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.

[letterhead of PricewaterhouseCoopers]

[DRAFT]

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 **[REDACTED]** of the Company dated [ ] (the "**[REDACTED]**") 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.

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
[ ]

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$
ASSETS					
Current assets:					
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
Total current assets		**13,141,317**	**16,358,382**	**18,364,080**	**2,814,419**
Non-current assets:					
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
Total non-current assets		**2,614,884**	**2,797,483**	**5,366,765**	**822,492**
Total assets		**15,756,201**	**19,155,865**	**23,730,845**	**3,636,911**
LIABILITIES AND EQUITY					
Current liabilities:					
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$
Total current liabilities (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)		**4,164,769**	**3,965,903**	**4,185,683**	**641,484**
Non-current liabilities:					
Other liabilities	6, 2(t)	24,068	45,534	104,861	16,071
Deferred tax liabilities	6, 19	455,921	538,487	631,509	96,783
Total non-current liabilities (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)		**479,989**	**584,021**	**736,370**	**112,854**
Total liabilities (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)		**4,644,758**	**4,549,924**	**4,922,053**	**754,338**
Commitments and contingencies	13				
Mezzanine equity:					
Convertible redeemable noncontrolling interests	19	—	—	1,056,237	161,875
Shareholders' equity:					
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		7,498,314	10,698,280	13,465,587	2,063,691
Total Autohome Inc. shareholders' equity		11,135,278	14,629,097	17,625,734	2,701,262
Noncontrolling interests	19	**(23,835)**	**(23,156)**	**126,821**	**19,436**
Total equity		**11,111,443**	**14,605,941**	**17,752,555**	**2,720,698**
Total liabilities, mezzanine equity and equity		**15,756,201**	**19,155,865**	**23,730,845**	**3,636,911**

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$
Net revenues:					
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
Total net revenues (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**
Cost of revenues (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)**
Gross profit		**6,412,863**	**7,460,459**	**7,697,389**	**1,179,675**
Operating expenses:					
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)
Total operating expenses (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
Operating profit		**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)
Income before income taxes		**3,241,421**	**3,701,006**	**3,668,512**	**562,222**
Income tax expense	6	(377,890)	(500,361)	(260,945)	(39,992)
Net income		**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	2019	2020	
		RMB	RMB	RMB	US$
Net loss/(income) attributable to noncontrolling interests		7,484	(679)	(2,338)	(358)
Net income attributable to Autohome Inc.		**2,871,015**	**3,199,966**	**3,405,229**	**521,872**
Earnings per share for ordinary shares: ***(Note)***					
Basic	17, 23	6.10	6.75	7.13	1.09
Diluted	17, 23	6.02	6.69	7.10	1.09
Earnings per ADS attributable to ordinary shareholders (one ADS equals four ordinary shares)					
Basic	17, 23	24.40	26.99	28.53	4.37
Diluted	17, 23	24.08	26.77	28.40	4.35
Weighted average number of shares used to compute earnings per share attributable to ordinary shareholders: ***(Note)***					
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
Net income		**2,863,531**	**3,200,645**	**3,407,567**	**522,230**
Other comprehensive income/(loss), net of tax of nil					
Foreign currency translation adjustments		58,421	20,040	(86,120)	(13,198)
Comprehensive income		**2,921,952**	**3,220,685**	**3,321,447**	**509,032**
Comprehensive loss/(income) attributable to noncontrolling interests		7,484	(679)	(2,338)	(358)
Comprehensive income attributable to Autohome Inc.		2,929,436	3,220,006	3,319,109	508,674

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$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	2,863,531	3,200,645	3,407,567	522,230
Adjustments to reconcile net income to net cash from operating activities:				
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)
Changes in operating assets and liabilities:				
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
Net cash generated from operating activities	**3,111,438**	**2,889,369**	**3,325,631**	**509,675**
CASH FLOWS FROM INVESTING ACTIVITIES				
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
Net cash used in investing activities	**(3,301,239)**	**(1,168,267)**	**(2,985,458)**	**(457,542)**

CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

(in thousands)

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US$
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercise of share options	51,811	68,676	104,154	15,963
Payment of dividends	(595,779)	—	(651,121)	(99,788)
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**
Supplemental disclosures of cash flow information:				
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						
	Shares *(Note)*	Amount	Additional capital paid-in	Accumulated other comprehensive income	Retained earnings	Noncontrolling interest	Total equity
	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.

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:

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

Entity	Date of incorporation or acquisition	Place of incorporation	Percentage of direct ownership by the Company
Principal Subsidiaries			
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 Chezhihuitong 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%
Principal VIEs and VIEs' subsidiaries			
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 mad 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 **[REDACTED]** from the **[REDACTED]** 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
Total assets	**2,496,943**	**1,983,841**	**2,212,410**	**339,067**
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
Total current liabilities	**786,468**	**279,578**	**706,383**	**108,258**
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
Total liabilities	**813,483**	**299,082**	**718,114**	**110,055**
Net assets	**1,683,460**	**1,684,759**	**1,494,296**	**229,012**

	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	216,970	1,993,498	1,769,148	271,134

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

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

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	—

	Fair Value at December 31, 2020	
	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

	Fair Value Measurement at December 31, 2019 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	—	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
	11,581,517

	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
	7,295	9,854,488	36,375

	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
	9,898,158

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	2,795,835	3,231,486	3,124,197	478,804

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	3,589	33,989	128,199	19,647

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
	249,977	302,285	563,182	86,311

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)
	3,241,421	3,701,006	3,668,512	562,222

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)
	377,890	500,361	260,945	39,992

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 (*Note*)	—	—	(68,861)	(10,554)
Income tax expense	377,890	500,361	260,945	39,992

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$
Deferred tax assets				
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 *(Note)*	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
Deferred tax liabilities				
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

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	11,659	8,436	3,198	490

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
	137,196	(97,792)	39,404

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
	732,805	874,531	258,704	39,647

(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
	2,439,948	2,417,438	2,577,709	395,051

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

Name of related parties	Relationship with the Group
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:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US$
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	473,590	447,350	621,845	95,302
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	99,073	123,423	162,045	24,834
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:

	As of December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US$
Amounts due from related parties, current				
Ping An Group (c)	34,018	29,489	47,303	7,250
Mango JV	29	12	—	—
	34,047	29,501	47,303	7,250
Amounts due from related parties, non-current				
Ping An Group (c)	2,041	4,509	18,163	2,784
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
	19,868	36,387	79,895	12,244

(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
	820,288	960,292	961,170	147,306

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$
Basic earnings per share:				
Numerator:				
Net income attributable to Autohome Inc.	2,871,015	3,199,966	3,405,229	521,872
Denominator:				
Weighted average ordinary shares outstanding	470,687,884	474,328,384	477,467,268	477,467,268
Basic earnings per share *(Note)*	**6.10**	**6.75**	**7.13**	**1.09**
Diluted earnings per share:				
Numerator:				
Net income attributable to Autohome Inc.	2,871,015	3,199,966	3,405,229	521,872
Denominator:				
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
Diluted earnings per share *(Note)*	**6.02**	**6.69**	**7.10**	**1.09**
Earnings per ADS				
Net income per ADS – basic (RMB)	**24.40**	**26.99**	**28.53**	**4.37**
Net income per ADS – diluted (RMB)	**24.08**	**26.77**	**28.40**	**4.35**

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	853,331	79.88
Expected to vest, December 31, 2020	655,199	79.47

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
	202,325	204,008	211,206	32,369

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:

	Amount
	RMB
Total Cash consideration	935,932
Less: consideration for New Warrant	(74,383)
Purchase consideration	861,549

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:

	Amount	Amortization Period
	RMB	
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)	(1,056,237)	
	861,549	

(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$
ASSETS				
Current assets:				
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
Total current assets	**304,252**	**342,077**	**1,097,313**	**168,171**
Non-current assets:				
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
Total non-current assets	**10,881,735**	**14,312,504**	**16,540,687**	**2,534,971**
Total assets	**11,185,987**	**14,654,581**	**17,638,000**	**2,703,142**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accrued expenses and other payables	50,709	25,484	12,266	1,880
Total current liabilities	**50,709**	**25,484**	**12,266**	**1,880**
Total liabilities	**50,709**	**25,484**	**12,266**	**1,880**
Commitments and Contingencies				
Shareholders' equity:				
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
Total shareholders' equity	**11,135,278**	**14,629,097**	**17,625,734**	**2,701,262**
Total liabilities and shareholders' equity	**11,185,987**	**14,654,581**	**17,638,000**	**2,703,142**

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$
Operating expenses:				
General and administrative expenses	(14,797)	(14,757)	(21,109)	(3,235)
Operating losses	**(14,797)**	**(14,757)**	**(21,109)**	**(3,235)**
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
Income before income taxes	**2,871,015**	**3,199,966**	**3,405,229**	**521,872**
Income tax expense	—	—	—	—
Net income	**2,871,015**	**3,199,966**	**3,405,229**	**521,872**
Other comprehensive income, net of tax of nil				
Foreign currency translation adjustments	58,421	20,040	(86,120)	(13,198)
Comprehensive income	**2,929,436**	**3,220,006**	**3,319,109**	**508,674**

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.