

## BUSINESS

---

### 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.

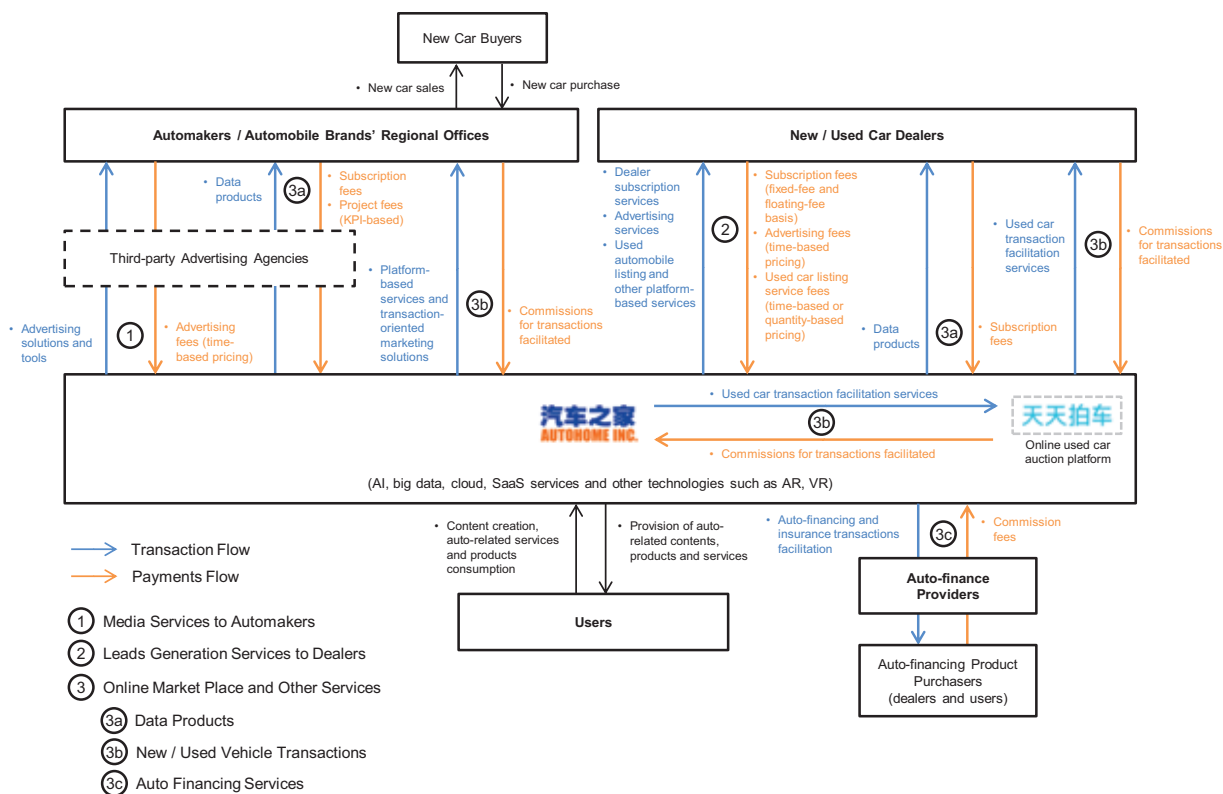
We generate revenues from media services, leads generation services and online marketplace and others.

- 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.

## BUSINESS

---

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

---

## BUSINESS

---

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

## BUSINESS

---

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



## BUSINESS

---

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

## BUSINESS

---

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.

## BUSINESS

---

### *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.



## BUSINESS

Below is a screenshot of our main website:

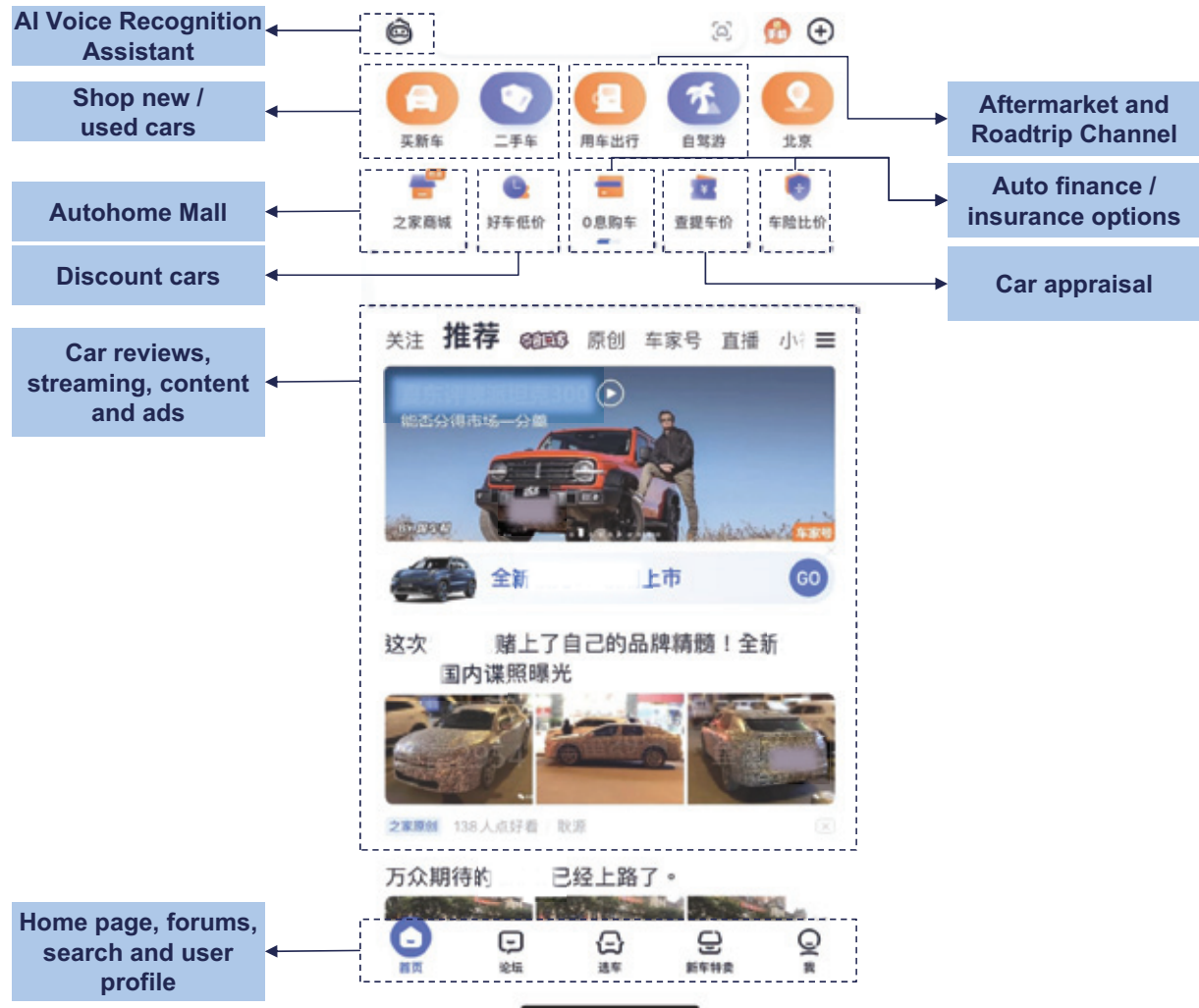


### *Our Mobile Websites and Applications*

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

## BUSINESS

---

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.

## BUSINESS

---

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.

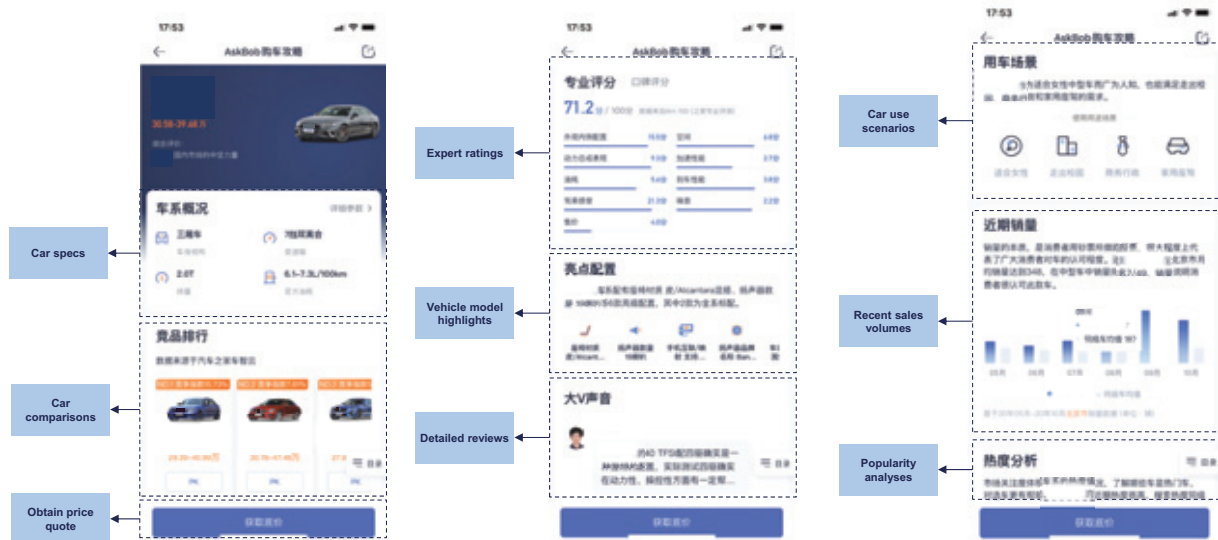
We believe our automobile library covers the substantial majority of passenger vehicle models released in China since 2005. It includes a broad range of specifications covering performance levels, dimensions, powertrains, vehicle bodies, interiors, safety, entertainment systems and other unique features, 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.

**BUSINESS**

**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’



## BUSINESS

---

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

## BUSINESS

---

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

## BUSINESS

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.

## BUSINESS

---

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.

## BUSINESS

---

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



## BUSINESS

---

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

## BUSINESS

---

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

## 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 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.

## BUSINESS

---

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.

## BUSINESS

---

### *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.



## BUSINESS

---

### 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.