets available for distribution among the shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed *pari passu* among the shareholders in proportion to the amount paid up on the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. If the 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 the shareholders in proportion to the amount paid up on the shares, or which ought to have been paid up, at the commencement of the winding up on the shares held by them.

## **2.6 Redemption, Repurchase and Surrender of Shares**

The Company may issue shares on terms that such shares are subject to redemption, at the option of the Company or at the option of the holders thereof, on such terms and in such manner as may be determined by the Board of Directors. The Company may also repurchase any of the Company's shares provided that the manner and terms of such purchase have been approved by the Board of Directors, or are otherwise authorized by the Memorandum and Articles of Association. Under the Companies Act, the redemption or repurchase of any share may be paid out of the Company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the Company has commenced liquidation. In addition, the Company may accept the surrender of any fully paid share for no consideration.

## **2.7 Variation of Rights of Shares**

The rights attaching to any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time, be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

## **2.8 General Meetings of Shareholders**

Shareholders' general meetings may be held in such place within or outside the Cayman Islands as the Board of Directors considers appropriate.

As a Cayman Islands exempted company, the Company is not obliged by the Companies Act to call shareholders' annual general meetings. The Memorandum and Articles of Association provide that we shall in each year hold a general meeting as our annual general meeting and shall specify the meeting as such in the notices calling it.

Shareholders' annual general meetings and any other general meetings of the shareholders may be convened by a majority of the Board of Directors or the chairman of the Board of Directors. The Board of Directors shall give not less than fourteen (14) clear days' notice of a shareholders' meeting to those persons whose names appear as members in the Company's register of members on the date the notice is given (or on any other date determined by the directors to be the record date for such meeting) and who are entitled to vote at the meeting.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Memorandum and Articles of Association allow one or more shareholder holding shares representing in aggregate not less than one-tenth of the aggregate number of votes attaching to the issued and outstanding shares of the Company entitled to vote at general meetings, to requisition a general meeting (whether an annual general meeting or an extraordinary general meeting), in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; in addition, the Memorandum and Articles of Association provides that any one or more shareholder holding shares representing in aggregate not less than one-tenth of the aggregate number of votes attaching to the

issued and outstanding shares of the Company entitled to vote at general meetings may, by written requisition signed by such requisitionist(s), request the Board to add to the agenda of any extraordinary general meeting resolution(s) to be considered, and if thought fit, approved at the extraordinary general meeting if and to the extent such written requisition states the resolution(s) in reasonable detail and is deposited in such manner and within such timeframe as required by the Board of Directors.

## **2.9 Appointment and Removal of Directors**

The Articles of Association provide that unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There shall be no maximum number of Directors unless otherwise determined from time to time by shareholders of the Company by an ordinary resolution at a general meeting; provided, however, that any increase in the number of Directors shall be subject to approval by the Board of Directors.

The Articles of Association provide that the Company may by ordinary resolution appoint any person to be a Director either to fill a causal vacancy or as an addition to the existing Board. In addition, the Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director to fill a casual vacancy or as an addition to the existing Board. A Director may be removed by way of a special resolution of the shareholders at any time before the expiration of his period of office for reasonable cause, including but not limited to fraud, criminal conviction or failure by such Director to fulfill the duties of a Director pursuant to the Articles.

There is no shareholding qualification for Directors nor is there any specific age limit for Directors.

The office of a Director shall be vacated if the Director:

- (a) resigns his office by notice in writing to the Company;
- (b) becomes of unsound mind or dies;
- (c) without special leave of absence from the Board, he is absent from meetings of the Board for six consecutive months, and the Board resolves that his office be vacated;
- (d) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (e) is prohibited by law from being a Director; or
- (f) ceases to be a Director by virtue of any provisions of the Companies Act and every other law of the Cayman Islands for the time being in force applying to or affecting the Company and/or the Articles or is removed from office pursuant to any other provision of the Articles.

## **2.10 Proceedings of the Board**

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be a majority of the then existing Directors.

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they consider appropriate. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

**2.11 Changes in Share Capital**

The Company may by ordinary resolution:

- (a) increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares or larger amount than its existing shares;
- (c) divide its shares into several classes and, without prejudice to any special rights previously conferred on the holders of existing shares, attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine;
- (d) subdivide its existing shares, or any of them, into shares of an amount smaller than that fixed by the Memorandum, and may by such resolution determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; and
- (e) 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 canceled.

**2.12 Directors' Power to Issue Shares**

Subject to the provisions, if any, in the Memorandum and Articles of Association, the rules of the Designated Stock Exchange (as defined in the Articles of Association), and to any direction that may be given by the Company in a general meeting, the Directors may in their absolute discretion and without approval of the shareholders, issue shares, grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the shares held by existing shareholders, at such times and on such other terms as they think proper.

**2.13 Directors Borrowing Powers**

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock and other such securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

**2.14 Disclosure of Interest in Contracts with the Company or any of our Subsidiaries**

A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors at which the question of entering into the contract or arrangement is first considered. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter

be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated.

Subject to any separate requirement for Audit Committee (as defined in the Articles of Association) approval under applicable law or the rules of the Designated Stock Exchange (as defined in the Articles of Association) and disqualification by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.

#### **2.15 Remuneration of Directors**

The remuneration of the Directors may be determined by the Board of Directors.

The Directors shall be entitled to be paid their traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending meetings of the Directors, or committee of the Directors, or general meetings or separate meetings of any class of shares or debentures of the Company, or otherwise in connection with the discharge of his duties as a Director.

#### **2.16 Restriction on Ownership of Securities**

There are no provisions in the Articles of Association relating to restrictions on ownership of the Company's shares or securities.

### **SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**

#### **1 Introduction**

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

#### **2 Incorporation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2008 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

#### **3 Share Capital**

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be

transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

#### **4 Dividends and Distributions**

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

#### **5 Shareholders' Suits**

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

#### **6 Protection of Minorities**

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

#### **7 Disposal of Assets**

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

#### **8 Accounting and Auditing Requirements**

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

## **9 Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

## **10 Inspection of Books and Records**

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

## **11 Special Resolutions**

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

## **12 Subsidiary Owning Shares in Parent**

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

## **13 Mergers and Consolidations**

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be

authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

#### **14 Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

#### **15 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

#### **16 Indemnification**

Cayman Islands law does not limit the extent to which a company's 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 (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**17 Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**18 Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**19 Taxation**

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

**20 Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**21 General**

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

**FURTHER INFORMATION ABOUT US****Our incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on June 23, 2008 under our former name, Sequel Limited, and adopted our current name in October 20, 2011. We have registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance with an address at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Kwok Siu Ying Sarah has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in “Summary of our Constitution of and Cayman Company Law” in Appendix III.

**Changes in our share capital**

As at December 31, 2020, we had an authorized share capital of US\$1,000,000,000, divided into 100,000,000,000 shares of a nominal or par value of US\$0.01, of which (i) 99,931,211,060, shall be designated as Class A Ordinary Shares and (ii) 68,788,940 shall be designated as Class B Ordinary Shares, and our issued share capital was 119,707,313 Class A Ordinary Shares and zero Class B Ordinary Shares.

The following tables set out the changes in the share capital of our Company during the periods presented in this document:

<b>Fiscal year ended December 31, 2018</b>			
	<b>Class A Ordinary Share</b>	<b>Class B Ordinary Share</b>	<b>Shareholders' Equity</b>
			<b>(US\$)</b>
Balances as at January 1, 2018 .....	117,140,856	0	1,171,409
Exercise and vesting of share-based awards .....	915,489	0	9,155
Balances as at December 31, 2018 .....	<u>118,056,345</u>	<u>0</u>	<u>1,180,563</u>
<b>Fiscal year ended December 31, 2019</b>			
	<b>Class A Ordinary Share</b>	<b>Class B Ordinary Share</b>	<b>Shareholders' Equity</b>
			<b>(US\$)</b>
Balances as at January 1, 2019 .....	118,056,345	0	1,180,563
Exercise and vesting of share-based awards .....	870,342	0	8,703
Balances as at December 31, 2019 .....	<u>118,926,687</u>	<u>0</u>	<u>1,189,267</u>
<b>Fiscal year ended December 31, 2020</b>			
	<b>Class A Ordinary Share</b>	<b>Class B Ordinary Share</b>	<b>Shareholders' Equity</b>
			<b>(US\$)</b>
Balances as at January 1, 2020 .....	118,926,687	0	1,189,267
Exercise and vesting of share-based awards .....	878,220	0	8,782
Balances as at December 31, 2020 .....	<u>119,804,907</u>	<u>0</u>	<u>1,198,049</u>

On February 2, 2021, our Shareholders resolved to, among other things, conduct the Share Re-designation and Share Subdivision and effective as of February 5, 2021, pursuant to which (i) each Class A Ordinary Share (whether issued or unissued) and Class B Ordinary Share (whether issued or unissued) shall be re-designated to an ordinary share with a par value of US\$0.01 each; and (ii) immediately after the Share Re-designation, each ordinary share (whether issued or unissued) with a par value of US\$0.01 each shall be subdivided into four Shares with a par value of US\$0.0025 each. After the Share Re-designation and Share Subdivision, the authorized share capital of the Company became US\$1,000,000,000 divided into 400,000,000,000 Shares with a par value of US\$0.0025 each.

The total number of our total ordinary shares outstanding was 479,723,740, excluding 4,925,460 Class A Ordinary Shares that had been issued and reserved for the purpose of our Share Incentive Plans as of the Latest Practicable Date.

### **Changes in the share capital of our Major Subsidiaries**

There has been no alteration in the share capital of our Major Subsidiaries within the two years immediately preceding the date of this document.

### **SHARE INCENTIVE PLANS**

For information on our Company's share incentive plans, see "Directors and Senior Management—Compensation."

### **FURTHER INFORMATION ABOUT OUR BUSINESS**

#### **Summary of material contracts**

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this document and is material:

- (a) the exclusive technical consulting and services agreement dated February 19, 2021 entered into between Beijing Autohome Information Technology Co., Ltd. (北京車之家信息技術有限公司, "Autohome Information") and Beijing Cheerbright Technologies Co., Ltd. (北京齊爾布萊特科技有限公司, "Autohome WFOE"), pursuant to which Autohome WFOE has the exclusive right to provide to Autohome Information comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Autohome Information to ensure the cash flow requirements of its day-to-day operations;
- (b) the loan agreement dated February 19, 2021 entered into between Autohome WFOE and Long Quan (龍泉), pursuant to which Autohome WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Long Quan to be used solely for the purpose of making capital contributions to the registered capital of Autohome Information;
- (c) the loan agreement dated February 19, 2021 entered into between Autohome WFOE and Lei Haiyun (雷海雲), pursuant to which Autohome WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Lei Haiyun to be used solely for the purpose of making capital contributions to the registered capital of Autohome Information;
- (d) the equity option agreement dated February 19, 2021 entered into among Autohome WFOE, Long Quan (龍泉), and Autohome Information, pursuant to which Long Quan agreed to irrevocably grant to Autohome WFOE an option to purchase all or part of his equity interests in Autohome Information at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;

- (e) the equity option agreement dated February 19, 2021 entered into among Autohome WFOE, Lei Haiyun (雷海雲), and Autohome Information, pursuant to which Lei Haiyun agreed to irrevocably grant to Autohome WFOE an option to purchase all or part of his equity interests in Autohome Information at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;
- (f) the equity interest pledge agreement dated February 19, 2021 entered into between Autohome WFOE and Long Quan (龍泉), pursuant to which Long Quan agreed to pledge to Autohome WFOE all of his equity interests in Autohome Information to secure the performance of his obligations and Autohome Information's obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;
- (g) the equity interest pledge agreement dated February 19, 2021 entered into between Autohome WFOE and Lei Haiyun (雷海雲), pursuant to which Lei Haiyun agreed to pledge to Autohome WFOE all of his equity interests in Autohome Information to secure the performance of his obligations and Autohome Information's obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;
- (h) the power of attorney dated February 19, 2021 executed by Long Quan (龍泉), pursuant to which Long Quan appointed Autohome WFOE, or any person designated by Autohome WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and to exercise full voting rights as the shareholders of Autohome Information, including the rights to appoint directors and management personnel;
- (i) the power of attorney dated February 19, 2021 executed by Lei Haiyun (雷海雲), pursuant to which Lei Haiyun appointed Autohome WFOE, or any person designated by Autohome WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Autohome Information, including the rights to appoint directors and management personnel;
- (j) the exclusive technical consulting and services agreement dated February 19, 2021 entered into between Beijing Chezhiying Technologies Co., Ltd. (北京車智贏科技有限公司, "**Chezhiying WFOE**") and Beijing Shengtuo Hongyuan Information Technology Co., Ltd. (北京盛拓鴻遠信息技術有限公司, "**Shengtuo Hongyuan**"), pursuant to which Chezhiying WFOE has the exclusive right to provide to Shengtuo Hongyuan comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Shengtuo Hongyuan to ensure the cash flow requirements of its day-to-day operations;
- (k) the loan agreement dated February 19, 2021 entered into between Chezhiying WFOE and Long Quan (龍泉), pursuant to which Chezhiying WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Long Quan to be used solely for the purpose of making capital contributions to the registered capital of Shengtuo Hongyuan;
- (l) the loan agreement dated February 19, 2021 entered into between Chezhiying WFOE and Lei Haiyun (雷海雲), pursuant to which Chezhiying WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Lei Haiyun to be used solely for the purpose of making capital contributions to the registered capital of Shengtuo Hongyuan;
- (m) the equity option agreement dated February 19, 2021 entered into among Chezhiying WFOE, Long Quan (龍泉), and Shengtuo Hongyuan, pursuant to which Long Quan agreed to irrevocably grant to Chezhiying WFOE an option to purchase all or part of his equity interests in Shengtuo Hongyuan at a price equivalent to the lowest price permitted by PRC law to be exercised at any

time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;

- (n) the equity option agreement dated February 19, 2021 entered into among Chezhiying WFOE, Lei Haiyun (雷海雲), and Shengtuo Hongyuan, pursuant to which Lei Haiyun agreed to irrevocably grant to Chezhiying WFOE an option to purchase all or part of his equity interests in Shengtuo Hongyuan at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;
- (o) the equity interest pledge agreement dated February 19, 2021 entered into between Chezhiying WFOE and Long Quan (龍泉), pursuant to which Long Quan agreed to pledge to Chezhiying WFOE all of his equity interests in Shengtuo Hongyuan to secure the performance of his obligations and Shengtuo Hongyuan's obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;
- (p) the equity interest pledge agreement dated February 19, 2021 entered into between Chezhiying WFOE and Lei Haiyun (雷海雲), pursuant to which Lei Haiyun agreed to pledge to Chezhiying WFOE all of his equity interests in Shengtuo Hongyuan to secure the performance of his obligations and Shengtuo Hongyuan's obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;
- (q) the power of attorney dated February 19, 2021 executed by Long Quan (龍泉), pursuant to which Long Quan appointed Chezhiying WFOE, or any person designated by Chezhiying WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Shengtuo Hongyuan, including the rights to appoint directors and management personnel;
- (r) the power of attorney dated February 19, 2021 executed by Lei Haiyun (雷海雲), pursuant to which Lei Haiyun appointed Chezhiying WFOE, or any person designated by Chezhiying WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Shengtuo Hongyuan, including the rights to appoint directors and management personnel; and
- (s) the Hong Kong Underwriting Agreement.

### Summary of the Contractual Arrangements

As described in “History and Corporate Structure—Contractual Arrangements”, our Company or its Major Subsidiaries entered into the following contracts in relation to the Contractual Arrangements:

#### *Contractual Arrangements with Autohome WFOE*

- (a) the exclusive technology consulting and services agreement dated February 19, 2021 entered into between Beijing Cheerbright Technologies Co., Ltd. (北京齊爾布萊特科技有限公司, “**Autohome WFOE**”) and Beijing Autohome Information Technology Co., Ltd. (北京車之家信息技術有限公司, “**Autohome Information**”), pursuant to which Autohome WFOE has the exclusive right to provide to Autohome Information comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Autohome Information to ensure the cash flow requirements of its day-to-day operations;
- (b) the exclusive technology consulting and services agreement dated September 30, 2016 entered into between Autohome WFOE and Beijing Shengtuo Autohome Advertising Co., Ltd. (北京盛拓車之家廣告有限公司, “**Autohome Advertising**”), pursuant to which Autohome WFOE has the

- exclusive right to provide to Autohome Advertising comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Autohome Advertising to ensure the cash flow requirements of its day-to-day operations;
- (c) the exclusive technology consulting and services agreement dated September 30, 2016 entered into between Autohome WFOE and Beijing Shengtuo Chengshi Advertisement Co., Ltd. (北京盛拓成石廣告有限公司, “**Chengshi Advertising**”), pursuant to which Autohome WFOE has the exclusive right to provide to Chengshi Advertising comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Chengshi Advertising to ensure the cash flow requirements of its day-to-day operations;
  - (d) the loan agreement dated February 19, 2021 entered into between Autohome WFOE and Quan Long (龍泉), pursuant to which Autohome WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Quan Long to be used solely for the purpose of making capital contributions to the registered capital of Autohome Information;
  - (e) the loan agreement dated February 19, 2021 entered into between Autohome WFOE and Haiyun Lei (雷海雲), pursuant to which Autohome WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Haiyun Lei to be used solely for the purpose of making capital contributions to the registered capital of Autohome Information;
  - (f) the equity option agreement dated February 19, 2021 entered into among Autohome WFOE, Quan Long (龍泉), and Autohome Information, pursuant to which Quan Long agreed to irrevocably grant to Autohome WFOE an option to purchase all or part of his equity interests in Autohome Information at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;
  - (g) the equity option agreement dated February 19, 2021 entered into among Autohome WFOE, Haiyun Lei (雷海雲), and Autohome Information, pursuant to which Haiyun Lei agreed to irrevocably grant to Autohome WFOE an option to purchase all or part of his equity interests in Autohome Information at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;
  - (h) the equity option agreement dated September 30, 2016 entered into among Autohome WFOE, Autohome Information, and Autohome Advertising, pursuant to which Autohome Information agreed to irrevocably grant to Autohome WFOE an option to purchase all or part of his equity interests in Autohome Advertising at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties;
  - (i) the equity option agreement dated September 30, 2016 entered into among Autohome WFOE, Autohome Information, and Chengshi Advertising, pursuant to which Autohome Information agreed to irrevocably grant to Autohome WFOE an option to purchase all or part of his equity interests in Autohome Advertising at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties;
  - (j) the equity interest pledge agreement dated February 19, 2021 entered into between Autohome WFOE and Quan Long (龍泉), pursuant to which Quan Long agreed to pledge to Autohome WFOE all of his equity interests in Autohome Information to secure the performance of his obligations and Autohome Information’s obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;
  - (k) the equity interest pledge agreement dated February 19, 2021 entered into between Autohome WFOE and Haiyun Lei (雷海雲), pursuant to which Haiyun Lei agreed to pledge to Autohome

WFOE all of his equity interests in Autohome Information to secure the performance of his obligations and Autohome Information's obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;

- (l) the equity interest pledge agreement dated September 30, 2016 entered into between Autohome WFOE and Autohome Information, pursuant to which Autohome Information agreed to pledge to Autohome WFOE all of its equity interests in Chengshi Advertising to secure the performance of its obligations under the equity option agreement and the obligations of Chengshi Advertising under the exclusive technology consulting and service agreements;
- (m) the equity interest pledge agreement dated September 30, 2016 entered into between Autohome WFOE and Autohome Information, pursuant to which Autohome Information agreed to pledge to Autohome WFOE all of its equity interests in Autohome Advertising to secure the performance of its obligations under the equity option agreement and the obligations of Autohome Advertising under the exclusive technology consulting and service agreements;
- (n) the irrevocable power of attorney dated February 19, 2021 executed by Quan Long (龍泉), pursuant to which Quan Long appointed Autohome WFOE, or any person designated by Autohome WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and to exercise full voting rights as the shareholders of Autohome Information, including the rights to appoint directors and management personnel;
- (o) the irrevocable power of attorney dated February 19, 2021 executed by Haiyun Lei (雷海雲), pursuant to which Haiyun Lei appointed Autohome WFOE, or any person designated by Autohome WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Autohome Information, including the rights to appoint directors and management personnel;
- (p) the irrevocable power of attorney dated September 30, 2016 executed by Autohome Information, pursuant to which Autohome Information appointed Autohome WFOE, or any person designated by Autohome WFOE, as its attorney-in-fact, to vote on its behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Autohome Advertising, including the rights to appoint directors and management personnel; and
- (q) the irrevocable power of attorney dated September 30, 2016 executed by Autohome Information, pursuant to which Autohome Information appointed Autohome WFOE, or any person designated by Autohome WFOE, as its attorney-in-fact, to vote on its behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Chengshi Advertising, including the rights to appoint directors and management personnel.

#### ***Contractual Arrangements with Chezhiying WFOE***

- (a) the exclusive technology consulting and services agreement dated February 19, 2021 entered into between Beijing Chezhiying Technology Co., Ltd. (北京車智贏科技有限公司, "**Chezhiying WFOE**") and Beijing Shengtuo Hongyuan Information Technology Co., Ltd. (北京盛拓鴻遠信息技術有限公司, "**Shengtuo Hongyuan**"), pursuant to which Chezhiying WFOE has the exclusive right to provide to Shengtuo Hongyuan comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Shengtuo Hongyuan to ensure the cash flow requirements of its day-to-day operations;
- (b) the exclusive technology consulting and services agreement dated September 30, 2016 entered into between Chezhiying WFOE and Beijing Autohome Used Car Appraisal Co., Ltd ("**Autohome Used Car Appraisal**"), pursuant to which Chezhiying WFOE has the exclusive

- right to provide to Autohome Used Car Appraisal comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Autohome Used Car Appraisal to ensure the cash flow requirements of its day-to-day operations;
- (c) the exclusive technology consulting and services agreement dated September 30, 2016 entered into between Chezhiying WFOE and Beijing Autohome Used Car Brokerage Co., Ltd (“**Autohome Used Car Brokerage**”), pursuant to which Chezhiying WFOE has the exclusive right to provide to Autohome Used Car Brokerage comprehensive technology and management consulting services in return for service fees, and is obligated to provide financing support to Autohome Used Car Brokerage to ensure the cash flow requirements of its day-to-day operations;
  - (d) the loan agreement dated February 19, 2021 entered into between Chezhiying WFOE and Quan Long (龍泉), pursuant to which Autohome WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Quan Long to be used solely for the purpose of making capital contributions to the registered capital of Shengtuo Hongyuan;
  - (e) the loan agreement dated February 19, 2021 entered into between Chezhiying WFOE and Haiyun Lei (雷海雲), pursuant to which Autohome WFOE agreed to provide an interest-free loan in the amount of RMB5,000,000 to Haiyun Lei to be used solely for the purpose of making capital contributions to the registered capital of Shengtuo Hongyuan;
  - (f) the equity option agreement dated February 19, 2021 entered into among Chezhiying WFOE, Quan Long (龍泉), and Shengtuo Hongyuan, pursuant to which Quan Long agreed to irrevocably grant to Chezhiying WFOE an option to purchase all or part of his equity interests in Shengtuo Hongyuan at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;
  - (g) the equity option agreement dated February 19, 2021 entered into among Chezhiying WFOE, Haiyun Lei (雷海雲), and Shengtuo Hongyuan, pursuant to which Haiyun Lei agreed to irrevocably grant to Chezhiying WFOE an option to purchase all or part of his equity interests in Shengtuo Hongyuan at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties, which the purchase price is to be offset against the loan repayments under the loan agreement;
  - (h) the equity option agreement dated September 30, 2016 entered into among Chezhiying WFOE, Shengtuo Hongyuan, and Autohome Used Car Appraisal, pursuant to which Autohome Information agreed to irrevocably grant to Chezhiying WFOE an option to purchase all or part of his equity interests in Autohome Used Car Appraisal at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties;
  - (i) the equity option agreement dated September 30, 2016 entered into among Chezhiying WFOE, Shengtuo Hongyuan, and Autohome Used Car Brokerage, pursuant to which Autohome Information agreed to irrevocably grant to Chezhiying WFOE an option to purchase all or part of his equity interests in Autohome Used Car Brokerage at a price equivalent to the lowest price permitted by PRC law to be exercised at any time and transferrable to any of its designated parties;
  - (j) the equity interest pledge agreement dated February 19, 2021 entered into between Chezhiying WFOE and Quan Long (龍泉), pursuant to which Quan Long agreed to pledge to Chezhiying WFOE all of his equity interests in Shengtuo Hongyuan to secure the performance of his obligations and Shengtuo Hongyuan’s obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;

- (k) the equity interest pledge agreement dated February 19, 2021 entered into between Chezhiying WFOE and Haiyun Lei (雷海雲), pursuant to which Haiyun Lei agreed to pledge to Chezhiying WFOE all of his equity interests in Shengtuo Hongyuan to secure the performance of his obligations and Shengtuo Hongyuan's obligations under the loan agreement, equity option agreement, and the exclusive technology consulting and service agreement;
- (l) the equity interest pledge agreement dated September 30, 2016 entered into between Chezhiying WFOE and Shengtuo Hongyuan, pursuant to which Shengtuo Hongyuan agreed to pledge to Chezhiying WFOE all of its equity interests in Autohome Used Car Brokerage to secure the performance of its obligations under the equity option agreement and the obligations of Autohome Used Car Brokerage under the exclusive technology consulting and service agreements;
- (m) the equity interest pledge agreement dated September 30, 2016 entered into between Chezhiying WFOE and Shengtuo Hongyuan, pursuant to which Shengtuo Hongyuan agreed to pledge to Chezhiying WFOE all of its equity interests in Autohome Used Car Appraisal to secure the performance of its obligations under the equity option agreement and the obligations of Autohome Used Car Appraisal under the exclusive technology consulting and service agreements;
- (n) the irrevocable power of attorney dated February 19, 2021 executed by Quan Long (龍泉), pursuant to which Quan Long appointed Chezhiying WFOE, or any person designated by Chezhiying WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Shengtuo Hongyuan, including the rights to appoint directors and management personnel;
- (o) the irrevocable power of attorney dated February 19, 2021 executed by Haiyun Lei (雷海雲), pursuant to which Haiyun Lei appointed Chezhiying WFOE, or any person designated by Chezhiying WFOE, as his attorney-in-fact, to vote on his behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Shengtuo Hongyuan, including the rights to appoint directors and management personnel;
- (p) the irrevocable power of attorney dated September 30, 2016 executed by Shengtuo Hongyuan, pursuant to which Shengtuo Hongyuan appointed Chezhiying WFOE, or any person designated by Chezhiying WFOE, as its attorney-in-fact, to vote on its behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Autohome Used Car Appraisal, including the rights to appoint directors and management personnel; and
- (q) the irrevocable power of attorney dated September 30, 2016 executed by Shengtuo Hongyuan, pursuant to which Shengtuo Hongyuan appointed Chezhiying WFOE, or any person designated by Chezhiying WFOE, as its attorney-in-fact, to vote on its behalf at the shareholders' meetings and exercise full voting rights as the shareholders of Autohome Used Car Brokerage, including the rights to appoint directors and management personnel.

***Contractual Arrangements with TTP WFOE***

- (a) the exclusive support service agreement dated August 31, 2015 entered into between Shanghai Jinpai E-commerce Co., Ltd. (上海謹拍電子商務有限公司, "TTP WFOE") and Shanghai Jinwu Auto Technology Consultant Co., Ltd. (上海謹務汽車技術諮詢有限公司, "Shanghai Jinwu"), pursuant to which TTP WFOE has the exclusive right to provide to Shanghai Jinwu management consulting services in return for service fees.
- (b) the exclusive support service agreement dated August 31, 2015 entered into between TTP WFOE and Shanghai Antuo Old Vehicle Broker Co., Ltd. (上海安拓舊機動車經紀有限公司, "Shanghai Antuo"), pursuant to which TTP WFOE has the exclusive right to provide to Shanghai Antuo management consulting services in return for service fees.

- (c) the exclusive option agreement dated August 31, 2015 entered into between TTP WFOE and Weiwei Wang (汪薇薇), pursuant to which Weiwei Wang agreed to irrevocably grant to TTP WFOE an option to purchase all or part of her equity interests in Shanghai Jinwu at a price equivalent to the lowest price permitted by PRC law or a higher price determined by TTP WFOE at its sole discretion to be exercised at any time and transferable to any of its designated parties.
- (d) the exclusive option agreement dated August 31, 2015 entered into among TTP WFOE, Weiwei Wang (汪薇薇) and Butao Yu (俞步濤), pursuant to which each of Weiwei Wang and Butao Yu agreed to irrevocably grant to TTP WFOE an option to purchase all or part of their respective equity interests in Shanghai Antuo at a price equivalent to the lowest price permitted by PRC law or a higher price determined by TTP WFOE at its sole discretion to be exercised at any time and transferable to any of its designated parties.
- (e) the equity interest pledge agreement dated August 31, 2015 entered into between TTP WFOE and Weiwei Wang (汪薇薇), pursuant to which Weiwei Wang agreed to pledge all of her equity interests in Shanghai Jinwu to TTP WFOE to secure the performance of her obligations and Shanghai Jinwu's obligations under the exclusive option agreement, proxy agreement, and the exclusive service agreement.
- (f) the equity interest pledge agreement dated August 31, 2015 entered into among TTP WFOE, Weiwei Wang (汪薇薇) and Butao Yu (俞步濤), pursuant to which each of Weiwei Wang and Butao Yu agreed to pledge all of their respective equity interests in Shanghai Antuo to TTP WFOE to secure the performance of her/her obligations and Shanghai Antuo's obligations under the exclusive option agreement, proxy agreement, and the exclusive service agreement.
- (g) the proxy agreement dated August 31, 2015 entered into among TTP WFOE, Shanghai Jinwu and Weiwei Wang (汪薇薇), pursuant to which Weiwei Wang appointed TTP WFOE, or any person designated by TTP WFOE, as her attorney-in-fact, to vote on her behalf at the shareholders' meetings and to exercise full voting rights as the shareholders of Shanghai Jinwu, including the rights to appoint directors, manager, and other management personnel.
- (h) the proxy agreement dated August 31, 2015 entered into among TTP WFOE, Shanghai Antuo, Weiwei Wang (汪薇薇) and Butao Yu (俞步濤), pursuant to which each of Weiwei Wang and Butao Yu appointed TTP WFOE, or any person designated by TTP WFOE, as his/her attorney-in-fact, to vote on his/her behalf at the shareholders' meetings and to exercise full voting rights as the shareholders of Shanghai Antuo, including the rights to appoint directors, manager and other management personnel.
- (i) the loan agreement dated August 31, 2015 entered into between TTP WFOE and Weiwei Wang (汪薇薇), pursuant to which TTP WFOE agreed to provide an interest-free loan in the amount of US\$1,000,000 or equivalent amount of Renminbi to Weiwei Wang to be used solely for the purpose of making capital contributions to the registered capital of Shanghai Jinwu.

For further details of the above, please see copies of the Contractual Arrangements, which are published on our website (<http://ir.autohome.com.cn/>) pursuant to the Hong Kong Stock Exchange's Guidance Letter HKEX-GL94-18 and Listing Decision HKEX-LD43-3.

### **Our intellectual property rights**

Our intellectual property includes trademarks and trademark applications related to our brands and services, software copyrights, trade secrets and other intellectual property rights and licenses. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures.

We hold “汽車之家” and “車之家” (both mean “auto home” in English) and “AUTOHOME®” trademarks in China. In addition, as of December 31, 2020, we held 76 pending trademark applications and 439 registered trademarks. As at the same date, we had 96 registered domain names, including our main website domain names, *autohome.com.cn* and *che168.com*, 361 pending patent applications, and 206 registered patents. We had 508 computer software copyrights as of December 31, 2020.

## **FURTHER INFORMATION ABOUT DIRECTORS AND EXECUTIVE OFFICERS**

### **Disclosure of interests**

See “Major Shareholders” for disclosure of interests of directors and executive officers.

### **Director service contracts and remuneration**

We have entered into employment agreements with each of our executive officers. See “Directors and senior management—Compensation—Employment agreements.”

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they resign or are removed from office by ordinary resolution or the unanimous written resolution of all shareholders.

We grant share-based awards to our independent directors under the Share Incentive Plans. See “Directors and Senior Management—Compensation—Share Incentive Plans”.

### **Disclosures relating to our directors and experts**

Save as disclosed in this document:

- (a) none of our directors nor any of the persons listed in “—Other Information—Qualification of experts” below is materially interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to our subsidiaries and our consolidated affiliated entities, or are proposed to be acquired or disposed of by or leased to our subsidiaries and our consolidated affiliated entities.
- (b) none of our directors nor any of the persons listed in “—Other Information—Qualification of experts” below is materially interested in any contract or arrangement with us subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to our business as a whole.
- (c) none of the persons listed in “—Other Information—Qualification of experts” below has any shareholding in us or any of our Major Subsidiaries or has the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in us or any of our Major Subsidiaries.

## **OTHER INFORMATION**

### **Estate duty**

Our directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

### **Litigation**

See “Our Business—Legal Proceedings” for further information.

### Joint Sponsors

The Joint Sponsors have applied on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued or sold pursuant to the Global Offering (including the additional Shares that may be issued pursuant to the exercise of the Over-allotment Option), and the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options, the vesting of or vested but outstanding RSUs, or other awards that have been or may be granted from time to time. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

Each of China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. (*in alphabetical order with no ranking assigned*), and Credit Suisse (Hong Kong) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Hong Kong Listing Rules.

The sponsor fee payable to each of the Joint Sponsors is US\$450,000 and is payable by our Company.

### No material adverse change

Our directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2020 (being the date to which our latest audited consolidated financial statements were prepared).

### Qualification of experts

The following are the qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

<u>Name</u>	<u>Qualification</u>
China International Capital Corporation Hong Kong Securities Limited ( <i>in alphabetical order with no ranking assigned</i> )	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Goldman Sachs (Asia) L.L.C. ( <i>in alphabetical order with no ranking assigned</i> )	A licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO
Credit Suisse (Hong Kong) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap.50)  Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap.588)
Han Kun Law Offices	Legal adviser to Company as to PRC law

<u>Name</u>	<u>Qualification</u>
Maples and Calder (Hong Kong) LLP	Legal adviser to Company as to Cayman Islands law
Shanghai iResearch Co., Ltd., China	Industry consultant

**Consents of experts**

Each of the experts above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

**Preliminary Expenses**

Our Company did not incur any material preliminary expenses.

**Promoter**

Our Company has no promoter for the purpose of the Hong Kong Listing Rules. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document.

**Binding effect**

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

**Bilingual document**

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the *Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice* (Chapter 32L of the Laws of Hong Kong).

The English version of this document shall prevail over the Chinese version.

**Particulars of the Selling Shareholder**

The particulars of the Selling Shareholder are set out below:

Name: Yun Chen Capital Cayman

Place of incorporation: Cayman Islands

Date of incorporation: February 17, 2016

Registered office: PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Number of Sale Shares: 10,096,800

The Selling Shareholder is an investment holding company and is a subsidiary of Ping An Group.

**Miscellaneous**

Save as disclosed in this document, or otherwise waived or exempted from disclosure pursuant to the waivers and exemptions disclosed in this document (see “Waivers and Exemptions”), within the two years immediately preceding the date of this document:

- (a) to the best of our knowledge, neither we nor any of our Major Subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any share capital or debentures of our Company or any of our Major Subsidiaries;
- (d) no founder, management or deferred Shares of our Company or any of our Major Subsidiaries has been issued or agreed to be issued; and
- (e) there is no arrangement under which future dividends are waived or agreed to be waived.

Our branch register of members will be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Unless the directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

Our directors confirm that:

- (a) there has not been any interruption in our business that may have or has had a material adverse effect on our financial position in the 12 months immediately preceding the date of this document; and
- (b) we and our Major Subsidiaries have no outstanding debentures or convertible debt securities.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The following documents, among others, were delivered to the Registrar of Companies in Hong Kong for registration together with this document:

- (a) a copy of the **GREEN** Application Form;
- (b) a copy of each of the material contracts referred to in “Statutory and General Information—Further Information About Our Business—Summary of material contracts” in Appendix IV;
- (c) the written consents referred to in “Statutory and General Information—Other Information—Consents of experts” in Appendix IV; and
- (d) the statement of particulars of the Selling Shareholder.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Skadden, Arps, Slate, Meagher & Flom and affiliates at 42<sup>nd</sup> Floor, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours for 14 days from the date of this document (both dates inclusive):

- (a) the Memorandum and Articles of Association;
- (b) our audited consolidated financial statements for the years ended December 31, 2018, 2019 and 2020;
- (c) the Accountant’s Report from PricewaterhouseCoopers, the text of which are set out in Appendix I;
- (d) the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which are set out in Appendix II;
- (e) the legal opinion issued by Han Kun Law Offices, our PRC Legal Adviser on certain aspects of our Group;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal adviser, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III;
- (g) the report issued by Shanghai iResearch Co., Ltd., China, a summary of which is set forth in “Industry Overview”;
- (h) the material contracts referred to in “Statutory and General Information—Further Information About Our Business—Summary of material contracts” in Appendix IV;
- (i) the written consents referred to in “Statutory and General Information—Other Information—Consents of experts” in Appendix IV;
- (j) the Cayman Companies Act; and
- (k) the statement of particulars of the Selling Shareholder.

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