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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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FORM F-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**Autohome Inc.**

(Exact name of Registrant as specified in its charter)

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**Not Applicable**

(Translation of Registrant's name into English)

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Cayman Islands  
(State or other jurisdiction of  
incorporation or organization)

7374  
(Primary Standard Industrial  
Classification Code Number)

Not Applicable  
(I.R.S. Employer  
Identification Number)

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(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Approximate date of commencement of proposed sale to the public: as soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Proposed maximum aggregate offering price <sup>(1)</sup>	Amount of registration fee
Class A Ordinary Shares, par value \$0.01 per share <sup>(2)(3)</sup>	\$	\$

- (1) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.
- (2) American depository shares issuable upon deposit of the Class A ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333- ). Each American depository share represents Class A ordinary shares.
- (3) Includes Class A ordinary shares that are issuable upon the exercise of the underwriters' option to acquire additional shares. Also includes Class A ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)  
Issued , 2013

**American Depositary Shares**  
**汽车之家 AUTOHOME INC.**  
**Autohome Inc.**

**Representing Class A Ordinary Shares**

Autohome Inc. is offering American Depositary Shares, or ADSs[, and the selling shareholders are offering ADSs]. Each ADS represents of our Class A ordinary shares, par value US\$0.01 per share. We will not receive any proceeds from the ADSs sold by the selling shareholders. This is our initial public offering and no public market currently exists for our ADSs or our ordinary shares. We anticipate that the initial public offering price will be between US\$ and US\$ per ADS.

We are an “emerging growth company” under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements.

We have applied for listing of our ADSs on the New York Stock Exchange under the symbol “ATHM.”

Investing in our ADSs involves risks. See “[Risk Factors](#)” beginning on page 15.

	PRICE US\$	PER ADS		
	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Proceeds to Company</u>	<u>Proceeds to Selling Shareholders</u>
Per ADS	US\$	US\$	US\$	US\$
Total	US\$	US\$	US\$	US\$

We [and the selling shareholders] have granted the underwriters the right to purchase up to an aggregate of additional ADSs at the initial public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus.

Immediately prior to the completion of this offering, our outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to two votes and is convertible at any time into one Class A ordinary share. Immediately after the completion of this offering, one of our existing shareholders will hold Class B ordinary shares, which represents % of our aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs.

*The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

The underwriters expect to deliver the ADSs to purchasers on , 2013.

**Deutsche Bank Securities**

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

(in alphabetical order)

, 2013

China's leading online destination for automobile consumers



*no. 1 user base - no. 1 user engagement\**

\* Autohome.com.cn ranked first among China's automotive websites and automotive channels of internet portals in terms of average daily unique visitors, average daily time spent per user and average daily page views in the six months ended June 2013, based on data published by iResearch.

**汽车之家 AUTOHOME INC.**

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You should rely only on the information contained in this prospectus or in any related free writing prospectus that we have filed with the Securities and Exchange Commission, or the SEC. We have not authorized anyone to provide you with different information. We are offering to sell, and seeking offers to buy, the ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus outside the United States.

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our ADSs discussed under “Risk Factors,” before deciding whether to buy our ADSs.*

### **Our Business**

We are the leading online destination for automobile consumers in China. Through our two websites, *autohome.com.cn* and *che168.com*, we deliver comprehensive, independent and interactive content to automobile buyers and owners. *Autohome.com.cn* ranked first among China’s automotive websites and automotive channels of internet portals in terms of average daily unique visitors, average daily time spent per user and average daily page views in the six months ended June 2013, based on data published by iResearch, a third-party market research firm. In the same period, *autohome.com.cn* accounted for approximately 46% of the total time that China’s internet users spent viewing online automotive information, more than five times that of our closest competitor, according to iResearch. We have developed a strong and well-recognized brand. Our “汽车之家” (“Autohome”) brand has been the most searched automotive-related keyword during substantially the entire period since July 2011 on *Baidu.com*, the leading Chinese language internet search engine.

Our ability to reach a large and engaged user base of automobile consumers has made us a preferred platform for automakers and dealers to conduct their advertising campaigns. We generate substantially all of our revenues from online advertising services and dealer subscription services with automakers contributing the substantial majority of our total net revenues. We have a high penetration rate in the automaker market, with approximately 80% of over 80 automakers operating in China having advertised on our websites in each of 2010, 2011, 2012 and the six months ended June 30, 2013. In addition, a large and rapidly growing number of dealers are purchasing our advertising services and subscription services, through which they showcase and market their inventories on our websites.

We believe our focus on user experience, innovation and high-quality content distinguishes us from our competitors and is the foundation for our long-term success. Content we provide to our users includes:

- *Professionally produced content.* We have a dedicated editorial team focusing on serving consumers throughout the automobile ownership lifecycle. We conduct independent and professional evaluations of vehicle models from our users’ perspective, rather than relying only on information provided by automakers. Over the six months ended June 30, 2013, we published a daily average of approximately 600 articles, 1,200 photos and 10 video clips.
- *User generated content.* We have the largest and most active online community of automotive consumers in China, with over 7.0 million registered users and over 1,300 user forums as of June 30, 2013 and an average of 2.5 million daily unique visitors to our user forums in the six months ended June 30, 2013.
- *Automobile library.* We have one of the most comprehensive online automobile libraries in China with over 14,000 vehicle model configurations and over one million photos as of June 30, 2013. We believe our automobile library covers all passenger car models released in China since 2005.
- *Automobile listing information.* We feature extensive and up-to-date listings of both new and used automobiles on our websites. As of June 30, 2013, we had over 2.3 million new automobile listings. We added approximately 125,000 used automobile listings in the six months ended June 30, 2013.

Our professionally produced and user generated content, comprehensive automobile library and extensive automobile listing information have attracted a large and engaged user base. This, in turn, represents a highly relevant audience that is receptive to automotive advertising. We believe that this user base, together with our nationwide advertising platform, targeted advertising solutions and value-added services, has led to our rapid growth and has laid the foundation for our continuing success.

We develop our business model and technology platforms around the consumer automobile ownership life cycle and our automaker and dealer customers' sales cycle. The consumer automobile ownership life cycle has the following stages: research, purchase, maintenance and replacement. The sales cycle of our customers has the following corresponding stages: pre-sale marketing and advertising, sales leads generation, after-market sales and replacement sales. Our current business mainly serves the research and purchase stages of the consumer automobile ownership life cycle and the pre-sale marketing and advertising and sales leads generation stages of our customers' sales cycle. We have been developing other services and technology platforms to capture additional revenue opportunities in the automobile maintenance and replacement stages of the consumer automobile ownership life cycle and the corresponding stages of our customers' sales cycle.

We have experienced significant revenue growth while maintaining profitability. Our net revenues increased from RMB252.9 million in 2010 to RMB433.2 million in 2011 and RMB732.5 million (US\$117.6 million) in 2012, representing a compound annual growth rate, or CAGR, of 70.2%. Our income from continuing operations increased from RMB80.4 million in 2010 to RMB135.4 million in 2011 and RMB212.9 million (US\$34.2 million) in 2012, representing a CAGR of 62.7%.

### **Our Industry**

The online automotive advertising market in China has achieved rapid growth as a result of the concurrent development of China's automotive and internet industries. China is the world's largest passenger car market as measured by sales volume of new cars in 2012, according to LMC Automotive, a third-party industry research firm. The number of new passenger cars sold in China is expected to grow from 14.2 million units in 2012 to 20.7 million units by 2015, representing a CAGR of 13.3%, according to LMC Automotive. At the same time, China has the largest internet population in the world, which increased from 298.0 million in 2008 to 564.0 million at the end of 2012, representing a CAGR of 17.3% during this period, according to the China Internet Network Information Center, or the CNNIC. China's growing population of automobile consumers increasingly relies on the internet as a source of automotive information. As a result, China's automotive websites and automotive channels of internet portals have experienced rapid user growth. According to iResearch, average daily unique visitors to automotive websites and automotive channels of internet portals increased from 5.8 million in December 2008 to 25.7 million in June 2013. The aggregate time spent by internet users in China visiting automotive websites and automotive channels of internet portals increased from 20.9 million hours in December 2008 to 92.8 million hours in June 2013, according to iResearch. The number of monthly page views of automotive websites and automobile channels of internet portals in China increased from 1.5 billion in December 2008 to 8.6 billion in June 2013, according to iResearch.

Automakers and dealers have therefore increasingly used the internet for brand advertising and product promotions. According to Nielsen-CCData Company, or Nielsen, a third-party market research firm, automakers and their franchise dealers spent RMB1.9 billion in 2008 on online advertising in China, which increased to RMB4.5 billion in 2011, representing a CAGR of 33.6%. This growth outpaced their spending on traditional media, including television, print and radio, which increased at a CAGR of 12.4% during the same period, according to Nielsen. It is expected that spending on online advertising will continue to grow at a more rapid pace than traditional media in the future.

Automotive websites have increased their share of total online automotive advertising spending. Online advertising spending on automotive websites accounted for 26.8% of total online advertising expenditures by automaker and dealer advertisers in 2011, increasing from 17.2% in 2008, according to iResearch. It is expected that revenue growth of automotive websites will continue to be driven by growth in new and used car sales as well as growth in sales of related products and services.

### **Our Strengths**

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- the leading online destination for automobile consumers in China with strong brand recognition;
- user-centric and innovative culture driving a superior user experience;
- comprehensive and high-quality content creating strong network effects;
- highly effective online automotive advertising platform; and
- professional and proven management team backed by a strong strategic shareholder.

### **Our Strategies**

Our goal is to become the dominant player in China's online automotive advertising market. We intend to achieve this goal by implementing the following strategies:

- continue to attract and retain automobile consumers;
- enhance user engagement;
- increase our "share of wallet" from automakers;
- expand and further monetize our dealer network; and
- capitalize on our leading position to explore new opportunities.

### **Our Challenges**

The successful execution of our strategies is subject to risks and uncertainties related to our business and industry, including those relating to our ability to:

- adapt to changes in the rapidly evolving automotive and online advertising industries in China;
- respond effectively to competitive pressures;
- anticipate user preferences and develop new products and services to attract and retain users;
- extend revenue growth from automakers;
- expand our dealer network into new geographical markets in China; and
- maintain and enhance our strong "Autohome" and "Che168" brands.

In addition, we are subject to risks and uncertainties related to our corporate structure and doing business in China, including risks associated with:

- our control of our variable interest entities, which is based upon contractual arrangements rather than equity ownership and may be subject to regulatory uncertainties; and
- our ability to maintain various operating licenses and permits and to make registrations and filings necessary for us to operate our business, including those associated with providing internet content.



See “Risk Factors” and other information included in this prospectus for a discussion of these and other risks and uncertainties associated with our business and investing in our ADSs.

### **Corporate History and Structure**

Autohome Inc., or Autohome, was incorporated under the laws of the Cayman Islands under its former name, Sequel Limited, in June 2008 and adopted its current name in October 2011. Shortly after its inception, in June 2008, Autohome acquired all of the equity interests of the following entities:

- Cheerbright International Holdings Limited, or Cheerbright, a British Virgin Islands company that operates *autohome.com.cn*, which was launched in 2005;
- Norstar Advertising Media Holdings Limited, or Norstar, a Cayman Islands Company that, among other businesses, operated *che168.com*, which was launched in 2004; and
- China Topside Limited, or China Topside, a British Virgin Islands company.

Our largest shareholder is Telstra Holdings Pty Ltd., or Telstra Holdings, a wholly-owned subsidiary of Telstra Corporation Limited, the leading diversified telecommunications company in Australia and a Fortune Global 500 company.

To sharpen our business focus on the automotive industry, we completed a corporate reorganization in 2011 by spinning off our then subsidiaries that were not involved in our core business. In March 2011, we completed the transfer of the *che168.com* business from Norstar to Cheerbright. In June 2011, we contributed our entire equity interests in Norstar and China Topside to Sequel Media, Inc., or Sequel Media, our Cayman Islands subsidiary. We then immediately distributed shares of Sequel Media to our shareholders.

PRC laws and regulations currently limit foreign ownership of companies that engage in internet and advertising services. We therefore conduct our operations in China primarily through contractual agreements between our wholly-owned PRC subsidiary, Beijing Cheerbright Technologies Co., Ltd., or Autohome WFOE, and each of the three groups of entities and individuals—(i) Beijing Autohome Information Technology Co., Ltd., or Autohome Information, shareholders of Autohome Information and three subsidiaries of Autohome Information: Beijing Shengtuo Hongyuan Information Technology Co., Ltd., or Hongyuan Information, Beijing Shengtuo Chengshi Advertising Co., Ltd., or Chengshi Advertising, and Beijing Shengtuo Autohome Advertising Co., Ltd., or Autohome Advertising, (ii) Shanghai You Che You Jia Advertising Co., Ltd., or Shanghai Advertising, and shareholders of Shanghai Advertising, and (iii) Guangzhou You Che You Jia Advertising Co., Ltd, or Guangzhou Advertising, and shareholders of Guangzhou Advertising.

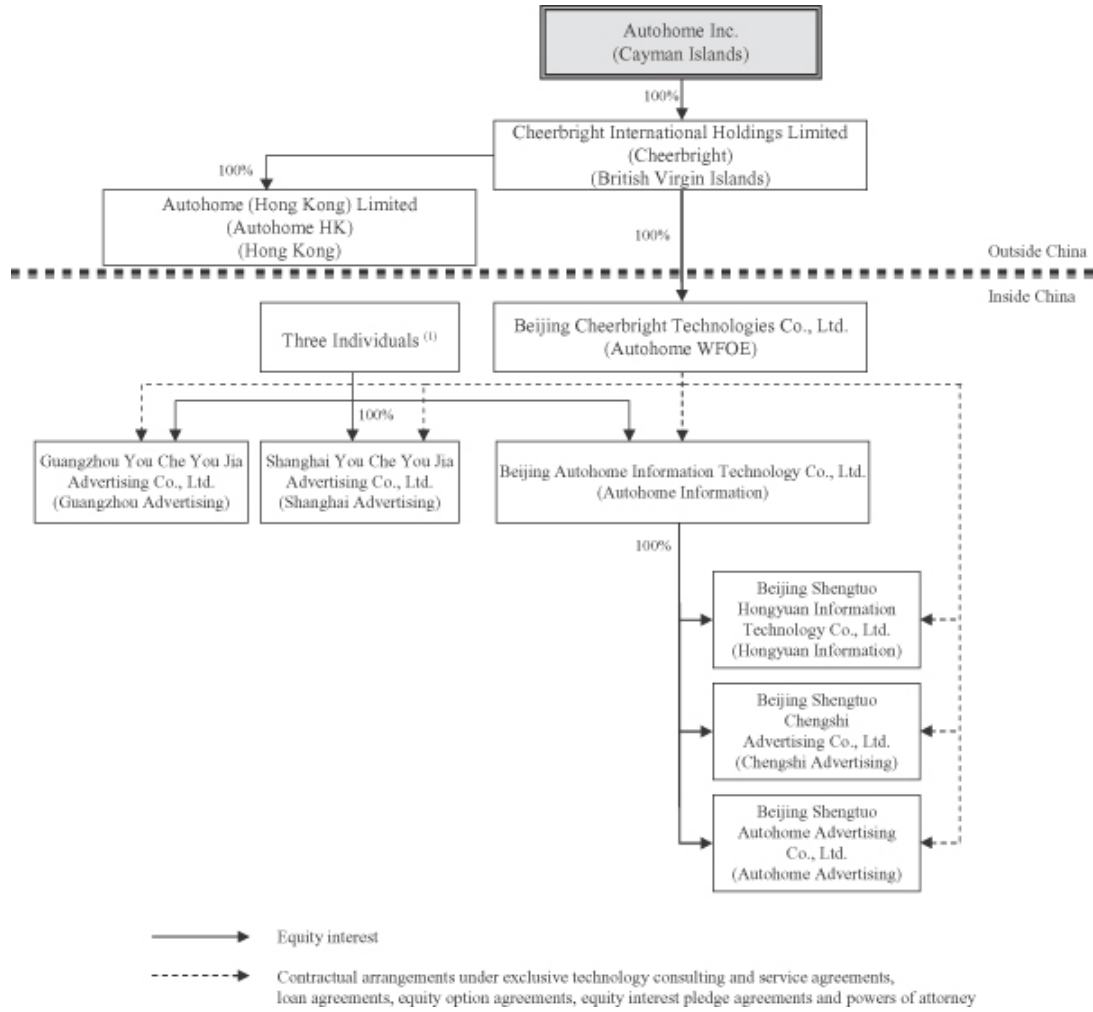
These contractual arrangements enable us, through Autohome WFOE, to:

- exercise effective control over these entities;
- receive substantially all of the economic benefits of these entities; and
- have exclusive options to purchase all of the equity interests in these entities when and to the extent permitted under PRC law.

As a result of these contractual arrangements, we, through Autohome WFOE, are the primary beneficiary of these three groups of entities and treat them as our “variable interest entities”, or VIEs, under the generally accepted accounting principles in the United States, or U.S. GAAP. We have consolidated the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP.

There are certain risks associated with conducting our operations through contractual arrangements. For example, if the PRC government determines that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet and advertising businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our contractual arrangements with our VIEs may not be as effective in providing operational control as direct ownership. Any failure by our VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition. For a detailed description of the risks associated with our corporate structure and the contractual arrangements underlying our corporate structure, see “Risk Factors—Risks Related to Our Corporate Structure.”

The following diagram illustrates our corporate structure as of the date of this prospectus:



(1) The three individuals are James Zhi Qin, our director and chief executive officer, Xiang Li, our director and president, and Zheng Fan, our vice president. Each of these three individuals is also a beneficial owner of our company and a PRC citizen. James Zhi Qin, Xiang Li and Zheng Fan hold 8%, 68% and 24% of the equity in each of Autohome Information, Shanghai Advertising and Guangzhou Advertising, respectively.

**Corporate Information**

Our principal executive offices are located at 10th Floor Tower B, CEC Plaza, 3 Dan Ling Street, Haidian District, Beijing, 100080, China. Our telephone number at this address is (+86) 10-5985-7001. Our registered office in the Cayman Islands is located at the office of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our corporate website is . The information contained on this website is not a part of this prospectus. Our agent for service of process in the United States is Law Debenture Corporate Services Inc.

### **Our Dual-class Shareholding Structure**

As of the date of this prospectus, our outstanding share capital consists of ordinary shares. Immediately prior to the completion of this offering, our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A and Class B ordinary shares will have the same rights, including dividend rights, except that holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to two votes per share, and Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. The ADSs being sold in this offering represent Class A ordinary shares. See “Description of Share Capital—Ordinary Shares” for more detailed description of our Class A ordinary shares and Class B ordinary shares.

Immediately prior to the completion of this offering, all then outstanding ordinary shares held by Telstra Holdings will be automatically re-designated as Class B ordinary shares. After the completion of this offering, Telstra Holdings will continue to retain a majority of our aggregate voting power due to our dual-class share structure. Assuming the underwriters do not exercise the over-allotment option, Telstra Holdings will hold Class B ordinary shares, representing % of our aggregate voting power, immediately after the completion of this offering. If at any time Telstra Holdings or its affiliate in the aggregate hold less than of our total number of outstanding shares, each issued Class B ordinary share will be automatically and immediately converted into one Class A ordinary share, and no Class B ordinary shares will be issued by our company thereafter. Upon the transfer of any Class B ordinary share to any person that is not an affiliate of Telstra Holdings, such Class B ordinary share will be automatically and immediately converted into one Class A ordinary share.

### **Conventions that Apply to this Prospectus**

Unless otherwise indicated or the context otherwise requires, references in this prospectus to:

- “ADSs” are to our American depositary shares, each of which represents Class A ordinary shares;
- “China” or the “PRC” are to the People’s Republic of China, excluding, for the purpose of this prospectus only, Hong Kong, Macau and Taiwan;
- “ordinary shares” are, prior to the completion of this offering, to our ordinary shares, par value US\$0.01 per share and, upon the completion of this offering, to our Class A and Class B ordinary shares, par value US\$0.01 per share;
- “RMB” and “Renminbi” are to the legal currency of China; and
- “we,” “us,” “our company” and “our” are to Autohome Inc., its predecessors, subsidiaries and VIEs.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their option to purchase additional ADSs.

### **Implications of Being an Emerging Growth Company**

As a company with less than US\$1.0 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging

growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We will remain an emerging growth company until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.0 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the previous three-year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

**The Offering**

Offering price	We currently estimate that the initial public offering price will be between US\$                      and US\$                      per ADS.	
ADSs offered by us	ADSs (or ADSs in full).	ADSs if the underwriters exercise their option to purchase additional
[ADSs offered by the selling shareholders	ADSs (or ADSs in full).]	ADSs if the underwriters exercise their option to purchase additional
ADSs outstanding immediately after this offering	ADSs (or ADSs in full).	ADSs if the underwriters exercise their option to purchase additional
Ordinary shares outstanding immediately after this offering	shares (or                      shares if the underwriters exercise their option to purchase additional ADSs in full), par value US\$0.01 per share, comprised of (i)                      Class A ordinary shares (or                      Class A ordinary shares in total if the underwriters exercise their option to purchase additional ADSs in full) and (ii)                      Class B ordinary shares.	
The ADSs	Each ADS represents                      Class A ordinary shares, par value US\$0.01 per share.  The depositary will hold the Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement.  We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares, after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.  You may turn in your ADSs to the depositary in exchange for Class A ordinary shares. The depositary will charge you fees for any exchange.  We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs, you agree to be bound by the deposit agreement as amended.  To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.	

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Option to purchase additional ADSs	We [and the selling shareholders] have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of                      additional ADSs.
Use of proceeds	<p>We expect that we will receive net proceeds of approximately US\$                      million from this offering, assuming an initial public offering price of US\$                      per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds from this offering as follows: (a) approximately US\$                      million for investing in our technology and product development; (b) approximately US\$                      million for expanding our sales and marketing activities; and (c) the balance for other general corporate purposes, including expenditures relating to the expansion of our operations. See “Use of Proceeds” for more information.</p> <p>[We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.]</p>
Lock-up	[We, our directors, executive officers and all of our existing shareholders and optionholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus.] See “Shares Eligible for Future Sale” and “Underwriting.”
[Reserved ADSs	At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of                      ADSs offered in this offering to some of our directors, officers, employees, business associates and related persons through a directed share program.]
Listing	We have applied to have the ADSs listed on the New York Stock Exchange under the symbol “ATHM.” Our ADSs and ordinary shares will not be listed on any other stock exchange or traded on any automated quotation system.
Depository	Deutsche Bank Trust Company Americas
The number of ordinary shares that will be outstanding immediately after this offering excludes:	
•	Class A ordinary shares issuable upon the exercise of options outstanding as of                      , 2013, at a weighted average exercise price of US\$2.20 per share; and
•	Class A ordinary shares reserved for future issuances under our 2011 Share Incentive Plan.

### Summary Consolidated Financial Data

The following summary consolidated statement of comprehensive income data for the years ended December 31, 2010, 2011 and 2012 and our selected consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from our consolidated financial statements included elsewhere in this prospectus. The following summary consolidated balance sheet data as of December 31, 2009 and 2010 and the summary consolidated statement of comprehensive income data for 2009 presented below have been derived from our consolidated financial statements not included in this prospectus. Our consolidated financial statements are prepared in accordance with U.S. GAAP. The following summary consolidated statements of comprehensive income data presented below for the period between June 23, 2008, the date of formation of our holding company, and December 31, 2008 and our balance sheet data as of December 31, 2008 have been derived from our unaudited financial statements not included in this prospectus.

We adopted ASU 2011-05, *Presentation of Comprehensive Income*, on January 1, 2012 by presenting items of net profit and other comprehensive income in one continuous statement, the Consolidated Statements of Comprehensive Income. Our consolidated financial statements for the three years ended December 31, 2012 included elsewhere in this prospectus have been revised to conform with the presentation requirements of ASU 2011-05.

To sharpen our business focus on the automotive industry, we completed a corporate reorganization on June 30, 2011 by spinning off our then subsidiaries that were not involved in our core business. The spun-off business has been accounted for as discontinued operations whereby the results of operations of the spun-off business have been eliminated from the results of continuing operations and reported in discontinued operations for all periods presented. The following summary consolidated balance sheet data as of December 31, 2008, 2009 and 2010 includes assets and liabilities associated with the entities we spun off and the summary consolidated balance sheet data as of December 31, 2011 and 2012 excludes assets and liabilities associated with the entities we spun off.

Our historical results do not necessarily indicate results expected for any future periods.



	For the Period from June 23, 2008 through December 31, 2008	For the Year Ended December 31,							
		2009		2010		2011		2012	
		RMB	RMB	RMB	RMB	RMB	US\$		
		(in thousands, except for number of shares and per share data)							
<b>Summary Consolidated Statement of Comprehensive Income Data:</b>									
<b>Net revenues</b>									
Advertising services	49,922	138,988	235,415	379,666	592,622	95,122			
Dealer subscription services	2,080	9,221	17,519	53,523	139,898	22,455			
<b>Total net revenues</b>	<b>52,002</b>	<b>148,209</b>	<b>252,934</b>	<b>433,189</b>	<b>732,520</b>	<b>117,577</b>			
Cost of revenues <sup>(1)</sup>	(21,412)	(61,084)	(83,897)	(130,565)	(178,240)	(28,609)			
<b>Gross profit</b>	<b>30,590</b>	<b>87,125</b>	<b>169,037</b>	<b>302,624</b>	<b>554,280</b>	<b>88,968</b>			
<b>Operating expenses</b>									
Sales and marketing expenses <sup>(1)</sup>	(8,685)	(31,204)	(48,712)	(67,500)	(129,796)	(20,834)			
General and administrative expenses <sup>(1)</sup>	(10,145)	(9,059)	(17,951)	(46,547)	(83,153)	(13,347)			
Product development expenses <sup>(1)</sup>	(1,325)	(3,678)	(6,205)	(16,459)	(42,865)	(6,880)			
<b>Operating profit</b>	<b>10,435</b>	<b>43,184</b>	<b>96,169</b>	<b>172,118</b>	<b>298,466</b>	<b>47,907</b>			
<b>Other income, net</b>	<b>19</b>	<b>54</b>	<b>110</b>	<b>1,676</b>	<b>5,403</b>	<b>867</b>			
<b>Income from continuing operations before income taxes</b>	<b>10,454</b>	<b>43,238</b>	<b>96,279</b>	<b>173,794</b>	<b>303,869</b>	<b>48,774</b>			
Income tax expenses	(1,376)	(7,803)	(15,853)	(38,348)	(90,988)	(14,605)			
<b>Income from continuing operations</b>	<b>9,078</b>	<b>35,435</b>	<b>80,426</b>	<b>135,446</b>	<b>212,881</b>	<b>34,169</b>			
Income/(loss) from discontinued operations	7,777	(2,204)	7,612	(4,182)	—	—			
<b>Net income</b>	<b>16,855</b>	<b>33,231</b>	<b>88,038</b>	<b>131,264</b>	<b>212,881</b>	<b>34,169</b>			
<b>Other comprehensive income, net of tax of nil</b>									
Foreign currency translation adjustments	—	—	—	—	583	94			
<b>Comprehensive income</b>	<b>16,855</b>	<b>33,231</b>	<b>88,038</b>	<b>131,264</b>	<b>213,464</b>	<b>34,263</b>			
<b>Earnings per share</b>									
<b>Basic earnings (loss) per share</b>									
Net income from continuing operations	0.09	0.35	0.80	1.35	2.13	0.34			
Income/(loss) from discontinued operations	0.08	(0.02)	0.08	(0.04)	—	—			
<b>Net income</b>	<b>0.17</b>	<b>0.33</b>	<b>0.88</b>	<b>1.31</b>	<b>2.13</b>	<b>0.34</b>			
<b>Diluted earnings per share:</b>									
Net income from continuing operations	—	—	—	1.35	2.12	0.34			
Loss from discontinued operations	—	—	—	(0.04)	—	—			
<b>Net income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.31</b>	<b>2.12</b>	<b>0.34</b>			
<b>Shares used in earnings per share computation</b>									
Basic	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000			
Diluted	—	—	—	100,189,928	100,650,652	100,650,652			
<b>Non-GAAP Measures<sup>(2)</sup></b>									
Adjusted net income	—	52,549	95,539	161,535	251,762	40,411			
Adjusted EBITDA	—	61,135	113,392	206,884	357,515	57,385			

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

	For the Period from June 23, 2008 through December 31, 2008	For the Year Ended December 31,				
		2009	2010	2011	2012	
		RMB	RMB	RMB	RMB	RMB
		(in thousands)				
(Unaudited)						
<b>Allocation of Share-based Compensation Expenses</b>						
Cost of revenues	—	—	—	3,247	6,553	1,052
Sales and marketing expenses	—	—	—	1,138	4,177	670
General and administrative expenses	—	—	—	8,049	15,734	2,525
Product development expenses	—	—	—	541	2,678	431
Total share-based compensation expenses	—	—	—	12,975	29,142	4,678

(2) For a reconciliation of our non-GAAP measures to the GAAP measure of income from continuing operations, see “—Non-GAAP Financial Measures.”

	As of December 31,					
	2008	2009	2010	2011	2012	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
(Unaudited)						
<b>Summary Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents	57,513	84,434	174,342	213,705	420,576	67,507
Accounts receivable, net	103,037	147,936	212,349	203,102	326,071	52,338
Total current assets	181,175	272,188	487,405	451,823	786,192	126,192
Total assets	2,140,954	2,184,531	2,357,368	2,043,005	2,379,673	381,963
Deferred revenue	22,442	19,215	31,650	41,461	94,392	15,151
Total current liabilities	124,740	145,962	238,710	203,805	336,292	53,978
Total liabilities	721,418	731,764	816,563	682,726	821,698	131,891
Total shareholders' equity	1,419,536	1,452,767	1,540,805	1,360,279	1,557,975	250,072

**Non-GAAP Financial Measures**

To supplement net income from continuing operations presented in accordance with U.S. GAAP, we present adjusted net income and adjusted EBITDA, which are non-GAAP financial measures. We define adjusted net income as income from continuing operations excluding share-based compensation expenses and amortization expenses of intangible assets related to acquisitions. We define adjusted EBITDA as income from continuing operations before income tax expense (benefit), depreciation expenses of property and equipment and amortization expenses of intangible assets, excluding share-based compensation expenses. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance, in addition to net income from continuing operations prepared in accordance with U.S. GAAP.

Adjusted net income and adjusted EBITDA have material limitations as analytical tools. One of the limitations of using these non-GAAP financial measures is that they do not include share-based compensation expenses, which are and will continue to be a recurring expense in our business. Furthermore, because adjusted EBITDA and adjusted net income are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider adjusted net income or adjusted EBITDA as a substitute for or superior to income from continuing operations prepared in accordance with U.S. GAAP. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

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We compensate for these limitations by relying primarily on our U.S. GAAP results and using adjusted net income and adjusted EBITDA only as supplemental measures. Our adjusted net income and adjusted EBITDA are calculated as follows for the periods presented:

	For the Year Ended December 31,				
	2009	2010	2011	2012	
	RMB	RMB	RMB	RMB	US\$
	(in thousands)				
Income from continuing operations	35,435	80,426	135,446	212,881	34,169
Plus: amortization of acquired intangible assets of Cheerbright, China Topside and Norstar	17,114	15,113	13,114	9,739	1,564
Plus: share-based compensation expenses	—	—	12,975	29,142	4,678
<b>Adjusted net income</b>	<u>52,549</u>	<u>95,539</u>	<u>161,535</u>	<u>251,762</u>	<u>40,411</u>
Income from continuing operations	35,435	80,426	135,446	212,881	34,169
Plus: income tax expense	7,803	15,853	38,348	90,988	14,605
Plus: depreciation of property and equipment	783	1,875	6,347	14,301	2,295
Plus: amortization of intangible assets	17,114	15,238	13,768	10,203	1,638
<b>EBITDA</b>	<u>61,135</u>	<u>113,392</u>	<u>193,909</u>	<u>328,373</u>	<u>52,707</u>
Plus: share-based compensation expenses	—	—	12,975	29,142	4,678
<b>Adjusted EBITDA</b>	<u>61,135</u>	<u>113,392</u>	<u>206,884</u>	<u>357,515</u>	<u>57,385</u>

## RISK FACTORS

*An investment in our ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.*

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

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

We rely on China's automotive industry for substantially all of our revenues and future growth. We have greatly benefited from the rapid growth of China's automotive industry during the past few years. However, the prospects of China's automotive industry are subject to many uncertainties, including those relating to general economic conditions in China, the urbanization rate of China's population and the cost of new automobiles. In addition, governmental policies may have a considerable impact on the growth of the automotive industry in China. For example, in an effort to alleviate traffic congestion and improve air quality, the Beijing municipal government issued a regulation in December 2010 to limit the number of new passenger car plates issued in Beijing each year from 2011 onwards to 240,000. There are similar policies that restrict the issuance of new passenger car plates in Shanghai and Guangzhou. In addition, effective from January 2011, the PRC government terminated sales tax incentives that were introduced in 2009 to encourage the purchase of small-sized cars. Any adverse change affecting the future growth of China's automotive industry could reduce demand for automobiles. If automakers and dealers were to reduce their marketing expenses as a result, our business, financial condition and results of operations could be materially and adversely affected.

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

The markets for our services are highly competitive. We face competition from China's automotive websites, such as *pcauto.com.cn* and *bitauto.com*, and from the automotive channels of major internet portals, such as Sina and Sohu. In addition, we also face competition from other used-automobile websites, such as *51auto.com* and *taoche.com*. Competition with these and other websites is primarily centered on increasing user reach, user engagement and brand recognition, and attracting and retaining advertisers, among other factors.

Some of our competitors or potential competitors have longer operating histories and may have greater financial, management, technological, development, sales, marketing and other resources than we do. They may use their experience and resources to compete with us in a variety of ways, including by competing more heavily for users, advertisers and dealers, investing more heavily in research and development and making acquisitions. Some of our competitors have entered or may enter into business cooperation agreements with search engines, which may impact our ability to obtain additional user traffic from the same sources. If we are unable to compete effectively and at a reasonable cost against our existing and future competitors, our business, prospects and results of operations could be materially and adversely affected.

We also face competition from traditional advertising media, such as newspapers, magazines, yellow pages, television, radio and outdoor media. Advertisers in China generally allocate a significant portion of their marketing budgets to traditional advertising media. If we cannot effectively compete with traditional media for the marketing budgets of our existing and potential customers, our results of operations and growth prospects could be adversely affected.

***If we fail to attract and retain users, our business and results of operations may be materially and adversely affected.***

In order to maintain and strengthen our leading market position, we must continue to attract and retain users to our websites, which requires us to continue to provide quality content throughout the automobile-ownership cycle. We must also innovate and introduce services and applications that enhance user experience. In addition, we must maintain and enhance our brand recognition among consumers. If we fail to provide high-quality content, offer a superior user experience or maintain and enhance our brand, we may not be able to attract and retain users. If our user base decreases, our websites may be rendered less attractive to advertisers and our advertising services and dealer subscription services revenues may decline, which may have a material and adverse impact on our business, financial condition and results of operations.

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

A limited number of automaker advertisers have accounted for, and are expected to continue to account for, a significant portion of our revenues. Our top five advertisers, all of whom were automakers, contributed 20.4%, 19.5% and 20.0% of our net revenues in 2010, 2011 and 2012, respectively. In each of 2010, 2011, 2012 and the six months ended June 30, 2013, approximately 80% of over 80 automakers operating in China used our advertising services. These automakers include independent Chinese automobile manufacturers, joint ventures between Chinese and international automobile manufacturers and international automobile manufacturers that sell cars made outside of China. We believe that our future revenue growth will be focused on deepening our existing commercial relationships with automakers to increase our share of each automaker's advertising budget. If we fail to do so, our growth prospects could be harmed.

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

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

***We may not be able to successfully expand and monetize our dealer network.***

We currently have local sales and service representatives and telephone sales teams covering 117 cities across China. We intend to increase our penetration in existing dealer advertising and subscription services markets and expand into new geographic markets. China is a large and diverse country and business practices and demands may vary significantly by region. Our experience in the markets in which we currently operate may not be applicable in other parts of China. We may not be able to leverage our experience to expand into new geographic markets in China. As a result, our expansion and monetization strategies, including sales and marketing efforts designed to attract dealer advertisers and maximize the conversion of registered dealers using our free basic listing service into paying subscribers, may be unsuccessful. Furthermore, expanding into new geographical markets will require us to hire additional employees to cover these markets. We will incur additional compensation and benefit costs, office rental expenses and other costs, as well as additional strain on our managerial resources. In addition, we intend to further monetize our existing dealer network by converting dealers that currently use our free listing service into paying subscribers. If we are unable to successfully expand

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and monetize our dealer network and to generate sufficient revenues to cover our increased costs and expenses, our business and results of operations may be materially and adversely affected.

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

Maintaining and enhancing our “Autohome” and “Che168” brands is critical to our business and prospects. We believe that brand recognition will become increasingly important as the number of internet users in China grows and competition in our industry intensifies. A number of factors could prevent us from successfully promoting our brands, including user dissatisfaction with the content offered on our websites, negative publicity involving our business and the failure of our sales and marketing activities. If we fail to maintain and enhance our brands, or if we incur excessive expenses in this effort, our business, operating results and financial condition will be materially and adversely affected.

### ***Inaccuracy in pricing and listing information provided by our dealer customers may adversely affect our business and financial performance.***

Our automobile listings and promotional information are provided and continuously updated by our dealer customers. Users interested in particular automobile models can conveniently search for up-to-date information of such models without having to visit the local showrooms of relevant dealers. If such listings and promotional information provided by our dealer customers is frequently inaccurate or not reliable, our users may lose faith in our websites, resulting in reduced user traffic to our websites and diminished value to advertisers, which could adversely affect our business and financial performance.

### ***We may not be able to manage our expansion effectively.***

We have experienced rapid growth in our business in recent years. The number of our employees grew rapidly from 354 as of December 31, 2010 to 912 as of December 31, 2012 and 1,028 as of June 30, 2013. Our net revenues increased from RMB252.9 million in 2010 to RMB433.2 million in 2011 and RMB732.5 million (US\$117.6 million) in 2012, representing a CAGR of 70.2%. We expect to continue to grow our user base and our business operations. Our rapid expansion may expose us to new challenges and risks. To manage the further expansion of our business, we need to continuously expand and enhance our infrastructure and technology, and improve our operational and financial systems, procedures and internal controls. We also need to train, manage and motivate our growing employee base. In addition, we need to maintain and expand our relationships with automaker and dealer advertisers, advertising agencies and other third parties. We cannot assure you that our current and planned personnel, infrastructure, systems, procedures and controls will be adequate to support our expanding operations. If we fail to manage our expansions effectively, our business and results of operations may be materially and adversely affected.

### ***We have a limited operating history, which makes it difficult to evaluate our business.***

We have a limited operating history. *Autohome.com.cn* and *che168.com* were launched in 2005 and 2004, respectively. Our company was incorporated in June 2008 and acquired the entities that operated these two websites soon thereafter. Although we have achieved profitability in recent periods, our limited operating history makes the prediction of future results of operations difficult. Past results of operations achieved by us should not be taken as indicative of the rate of growth, if any, that can be expected in the future. You should consider our future prospects in light of the risks and uncertainties fast-growing companies with limited operating histories may encounter.

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

Although we consider automakers and dealers to be our end-customers, we sell our advertising services and solutions primarily to third-party advertising agencies that represent the automakers and dealers, as is customary in China. Our top ten advertising agencies accounted for 62.1%, 55.4% and 51.7% of our total net revenues in 2010, 2011 and 2012, respectively. In 2010, 2011 and 2012, our largest agency accounted for 12.3%, 10.0% and 9.0% of our total net revenues, respectively. We do not have long-term cooperation agreements or exclusive arrangements with these agencies and they may elect to direct business to other advertising service providers, including our competitors. If we fail to retain and enhance our business relationships with third-party advertising agencies, we may suffer from a loss of advertisers and our business, financial condition, results of operations and prospects may be materially and adversely affected. In our agreements with certain major advertising agencies, we undertake to provide them with most favored price terms. Such most favored price terms may hinder our ability to acquire new customers using special price terms.

In addition, we rely on third-party advertising agencies for the collection of payment from our advertisers. As a result, the financial soundness of our advertising agencies may affect our collection of accounts receivables. We make a credit assessment of the advertising agency to evaluate the collectibility of the advertising service fees before entering into an advertising contract. However, we cannot assure you that we will be able to accurately assess the creditworthiness of each advertising agency, and any failure of advertising agencies to pay us in a timely manner may adversely affect our liquidity and cash flows.

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

The use of the internet as a marketing medium is still developing in China. As of December 2012, the internet penetration rate in China was only 42.3%, compared to 81.0% in the United States, according to ITU, a third-party market research firm. The expansion of China's internet population may be limited by a number of factors, including limitations on network infrastructure, social and political uncertainties, among others.

Many of our current and potential advertisers and subscribers have limited experience with the internet as a marketing medium, and historically have not devoted a significant portion of their marketing budgets to online marketing and promotion. As a result, they may not consider the internet an effective medium to promote or sell automobiles as compared to traditional print and broadcast media. Our ability to increase revenue and profitability from online marketing may be adversely impacted by a number of factors, many of which are beyond our control, including:

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

If the internet does not become more widely accepted as a media platform for advertising and marketing, our business, financial position and results of operations could be materially and adversely affected.

***We may not be able to successfully expand and monetize our mobile internet services.***

We plan to continue to expand our mobile internet services and explore monetization strategies for our mobile internet services. We have made significant efforts in recent years to optimize the mobile version of our websites to display our content and develop new mobile applications to capture a greater number of users that access our services through mobile devices. For example, the numbers of our average daily unique smartphone users who access our websites via mobile devices amounted to 1.1 million in June 2013. However, if we are unable to attract and retain a substantial number of mobile device users, or if we do not keep up with our competitors in developing attractive services that are adapted for such mobile devices, we may fail to capture a significant share of an increasingly important portion of the market for our services or lose existing users.

Furthermore, we are still in the midst of experimenting early monetization strategies for our mobile internet services. Advertisers currently spend significantly less on advertising on mobile devices as compared to advertising on PCs, and may not increase their advertising spend in mobile devices in the future. If our users continue to allocate more time on our mobile services instead of our traditional PC services, mobile monetization may become increasingly important to our results of operations. Accordingly, if we are unable to successfully implement monetization strategies for our mobile internet users, our results of operations may be negatively affected.

***If we are unable to grow our used automobile-related business through our repositioned che168.com website, we may not be able to achieve our expected business growth and our results of operations may be adversely affected.***

Historically, we have delivered content related to new and used automobiles through both *autohome.com.cn* and *che168.com* websites whose user base overlap to some extent. We redesigned our *che168.com* website in October 2011 to focus on used automobile information and content. Through this website, we offer used automobile listing services to dealers and individual car owners through a user interface that allows potential used car buyers to identify listings that meet their specific requirements and contact the dealer or individual selling the selected car. Revenue from *che168.com* currently contributes an immaterial portion of our total revenues.

We may not be able to successfully grow our used automobile-related business through our repositioned *che168.com* website. Although the used automobile market in China is growing due to the increased number of consumer-owned automobiles, there is still significant uncertainty regarding to the extent our *che168.com* business may benefit from such growth. We may not be able to attract a broad user base to the *che168.com* website. Even if we are able to grow our user base, we may not be able to establish a business model that allows us to successfully monetize the user traffic. In such a case, we may not be able to achieve our expected business growth and our results of operations may be adversely affected.

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

Our quarterly revenues and other operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are beyond our control. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. For instance, our advertising services revenues typically increase in the second quarter as automakers increase marketing activities in connection with China's major auto shows, and in the fourth quarter as advertisers seek to complete year-end marketing campaigns. Demand for our advertising services is generally lowest in the first quarter of each year, primarily due to a general slowdown in business activities and a reduced number of working days during the Chinese New Year holiday period.



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

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

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

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

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

Computer viruses and "hacking" may cause delays or other service interruptions on our systems. "Hacking" involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions, loss or corruption of data including user identity data, software, hardware or other computer equipment. In addition, the inadvertent transmission of computer viruses could result in significant damage to our hardware and software systems and databases, disruptions to our business activities, including our e-mail and other communications systems, breaches of security and inadvertent disclosure of confidential or sensitive information, interruptions in access to our website through the use of "denial of service" or similar attacks and other material adverse effects on our operations. We have experienced hacking attacks in the past, and although such attacks in the past have not had a material adverse effect on our operations, there is no assurance that there will be no serious computer viruses or hacking attacks in the future. We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by, computer viruses and hacking. Moreover, if a computer virus or hacking affects our systems and is highly publicized, our reputation and brand names could be materially damaged and use of our services may decrease.

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

Our success depends on the continuous effort and services of our senior management team and other key personnel. In particular, we rely on the expertise and experience of our executive officers named in this prospectus. If one or more of our executive officers or other key personnel are unable or unwilling to continue to provide us with their services, we may not be able to replace them within a short period of time or at all. Our

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business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain personnel. If any of our executive officers join a competitor or forms a competing company, we may lose advertisers, know-how and key professionals and staff members. Each of our executive officers has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between us and our executive officers, we may have to incur substantial costs and expenses in order to enforce these agreements in China.

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

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

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

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

Internet, technology and media companies are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violation of other parties' rights. We have never experienced any material claims on these issues against us in the past, but as we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. We could also be subject to claims based upon the content that is displayed on our websites or accessible from our websites through links to other websites or information on our websites supplied by third parties. Intellectual property claims and litigation are expensive and time-consuming to investigate and defend and may divert resources and management attention from the operation of our websites. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our websites to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and results of operations.

### ***We may be subject to liability for advertisements and other content placed on our website.***

The PRC government has adopted regulations governing advertising content as well as internet access and the distribution of information over the internet. Under PRC advertising laws and regulations, we are obligated to

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monitor the advertising content shown on our websites to ensure that such content is true and accurate and in full compliance with applicable laws and regulations. See “Regulation—Regulations on Advertisements.” Under the internet information regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, compromises national security, harms the dignity or interests of the state, incites ethnic hatred or racial discrimination, undermines the PRC’s religious policy, disturbs social order, disseminates obscenity or pornography, encourages gambling, violence, murder or fear, incites the commission of a crime, infringes upon the lawful rights and interests of a third party; or is otherwise prohibited by law or administrative regulations. See “Regulation—Regulations on Internet Content Services.”

We display advertisements on our websites. In addition, through our websites and user forums, we allow users to upload written materials, images, pictures and other content on our websites, and also allow users to share and link to content from other websites through our websites. Failure to identify and prevent illegal or inappropriate content from being displayed on or through our websites may subject us to liability. We cannot assure you that all of the advertisements and content shown or posted on our websites adhere to the advertising and internet content laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations.

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

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

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

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

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***We will be a “controlled company” within the meaning of the New York Stock Exchange corporate governance requirements, which may result in public investors not having as much influence as they would if we were not a controlled company.***

After the completion of this offering, Telstra Holdings will own more than \_\_\_\_\_ % of the total voting rights in our company and we will be a “controlled company” under Section 303A of the New York Stock Exchange Listed Company Manual. As a controlled company, we are not obligated to comply with certain New York Stock Exchange corporate governance requirements, including the requirements that:

- a majority of our board of directors consist of independent directors;
- our compensation committee be composed entirely of independent directors; and
- our corporate governance and nominating committee be composed entirely of independent directors.

We do not currently intend to rely on the controlled-company corporate governance exemptions available to us. If, however, we elect to do so in the future, our independent directors may have less influence than they would have if we were not a controlled company.

In addition, because Telstra Holdings will own more than \_\_\_\_\_ % of the voting rights in our company, Telstra Holdings will have decisive influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. Without the consent of Telstra Holdings, we may be prevented from entering into transactions that could be beneficial to us. The interests of Telstra Holdings and our other large shareholders may differ from the interests of our other shareholders.

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

We are not currently required to comply with Section 404 and applicable rules and regulations thereunder, and are therefore not required to make a formal assessment of the effectiveness of our internal controls over financial reporting for purposes of identifying and reporting material weaknesses and other deficiencies in our internal control over financial reporting. For the year ended December 31, 2012, we performed a limited review of our internal control over financial reporting as part of our annual risk management assessment process, and no material weakness was noted.

It is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional internal control deficiencies may have been identified. Upon the completion of this offering, we will become a public company in the United States and will be subject to Section 404 and applicable rules and regulations thereunder. Section 404 requires that we include a report of management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2014. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective when they are required to include such a report. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may conclude that our internal controls are not effective if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operating or reviewed, or if it interprets the relevant requirements differently from us. If we fail to timely achieve and maintain the adequacy of our internal controls, we may not be able to conclude that we have effective internal control over financial reporting. As a result, our failure to achieve and maintain

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effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the market price of our ADSs.

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

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. We do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

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

Our business could be adversely affected by the effects of H1N1 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or another epidemic. China reported a number of cases of SARS in 2003, which resulted in the closure of many businesses by the PRC government to prevent the transmission of SARS. In recent years, there have been reports of occurrences of avian flu in various parts of China, including a few confirmed human cases and deaths. In 2009, the global spread of H1N1 flu resulted in several confirmed infections and deaths in China. Restrictions on travel resulting from any prolonged outbreak of H1N1 flu, avian flu, SARS or another epidemic could adversely affect our ability to market our services to users, automakers and dealers throughout China. Our business operations could be disrupted if one of our employees is suspected of having H1N1 flu, avian flu, SARS or another epidemic, which could require that a certain number of our employees be quarantined and/or our offices be disinfected. In addition, our results of operations could be adversely affected to the extent that H1N1 flu, avian flu, SARS or another outbreak harms the Chinese economy in general.

We are also vulnerable to natural disasters and other calamities. Although our servers are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services. In addition, a severe disaster could affect the operations or financial condition of our customers and suppliers, which could harm our results of operations. For example, certain Japanese automakers or their joint ventures in China delayed or cancelled advertising campaigns following the earthquake and tsunami in Japan in March 2011.

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

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

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that provide internet content services in China. Specifically, foreign ownership of internet service providers or other value-added telecommunication service providers may not exceed 50%. In addition, according to the Several Opinions on the Introduction of Foreign Investment in the Cultural Industry promulgated by the Ministry of Culture, the State Administration of Radio, Film and Television, or the SARFT, the General Administration of Press and

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Publication, or the GAPP, the National Development and Reform Commission and the Ministry of Commerce in June 2005, foreign investors are prohibited from investing in or operating “internet cultural activities.” Furthermore, PRC laws and regulations do not allow foreign entities with less than at least two years of direct experience operating an advertising business outside of China to invest in an advertising business in China. Because we have no direct experience operating an advertising business outside of China, we may not invest directly in a PRC entity that provides advertising services in China. We are a Cayman Islands company and foreign legal person under PRC laws. Accordingly, neither we nor our wholly foreign-invested PRC subsidiaries are currently eligible to apply for the required licenses for providing internet content services or advertising services in China.

As such, we conduct our business through contractual arrangements in China. In particular, we operate our internet content business through Autohome Information and Hongyuan Information, a wholly-owned subsidiary of Autohome Information. We operate our internet advertising business through two wholly-owned subsidiaries of Autohome Information: Chengshi Advertising and Autohome Advertising. These entities hold licenses and permits required to operate our internet content business and internet advertising business. Autohome Information is currently owned by individual shareholders who are PRC citizens and hold the requisite licenses or permits to provide internet content and advertising services in China. We do not have an equity interest in the Autohome Information or its subsidiaries but substantially control their operations and receive the economic benefits through a series of contractual arrangements. We have been and are expected to continue to be dependent upon Autohome Information and its subsidiaries to operate our businesses. In December 2011 and May 2012, we established two new variable interest entities, Shanghai Advertising and Guangzhou Advertising, respectively. Autohome WFOE entered into a series of contractual arrangements with Shanghai Advertising and its shareholders and Guangzhou Advertising and its shareholders with terms and conditions substantially similar to the contractual arrangements among Autohome WFOE, Autohome Information and its shareholders. We provide advertising services through Shanghai Advertising and Guangzhou Advertising to automotive industry customers around the Shanghai and Guangzhou areas, respectively. For more information regarding these contractual arrangements, see “Corporate History and Structure.”

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

If we or any of our current or future VIEs or subsidiaries are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the Ministry of Industry and Information Technology, or MIIT, which regulates internet information services companies, the State Administration for Industry and Commerce, or SAIC, which regulates advertising companies, and the CSRC would have broad discretion in dealing with such violations, including levying fines, confiscating our income or the income of Autohome WFOE and the VIEs, revoking the business licenses or operating licenses of Autohome WFOE and the VIEs, shutting down our servers or blocking our websites, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting our rights to use the proceeds from this offering to finance our business and operations in China, or taking other enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business and results of operations. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the VIEs

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or our right to receive their economic benefits, we would no longer be able to consolidate the VIEs. The VIEs contributed substantially all of our consolidated net revenues since 2009.

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

We have relied and expect to continue to rely on contractual arrangements with Autohome Information, its subsidiaries and its shareholders to operate our business. We may rely on Shanghai Advertising and Guangzhou Advertising in the future to operate a significant portion of our business. For a description of these contractual arrangements, see “Corporate History and Structure—Contractual Arrangements.” These contractual arrangements may not be as effective in providing us with control over these affiliated entities as direct ownership. If we had direct ownership of these entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by these entities and their shareholders of their contractual obligations to exercise control over our VIEs. Therefore, our contractual arrangements with our VIEs may not be as effective in ensuring our control over our China operations as direct ownership would be.

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

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

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

### ***Contractual arrangements our subsidiary has entered into with our VIEs may be subject to scrutiny by the PRC tax authorities and a finding that we or our VIEs owe additional taxes could substantially reduce our consolidated net income and the value of your investment.***

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among Autohome WFOE, our VIEs and the shareholders of our VIEs do not represent

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arm's-length prices and consequently adjust Autohome WFOE's or our VIEs' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our VIEs, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties on Autohome WFOE or our VIEs for any unpaid taxes. Our consolidated net income may be materially and adversely affected if Autohome WFOE or our VIEs' tax liabilities increase or if they are subject to late payment fees or other penalties.

### ***The shareholders of our VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business.***

The shareholders of our VIEs are James Zhi Qin, our director and chief executive officer, Xiang Li, our director and president, and Zheng Fan, our vice president. Each of these three individuals is also a beneficial owner of our company and a PRC citizen. They hold 8%, 68% and 24%, respectively, of the equity interests in each of our VIEs. Conflicts of interest may arise between their roles as directors, officers and/or beneficial owners of our holding company and as shareholders of our VIEs. In addition, the controlling shareholders of our company are substantially different from that of the VIEs, which may heighten any conflicts of interest that could arise between the two groups of shareholders. We cannot assure you that when conflicts of interest arise, any or all of these equity holders will act in the best interests of our company or such conflicts will be resolved in our favor. Currently, we do not have any arrangements to address potential conflicts of interest between these equity holders and our company. We rely on these three individuals to comply with the laws of China, which protect contracts, provide that directors and executive officers owe a duty of loyalty and a duty of diligence to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains. We also rely on the laws of Cayman Islands, which provide that directors owe a duty of care and a duty of loyalty to our company. However, the legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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

We are a holding company, and we may rely on dividends and other distributions on equity to be paid by our wholly-owned PRC subsidiary, Autohome WFOE, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If Autohome WFOE incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, Autohome WFOE, as a wholly foreign-owned enterprise in the PRC, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise such as Autohome WFOE is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. These statutory reserve funds are not distributable as cash dividends. As of June 30, 2013, Autohome WFOE had RMB0.9 million (US\$0.1 million) as its statutory reserve funds, which was 50% of its registered capital.

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



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

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

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. Furthermore, SAFE promulgated a circular on November 19, 2010, or Circular No. 59, which tightens the examination on the authenticity of settlement of net proceeds from an offering and requires that the settlement of net proceeds shall be in accordance with the description in its prospectus.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular 142, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or VIEs or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

As part of the contractual arrangements with Autohome Information, its shareholders and its subsidiaries, Autohome Information and its subsidiaries hold operating permits and licenses and substantially all of the assets that are important to the operation of our business. We expect to continue to be dependent on Autohome Information and its subsidiaries to operate our business in China. We may rely on Shanghai Advertising and Guangzhou Advertising in the future to operate a significant portion of our business. If our VIEs go bankrupt and

all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which would materially and adversely affect our business, financial condition and results of operations. If our VIEs undergo a voluntary or involuntary liquidation proceeding, their equity holders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which would materially and adversely affect our business, our ability to generate revenues and the market price of our ADSs.

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

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

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

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

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

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

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time after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

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

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

- We only have contractual control over our websites. We do not own the websites due to the restriction on foreign investment in businesses providing value-added telecommunication services in China, including internet content provision services.
- There are uncertainties relating to the regulation of the internet industry in China, including evolving licensing requirements. This means that permits, licenses or operations at some of our companies may be subject to challenge, or we may fail to obtain permits or licenses that applicable regulators may deem necessary for our operations or we may not be able to obtain or renew permits or licenses. For example, Hongyuan Information, which operates *che168.com*, is in the process of applying for an internet audio/video program transmission license. Currently, the audio and video content posted on our *che168.com* website is delivered through a third-party website, which has an internet audio/video program transmission license. We may not be able to obtain such license in a timely manner or at all. See “Regulations—Regulations on Broadcasting Audio/Video Programs through the Internet” for more details. In addition, both Autohome Information and Hongyuan Information may be required to obtain additional licenses, including internet publishing licenses, internet news information service licenses and/or internet culture operating licenses, if the release of articles and information or the broadcast of videos on the websites *autohome.com.cn* and *che168.com* is deemed by the PRC regulatory authorities as the provision of internet publishing service, internet news information service, or internet culture operating service. See “Regulations—Regulations on online Cultural Services”, “Regulations—Regulations on Internet Publishing” and “Regulations—Regulations on Internet News Information Service” for additional details.
- The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office. The primary role of this new agency is to facilitate policy-making and legislative development in the internet industry, to direct and coordinate with relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry.
- New laws and regulations may be promulgated to regulate internet activities, including online advertising businesses. As such, additional licenses may be required for our operations. If our operations do not comply with these new regulations at the time they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

On July 13, 2006, the MIIT, the predecessor of which is the Ministry of Information Industry, issued the Notice of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services. This notice prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this notice, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and

trademarks used by such license holders in their provision of value-added telecommunication services. The notice also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. Currently, Autohome Information and Hongyuan Information, two of our VIEs, own the related domain names and trademarks and hold the internet content provider licenses, or ICP licenses, necessary to conduct our operations for websites in China.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we will be able to maintain our existing licenses or obtain any new licenses if required by any new laws or regulations. There are also risks that we may be found to violate existing or future laws and regulations given the uncertainty and complexity of China's regulation of the internet industry. If we or our VIEs fail to obtain or maintain any of the required assets, licenses or approvals, our continued business operations in the internet industry may subject us to various penalties, including the confiscation of illegal net revenues, fines and the discontinuation or restriction of their operations, any of which would materially and adversely affect our business and results of operations.

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

Substantially all of our revenues and costs are denominated in RMB. The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. As a consequence, the RMB fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the PRC government has again allowed the Renminbi to appreciate slowly against the U.S. dollar. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

There remains significant international pressure on the Chinese government to substantially liberalize its currency policy, which could result in further appreciation in the value of the RMB against the U.S. dollar. To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

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

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

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

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

***The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.***

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. This regulation, among other things, requires offshore special purpose vehicles, or SPVs, formed for the purpose of an overseas listing and controlled by PRC companies or individuals, to obtain CSRC approval prior to listing their securities on an overseas stock exchange. The application of this regulation remains unclear. Our PRC counsel, TransAsia Lawyers, has advised us that, based on their understanding of the current PRC laws, rules and regulations, we are not required to submit an application to the CSRC for its approval of the listing and trading of our ADSs on the New York Stock Exchange on the grounds that:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;
- Autohome WFOE and Autohome Information were established before September 8, 2006, the effective date of this regulation; and
- no provision in this regulation clearly classifies contractual arrangements as a type of transaction subject to its regulation.

However, because there has been no official interpretation or clarification of this regulation since its adoption, there is uncertainty as to how this regulation will be interpreted or implemented. If it is determined that the CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, delays or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

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

Among other things, the M&A Rules and certain regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control

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of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council on August 3, 2008, are triggered. According to the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the Ministry of Commerce or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. Although we have no current plans to make any acquisitions, we may elect to grow our business in the future in part by directly acquiring complementary businesses in China. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions.

***PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.***

SAFE has promulgated the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles, or SAFE Circular No. 75, effective on November 1, 2005. Since May 2007, it has issued a series of guidance to its local branches to further clarify the SAFE registration process. These regulations require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have made prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore special purpose companies, or SPVs, will be required to register those investments with the local counterparts of SAFE. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update the previously filed registration with the local branch of SAFE, to reflect any material change. Moreover, the PRC subsidiaries of that SPV are required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any individual PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiaries of that SPV may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the SPV, and the SPV may also be prohibited from injecting additional capital into its PRC subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liabilities for such PRC subsidiaries under PRC laws for evasion of applicable foreign exchange restrictions, including (a) the requirement by SAFE to return the foreign exchange remitted overseas within a period specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (b) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. Furthermore, the persons-in-charge and other persons at such PRC subsidiaries who are held directly liable for the violations may be subject to administrative sanctions.

Currently, all of our shareholders who are PRC residents have registered with the competent local branch of the SAFE with their investments in our company. However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make such registrations, and if or when we have such shareholders or beneficial owners, we may not always be able to compel them to comply with the SAFE Circular No. 75 requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents will at all times comply with, or in the future make or obtain any

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applicable registrations or approvals required by, SAFE Circular No. 75 or other related regulations. The failure or inability of such individuals to comply with the registration procedures set forth in these regulations may subject us to fines or legal sanctions, restrictions on our cross-border investment activities or our PRC subsidiary's ability to distribute dividends to, or obtain foreign-exchange-dominated loans from, our company, or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our business operations or future strategy. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

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

In December 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, which sets forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. In January 2007, SAFE issued relevant implementing rules that specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock incentive plans or share option plans of an overseas publicly listed company. In February 2012, SAFE promulgated the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies, or the Stock Option Notice. The Stock Option Notice supersedes the requirements and procedures for the registration of PRC resident individuals' participation in stock incentive plans set forth by certain rules promulgated by SAFE in March 2007. Under these measures, PRC resident individuals who participate in an employee stock incentive plan or a share option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. A PRC domestic qualified agent appointed through the PRC subsidiary of such overseas listed company must file applications on behalf of such PRC resident individuals with SAFE or its local counterpart to obtain approval for an annual allowance with respect to the foreign exchange in connection with stock holding or share option exercises. With the approval from SAFE or its local counterpart, the PRC domestic qualified agent must open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, payment received upon sales of shares, dividends issued on the stock and any other income or expenditures approved by SAFE or its local counterpart. We and our PRC resident employees who participate in our employee stock incentive plan will be subject to these regulations when our company becomes a publicly listed company in the United States. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and other legal or administrative sanctions. See "Regulation—Regulations on Employee Stock Options Plans."

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

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the State Administration of Taxation, or the SAT, on December 10, 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly via disposing of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5% or (b) does not tax the foreign income of its



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residents, the non-resident enterprise, being the transferor, shall report to the relevant tax authority of the PRC resident enterprise this Indirect Transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

There is uncertainty as to the application of SAT Circular 698. For example, while the term “Indirect Transfer” is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the relevant tax authority of the PRC resident enterprise. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Circular 698 may be determined by the tax authorities to be applicable to our corporate restructuring where non-resident investors were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under SAT Circular 698 and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under the general anti-avoidance rule of the PRC Enterprise Income Tax Law, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors’ investments in us.

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

China passed a new PRC Enterprise Income Tax Law and its implementation rules, which became effective on January 1, 2008. The Enterprise Income Tax Law (a) reduces the statutory rate of the enterprise income tax from 33% to 25%, (b) permits companies established before March 16, 2007 to continue to enjoy their existing tax incentives, adjusted by certain transitional phase-out rules promulgated by the State Council on December 26, 2007, and (c) introduces new tax incentives, subject to various qualification criteria.

The Enterprise Income Tax Law and its implementation rules permit certain “high and new technology enterprises strongly supported by the state” which hold independent ownership of core intellectual property to enjoy a preferential enterprise income tax rate of 15% subject to certain qualification criteria. Autohome WFOE was recognized jointly by the Beijing Municipal Science and Technology Commission and other authorities as a “high and new technology enterprise” on September 17, 2010 and therefore is eligible for the preferential 15% enterprise income tax rate from 2010 to 2012 upon its filing with the relevant tax authority. The qualification as a “high and new technology enterprise” is subject to annual evaluation and a three-year review by the relevant authorities in China. We are in the process of applying for the renewal of the HNTE qualification. If our application is not approved, Autohome can no longer enjoy the 15% preferential tax rate, and the applicable enterprise income tax rate may increase to up to 25% starting from 2013.

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

Under the Enterprise Income Tax Law and its implementation rules, both of which became effective on January 1, 2008, an enterprise established outside of the PRC with “de facto management bodies” within the PRC



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is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, on April 22, 2009. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. Although SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC individuals, the determining criteria set forth in Circular 82 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a PRC resident enterprise and may therefore be subject to enterprise income tax at a rate of 25% on our global income. If we are considered a PRC resident enterprise and earn income other than dividends from our PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Pursuant to the Enterprise Income Tax Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors, which are non-PRC tax resident enterprises without an establishment in China, or whose income has no connection with their institutions and establishments inside China, are subject to withholding tax at a rate of 10%, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we plan to conduct substantially all of our business through Autohome WFOE, which is 100% owned by Cheerbright, our wholly-owned subsidiary located in the British Virgin Islands. Cayman Islands currently does not have any tax treaty with China with respect to withholding tax. As long as Cheerbright is considered a non-PRC resident enterprise and holds at least 25% of the equity interest of Autohome WFOE, dividends that it receives from Autohome WFOE may be subject to withholding tax at a rate of 10%.

As uncertainties remain regarding the interpretation and implementation of the Enterprise Income Tax Law and its implementation rules, we cannot assure you that if we are regarded as a PRC resident enterprise, any dividends to be distributed by us to our non-PRC shareholders and ADS holders would not be subject to any PRC withholding tax at a rate of up to 10%. Similarly, any gain recognized by such non-PRC shareholders or ADS holders on the sale of shares or ADSs, as applicable, may also be subject to PRC withholding tax. If we are required under the Enterprise Income Tax Law to withhold PRC income tax on our dividends payable to our non-PRC enterprise shareholders and ADS holders, or on gain recognized by such non-PRC shareholders or ADS holders, such investors’ investment in our Class A ordinary shares or ADSs may be materially and adversely affected.

***Our financial condition and results of operations could be materially and adversely affected if recent value added tax reforms in the PRC become unfavorable to our PRC subsidiary or VIEs.***

On November 16, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued the Implementation Rules of the Pilot Program of Value Added Tax Reform and the Notice on the Pilot Program of Value Added Tax Reform in Transportation and Certain Modern Service Industries in Shanghai, or the New VAT Rules. These rules became effective on January 1, 2012, under which certain transportation and modern services companies in Shanghai will be subject to value added tax, or VAT, in lieu of the otherwise applicable business tax of 5%. According to a circular jointly issued by the Ministry of Finance and the State Administration of Taxation on July 31, 2012, certain transportation and modern services companies incorporated in eight other provinces in the PRC will be subject to the tax reform contemplated under these rules. This tax pilot program aims to resolve the double or multiple taxation issues caused by the interplay between the VAT

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and business tax systems and reduce the overall tax burden of the selected modern service industries in the PRC. Depending on their taxable revenues, companies may be subject to VAT at a rate of 3% if they are qualified as small-scale VAT payers or 6% if they are recognized as general VAT payers for information technology services, advertising services and research, development and technology services they provide. As a result, instead of paying business taxes, Shanghai Advertising, one of our VIEs incorporated in Shanghai, was required to pay VAT at a rate of 6% starting from January 1, 2012. In addition, our PRC subsidiary and VIEs incorporated in Beijing were required to pay VAT at a rate of 6% starting from September 1, 2012. Guangzhou Advertising, one of our VIEs incorporated in Guangdong, was required to pay VAT starting from November 1, 2012. The rules related to the VAT pilot program are still evolving and the timing of the promulgation of the final tax rules or related interpretation is uncertain. Our financial condition and results of operations could be materially and adversely affected if the interpretation and enforcement of these tax rules become materially unfavorable to our PRC subsidiary and VIEs.

### ***The enforcement of the PRC Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and our results of operations.***

The PRC Labor Contract Law became effective and was implemented on January 1, 2008. It has reinforced the protection of employees who, under the PRC Labor Contract Law, have the right, among others, to have written labor contracts, to enter into labor contracts with no fixed terms under certain circumstances, to receive overtime wages and to terminate or alter terms in labor contracts. The PRC Social Insurance Law became effective on July 1, 2011, under which employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must pay all or a portion of the social insurance premiums for such employees.

As a result of these new laws and regulations designed to enhance labor protection, we expect our labor costs will increase. In addition, as the interpretation and implementation of these new laws and regulations are still evolving, our employment practice may not at all times be deemed in compliance with the new laws and regulations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected.

### ***The Public Company Accounting Oversight Board is not permitted to inspect independent registered public accounting firms operating in China, including our auditor, and as such, investors may be deprived of the benefits of such inspection.***

Our independent registered public accounting firm, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or PCAOB, is required by the laws of the United States to undergo regular inspections by PCAOB to assess its compliance with the laws of the United States and professional standards. Because our independent registered public accounting firm is located in China, a jurisdiction where PCAOB is currently unable to conduct inspections without receiving the required approval from the PRC authorities, our independent registered public accounting firm, like other independent registered public accounting firms operating in China, is currently not inspected by PCAOB. Inspections of other firms that PCAOB has conducted outside of China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. Since PCAOB cannot conduct inspections of independent registered public accounting firms operating in China without receiving the required approval from the PRC authorities, it is more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit or quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

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### ***We may be adversely affected by the outcome of the administrative proceedings brought by the SEC against five accounting firms in China.***

The SEC has brought administrative proceedings against five accounting firms in China recently, alleging that they refused to produce audit work papers and other documents related to certain China-based companies under investigation by the SEC for potential accounting fraud. We were not and are not subject to any SEC investigations, nor are we involved in the proceedings brought by the SEC against the accounting firms. However, the independent registered public accounting firm that issues the audit reports included in our annual reports filed with the SEC is one of the five accounting firms named in the SEC's proceedings and we may be adversely affected by the outcome of the proceedings, along with other U.S.-listed companies audited by these accounting firms. If the SEC eventually prevails in the proceedings, our independent registered public accounting firm and the other four accounting firms in China that were named in the proceedings may be barred from practicing before the SEC and hence unable to continue to be the auditors for China-based companies listed in the U.S. like ourselves. If none of the China-based auditors are able to continue to be auditors for China-based companies listed in the U.S., we will not be able to meet the reporting requirements under the Exchange Act, which may ultimately result in our deregistration by the SEC and delisting from the NYSE.

### **Risks Related to This Offering**

***There has been no public market for our Class A ordinary shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.***

Prior to this initial public offering, there has been no public market for our shares or ADSs. Our ADSs will be listed on the New York Stock Exchange. Our Class A ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

Negotiations with the underwriters will determine the initial public offering price for our ADSs, which may bear no relationship to their market price after the initial public offering. We cannot assure you that an active trading market for our ADSs will develop or that the market price of our ADSs will not decline below the initial public offering price.

***The market price for our ADSs may be volatile.***

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- regulatory developments in our target markets affecting us, our advertisers or our competitors;
- announcements of studies and reports relating to the quality of our services or those of our competitors;
- changes in the economic performance or market valuations of other companies that provide online automotive advertising services;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the online automotive advertising industry;
- announcements by us or our competitors of new solutions, acquisitions, strategic relationships, joint ventures or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the RMB and the U.S. dollar;

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- release or expiry of lock-up or other transfer restrictions on our outstanding Class A ordinary shares or ADSs;
- sales or perceived potential sales of additional Class A ordinary shares or ADSs; and
- pending or potential litigation or administrative investigation.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

### ***We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.***

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

### ***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.***

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

### ***Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.***

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their Class A ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of US\$            per ADS, representing the difference between the assumed initial public offering price of US\$            per ADS, the midpoint of the estimated range of the initial public offering price, and our net tangible book value per ADS as of June 30, 2013, after giving effect to the net proceeds to us from this offering. In addition, you may experience further dilution to the extent that our Class A ordinary shares are issued upon the exercise of share options.

### ***Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of our ADSs for return on your investment.***

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash

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dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

### ***Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.***

Sales of our ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering, we will have                    ordinary shares outstanding including a certain number of Class A ordinary shares represented by ADSs. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rules 144 and 701 of the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the underwriters of this offering. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of our ADSs could decline.

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

Immediately prior to the completion of this offering, our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A and Class B ordinary shares will have the same rights, including dividend rights, except that holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to two votes per share. In addition, Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. The ADSs being sold in this offering represent Class A ordinary shares. See “Description of Share Capital—Ordinary Shares” for a more detailed description of our Class A ordinary shares and Class B ordinary shares.

Immediately prior to the completion of this offering, all of the then outstanding ordinary shares held by Telstra Holdings will be automatically re-designated as Class B ordinary shares. After the completion of this offering, Telstra Holdings will continue to retain a majority of our aggregate voting power due to our dual-class share structure. Assuming the underwriters do not exercise the over-allotment option, Telstra Holdings will hold                    Class B ordinary shares. Due to the disparate voting powers attached to these two classes, these Class B ordinary shares held by Telstra Holdings will represent                    % of our aggregate voting power, immediately after the completion of this offering. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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***You may not have the same voting rights as the holders of our Class A ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.***

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

Pursuant to our fourth amended and restated memorandum and articles of association effective immediately prior to the completion of this offering, we may convene a shareholders' meeting upon ten calendar days' notice. If we give timely notice to the depository under the terms of the deposit agreement (30 business days' notice), the depository will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to instruct the depository to vote the Class A ordinary shares underlying your ADSs, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if the Class A ordinary shares underlying your ADSs are not voted as you requested. In addition, although you may directly exercise your right to vote by withdrawing the Class A ordinary shares underlying your ADSs, you may not receive sufficient advance notice of an upcoming shareholders' meeting to withdraw the Class A ordinary shares underlying your ADSs to allow you to vote with respect to any specific matter.

***Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is illegal or impractical to make them available to you.***

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

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on Class A ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depository is not responsible if it decides that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In those cases, the depository may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive the distribution we make on our Class A ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

***You may be subject to limitations on transfer of your ADSs.***

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

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

We are incorporated in the Cayman Islands and conduct substantially all of our operations in China through our PRC subsidiary and VIEs. Most of our directors and officers reside outside the United States and a substantial portion of the assets of such directors and officers are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities.”

Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and by the Companies Law (2011 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts.

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

***You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our ADS price.***

We intend to use the net proceeds of this offering for, among other things, investing in our technology and research development, expanding our product development and expanding our sales and marketing activities, with the balance to be used for other general corporate purposes, including expenditures relating to the expansion of our operations. However, our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not

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improve our efforts to maintain profitability or increase our ADS price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

***Our memorandum and articles of association will contain anti-takeover provisions that could adversely affect the rights of holders of our Class A ordinary shares and ADSs.***

We will adopt our fourth amended and restated memorandum and articles of association that will become effective immediately prior to the closing of this offering. Our post-offering memorandum and articles of association will contain certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and ADSs may be materially adversely affected. These provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

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

Because we qualify as a foreign private issuer under the Securities Exchange Act of 1934, as amended, or the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

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

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. We intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the New York Stock Exchange. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less frequently compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a United States domestic issuer.

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

Depending upon the value of our assets, which may be determined based, in part, on the market value of our Class A ordinary shares and ADSs, and the nature of our assets and income over time, we could be classified as a passive foreign investment company (a "PFIC"). Under U.S. federal income tax law, we will be classified as a PFIC for any taxable year if either (i) at least 75% of our gross income for the taxable year is passive income or (ii) at least 50% of the value of our assets (based on the average quarterly value of our assets during the taxable



year) is attributable to assets that produce or are held for the production of passive income. Based on our current income and assets and projections as to the value of our Class A ordinary shares and ADSs following this offering, we do not expect to be classified as a PFIC for the current taxable year or in the foreseeable future. While we do not anticipate being a PFIC, changes in the nature of our income or assets or the value of our assets may cause us to become a PFIC for the current or any subsequent taxable year.

Although the law in this regard is not entirely clear, we treat our VIEs as being owned by us for United States federal income tax purposes, because we control their management decisions and we are entitled to substantially all of the economic benefits associated with such entities, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our VIEs for United States federal income tax purposes, we would likely be treated as a PFIC for the current and any subsequent taxable years. Because of the uncertainties in the application of the relevant rules and because PFIC status is a factual determination made annually after the close of each taxable year on the basis of the composition of our income and the value of our active versus passive assets, there can be no assurance that we will not be a PFIC for the current or any future taxable year. The overall level of our passive assets will be affected by how, and how quickly, we spend our liquid assets and the cash raised in this offering. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for active purposes, our risk of being classified as a PFIC may substantially increase.

If we were to be or become a PFIC, a U.S. Holder (as defined in “Taxation—Material United States Federal Income Tax Considerations—General”) may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or Class A ordinary shares and on the receipt of distributions on the ADSs or Class A ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under United States federal income tax rules. Further, if we were a PFIC for any year during which a U.S. Holder held our ADSs or Class A ordinary shares, we generally would continue to be treated as a PFIC as to such U.S. Holder for all succeeding years during which such U.S. Holder held our ADSs or Class A ordinary shares. Alternatively, U.S. Holders of PFIC shares can sometimes avoid the rules described above by electing to treat a PFIC as a “qualified electing fund.” However, this option will not be available to U.S. Holders because, even if we were to be or become a PFIC, we do not intend to comply with the requirements necessary to permit U.S. Holders to make such election. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding and disposing of ADSs or Class A ordinary shares if we are or become treated as a PFIC, including the possibility of making a mark-to-market election or “deemed sale” election and the unavailability of the election to treat us as a qualified electing fund. For more information, see “Taxation—Material United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations.”

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

Upon completion of this offering, we will become a public company and expect to incur significant accounting, legal and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and the New York Stock Exchange, have detailed requirements concerning corporate governance practices of public companies, including Section 404 of the Sarbanes-Oxley Act. Section 404 requires that we include a management report on our internal control over financial reporting in our annual report on Form 20-F beginning with the fiscal year ending December 31, 2014. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. We expect these rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management will be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of

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additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

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

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry” and “Business.” Known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our ability to attract and retain users and advertisers;
- our business strategies and initiatives as well as our business plans;
- our future business development, financial conditions and results of operations;
- our ability to further enhance our brand recognition;
- our ability to attract, retain and motivate key personnel;
- competition in our industry in China; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Prospectus Summary—Our Challenges,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Regulation” and other sections in this prospectus. You should thoroughly read this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The online automotive advertising industry may not grow at the rate projected by market data, or at all. The failure of this market to grow at the projected rate may have a material adverse effect on our business and the market price of our ADSs. In addition, the rapidly changing nature of the online automotive advertising industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US\$ , or approximately US\$ if the underwriters exercise their option to purchase additional ADSs in full, after deducting underwriting discounts and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of US\$ per ADS, the midpoint of the price range shown on the front cover page of this prospectus. A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the net proceeds to us from this offering by US\$ , assuming the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, to retain talented employees by providing liquidity to their equity incentives and to obtain additional capital. We plan to use the net proceeds of this offering as follows:

- approximately US\$ million for investing in our technology and product development;
- approximately US\$ million for expanding our sales and marketing activities; and
- the balance for general corporate purposes, including expenditures relating to the expansion of our operations.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus.

Pending any use described above, we plan to invest the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, as an offshore holding company, we are permitted, under PRC laws and regulations, to provide funding to our PRC subsidiary only through loans or capital contributions and to our VIEs only through loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our PRC subsidiary or make additional capital contributions to our PRC subsidiary to fund its capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See “Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and VIEs or to make additional capital contributions to our PRC subsidiary, which may materially and adversely affect our liquidity and our ability to fund and expand our business.”

[We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.]

## DIVIDEND POLICY

Our board of directors has complete discretion on whether to distribute dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

Our board of directors declared dividends of RMB49.9 million and RMB249.2 million (US\$40.0 million) in February 2012 and May 2013, respectively, to all of our shareholders. The dividends, net of applicable withholding taxes, were paid in April 2012 and June 2013, respectively. We do not have any plan to pay additional cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our remaining available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiary in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us. See “Regulation—Regulations on Dividend Distribution.”

If we pay any dividends after this offering, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

## CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2012:

- on an actual basis;
- on a pro forma basis to reflect the conversion of all of the ordinary shares held by Telstra Holdings into Class B ordinary shares immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect (1) the conversion of all of the ordinary shares held by Telstra Holdings into Class B ordinary shares immediately prior to the completion of this offering; and (2) the sale of Class A ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US\$ per ADS, the midpoint of the price range shown on the front cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of December 31, 2012		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands of US\$)		
<b>Shareholders’ equity</b>			
Ordinary shares, US\$0.01 par value, 100,000,000,000 shares authorized, 100,000,000 shares issued and outstanding	1,102	—	—
Class A ordinary shares, \$0.01 par value, [ ] shares authorized, [ ] shares issued and outstanding	—		
Class B ordinary shares, \$0.01 par value, [ ] shares authorized, [ ] shares issued and outstanding	—		
Additional paid-in capital <sup>(1)</sup>	181,107		
Accumulated other comprehensive income	94		
Retained earnings	67,769		
<b>Total equity<sup>(1)</sup></b>	<b>250,072</b>		
<b>Total capitalization<sup>(1)</sup></b>	<b>381,963</b>		

(1) A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per share, the midpoint of the range set forth on the cover page of this prospectus, would increase (decrease) each of additional paid-in capital, total Autohome Inc. shareholders’ equity, total equity and total capitalization by US\$ .

## DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of December 31, 2012 was approximately US\$68.6 million, or US\$0.69 per ordinary share as of that date, and US\$            per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, excluding intangible assets, goodwill and deferred tax assets, less our total consolidated liabilities (excluding deferred tax liabilities related to intangible assets and goodwill). Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US\$            per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Because our Class A ordinary shares and Class B ordinary shares have the same dividend and other rights, except for voting and conversion rights, the dilution is presented here based on all ordinary shares, including Class A ordinary shares and Class B ordinary shares.

Without taking into account any other changes in net tangible book value after December 31, 2012, other than to give effect to our sale of the ADSs offered in this offering at the assumed initial public offering price of US\$            per ADS, the midpoint of the estimated range of the initial public offering price, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of December 31, 2012 would have been US\$            , or US\$            per ordinary share and US\$            per ADS. This represents an immediate increase in net tangible book value of US\$            per ordinary share and US\$            per ADS to the existing shareholders and an immediate dilution in net tangible book value of US\$            per ordinary share and US\$            per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	<u>Per Ordinary Share</u>	<u>Per ADS</u>
Assumed initial public offering price	US\$	US\$
Net tangible book value as of December 31, 2012	US\$      0.69	US\$
Pro forma net tangible book value after giving effect to this offering	US\$	US\$
Amount of dilution in net tangible book value to new investors in this offering	US\$	US\$

A US\$1.00 increase (decrease) in the assumed public offering price of US\$            per ADS would increase (decrease) our pro forma net tangible book value after giving effect to this offering by US\$            , the pro forma net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$            per ordinary share and US\$            per ADS and the dilution in pro forma net tangible book value per ordinary share and per ADS to new investors in this offering by US\$            per ordinary share and US\$            per ADS, assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

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The following table summarizes, on a pro forma basis as of December 31, 2012, the differences between existing shareholders and the new investors as of such date with respect to the number of ordinary shares (in the form of ADSs or ordinary shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

	<u>Ordinary Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per Ordinary Share</u>	<u>Average Price Per ADS</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>US\$</u>	<u>US\$</u>
Existing shareholders		%	US\$	%	US\$	US\$
New investors		%	US\$	%	US\$	US\$
<b>Total</b>		<b>100.0%</b>	<b>US\$</b>	<b>100.0%</b>		

The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The discussion and tables above also assume no exercise of any outstanding options granted under our 2011 Share Incentive Plan. As of \_\_\_\_\_, 2013, there were \_\_\_\_\_ Class A ordinary shares issuable upon exercise of outstanding options at a weighted average exercise price of US\$2.20 per share, and there are \_\_\_\_\_ Class A ordinary shares available for future issuances under our 2011 Share Incentive Plan. To the extent that any of these options is exercised, there will be further dilution to new investors.



**EXCHANGE RATE INFORMATION**

Substantially all of our operations are conducted in China and substantially all of our revenues are denominated in RMB. This prospectus contains translations of RMB amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this prospectus were made at a rate of RMB6.2301 to US\$1.00, the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2012. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, at the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On July 26, 2013, the noon buying rate was RMB6.1316 to US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated.

Period	Noon Buying Rate			
	Period End	Average <sup>(1)</sup>	Low	High
		(RMB per US\$1.00)		
2008	6.8225	6.9193	7.2946	6.7800
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8102	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.3088	6.3879	6.2221
2013				
January	6.2186	6.2215	6.2303	6.2134
February	6.2213	6.2323	6.2438	6.2213
March	6.2108	6.2154	6.2246	6.2105
April	6.1647	6.1861	6.2078	6.1647
May	6.1340	6.1416	6.1665	6.1213
June	6.1374	6.1342	6.1488	6.1248
July (through July 26)	6.1316	6.1348	6.1408	6.1293

Source: Federal Reserve Statistical Release

(1) Annual averages are calculated using month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

## ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy certain benefits, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions, and the availability of professional and support services. However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include a less developed body of Cayman Islands securities laws that provide significantly less protection to investors as compared to the laws of the United States, and the potential lack of standing by Cayman Islands companies to sue before the federal courts of the United States.

Our organizational documents do not contain provisions requiring disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, to be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Law Debenture Corporation Services Inc. is our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Conyers Dill & Pearman, our counsel as to Cayman Islands law, and TransAsia Lawyers, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Conyers Dill & Pearman has informed us that the uncertainty with regard to Cayman Islands law relates to whether a judgment obtained from the U.S. courts under civil liability provisions of U.S. securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman Islands company, such as our company. As the courts of the Cayman Islands have yet to rule on making such a determination in relation to judgments obtained from U.S. courts under civil liability provisions of U.S. securities laws, it is uncertain whether such judgments would be enforceable in the Cayman Islands.

Conyers Dill & Pearman has further advised us that the courts of the Cayman Islands would recognize as a valid judgment a final and conclusive judgment in personam obtained in the federal or state courts in the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that: (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

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TransAsia Lawyers has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

## CORPORATE HISTORY AND STRUCTURE

### Our Corporate History

Autohome was incorporated under the laws of the Cayman Islands under its former name, Sequel Limited, in June 2008 and adopted its current name in October 2011. Shortly after its inception, in June 2008, Autohome acquired all of the equity interests of the following entities:

- Cheerbright International Holdings Limited, or Cheerbright, a British Virgin Islands company that operates *autohome.com.cn*, which was launched in 2005;
- Norstar Advertising Media Holdings Limited, or Norstar, a Cayman Islands Company that, among other businesses, operated *che168.com*, which was launched in 2004; and
- China Topside Limited, or China Topside, a British Virgin Islands company.

Our largest shareholder is Telstra Holdings, a wholly-owned subsidiary of Telstra Corporation Limited, the leading diversified telecommunications company in Australia and a Fortune Global 500 company.

To sharpen our business focus on the automotive industry, we completed a corporate reorganization in 2011 by spinning off our then subsidiaries that were not involved in our core business. In March 2011, we completed the transfer of the *che168.com* business from Norstar to Cheerbright. In June 2011, in connection with our strategy to focus on serving the automotive industry in China, we contributed our entire equity interests in Norstar and China Topside, which serve the information technology industry, to Sequel Media, our subsidiary in the Cayman Islands. We then immediately distributed shares of Sequel Media to our shareholders. Since the spin-off, we have focused on serving the automotive industry in China through our *autohome.com.cn* and *che168.com* websites.

On March 16, 2012, we established a new wholly-owned subsidiary, Autohome (Hong Kong) Limited, or Autohome HK, in Hong Kong. In May 2013, Autohome HK entered into an agreement to purchase Prbrownies Marketing Limited, a Hong Kong advertising and marketing company. The purchase is expected to close in the fourth quarter of 2013. Autohome HK has no material business operation as of the date of this prospectus.

### Contractual Arrangements

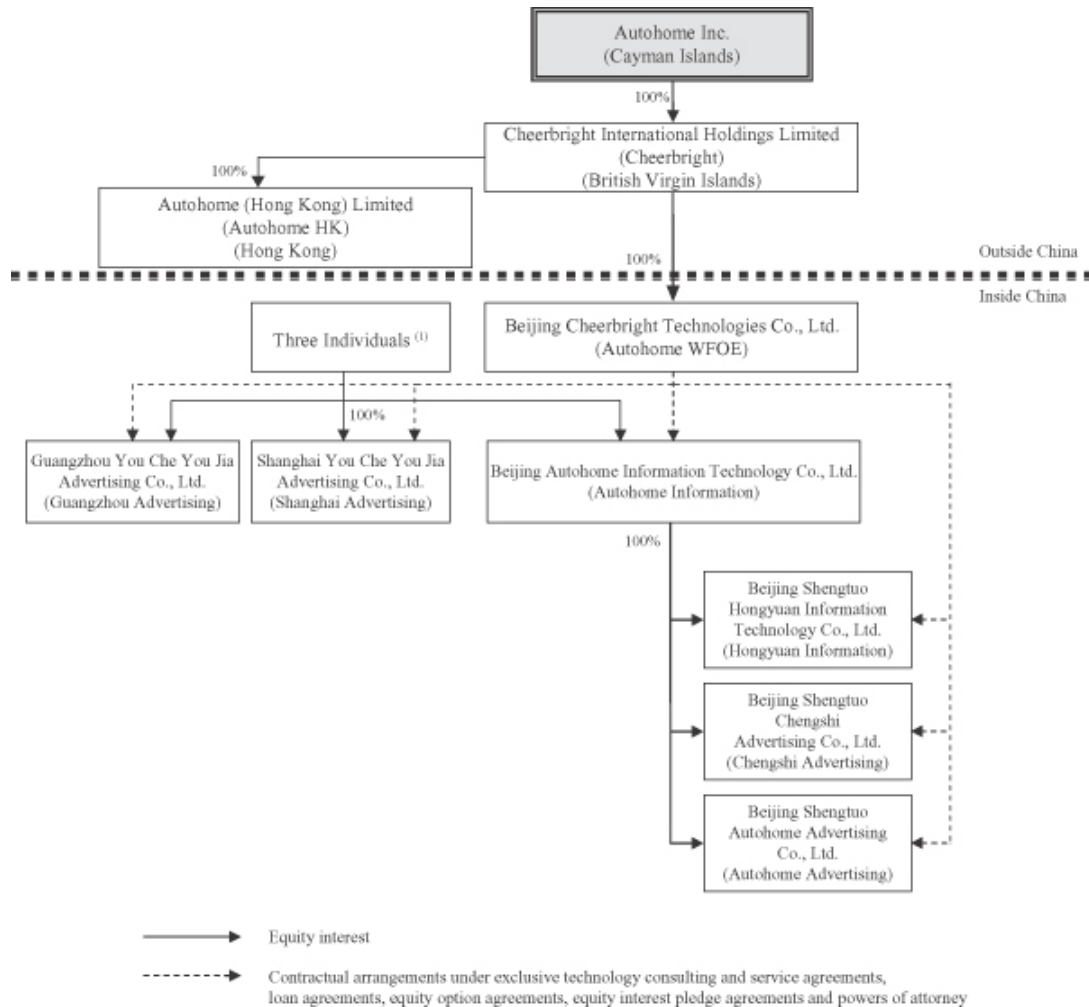
PRC laws and regulations currently limit foreign ownership of companies that engage in internet and advertising services. We therefore conduct our operations in China primarily through contractual agreements between our wholly-owned PRC subsidiary, Autohome WFOE, and each of the three groups of entities and individuals—(i) Autohome Information, shareholders of Autohome Information and three subsidiaries of Autohome Information: Hongyuan Information, Chengshi Advertising and Autohome Advertising, (ii) Shanghai Advertising and shareholders of Shanghai Advertising, and (iii) Guangzhou Advertising and shareholders of Guangzhou Advertising.

These contractual arrangements enable us, through Autohome WFOE, to:

- exercise effective control over these entities;
- receive substantially all of the economic benefits of these entities; and
- have exclusive options to purchase all of the equity interests in these entities when and to the extent permitted under PRC law.

As a result of these contractual arrangements, we, through Autohome WFOE, are the primary beneficiary of these three groups of entities and treat them as our VIEs under the U.S. GAAP. We have consolidated the financial results of the VIEs in our consolidated financial statements in accordance with U.S. GAAP.

The following diagram illustrates our corporate structure as of the date of this prospectus:



(1) The three individuals are James Zhi Qin, our director and chief executive officer, Xiang Li, our director and president, and Zheng Fan, our vice president. Each of these three individuals is also a beneficial owner of our company and a PRC citizen. James Zhi Qin, Xiang Li and Zheng Fan hold 8%, 68% and 24% of the equity in each of Autohome Information, Shanghai Advertising and Guangzhou Advertising, respectively.

The following is a summary of our contractual arrangements among Autohome WFOE, Autohome Information and its shareholders. The contractual agreements between Autohome WFOE and Shanghai Advertising and its shareholders and the contractual agreements between Autohome WFOE and Guangzhou Advertising and its shareholders are substantially the same as the contractual agreements among Autohome WFOE, its shareholders and subsidiaries.

**Agreements that Provide Effective Control over Autohome Information**

**Equity Interest Pledge Agreements.** Pursuant to the equity interest pledge agreements between Autohome WFOE and each of the three shareholders of Autohome Information, each shareholder of Autohome Information

pledges to Autohome WFOE all of his equity interests in Autohome Information to secure the performance of such shareholder's respective obligations and Autohome Information's obligations under the loan agreements, equity option agreements, and the exclusive technology consulting and service agreements. See "—Contractual Agreements—Agreements that Transfer Economic Benefits of Autohome Information to Us" and "—Agreements that Provide Us the Options to Purchase the Equity Interests in Autohome Information" for a brief description of these obligations. Without Autohome WFOE's consent, shareholders of Autohome Information shall not create or permit to create any encumbrances on the pledged equities in Autohome Information. In the event of default, Autohome WFOE is entitled to request immediate repayment of the outstanding amounts payable under the loan agreements, the equity option agreements and the exclusive technology consulting and service agreements or to dispose of the pledged equity interests at Autohome WFOE's sole discretion. The equity pledge agreements have an indefinite term and will terminate after all the secured obligations under these agreements have been satisfied in full or the pledged equity interests have been transferred to Autohome WFOE or its designee.

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

**Power of Attorney.** Autohome Information and each of the nominee shareholders of Autohome Information have executed an irrevocable power of attorney appointing Autohome WFOE, or any person designated by Autohome WFOE, as their attorney-in-fact to vote on their behalf at the shareholders' meetings of Autohome Information's subsidiaries and Autohome Information and to exercise full voting rights as the shareholders of these companies with powers granted under PRC laws and regulations and the articles of association of each of the above companies, including the rights to appoint directors and management personnel.

#### ***Agreements that Transfer Economic Benefits of Autohome Information to Us***

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

Autohome WFOE recognized service fees from all the VIEs in the amount of RMB87.9 million in 2010, RMB245.4 million in 2011 and RMB411.6 million (US\$66.1 million) in 2012 in consideration for services provided to the VIEs.

**Loan Agreements.** Pursuant to the loan agreements between Autohome WFOE and each of the three shareholders of Autohome Information, Autohome WFOE granted interest-free loans to these three shareholders of Autohome Information. The loans are to be used solely for the purpose of making capital contribution to the registered capital of Autohome Information. The term of the loans is indefinite and must be repaid in the manner

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specified in the agreements upon written notice from Autohome WFOE at any time in Autohome WFOE's sole discretion or upon an event of default by the shareholders of Autohome Information.

### ***Agreements that Provide Us the Options to Purchase the Equity Interests in Autohome Information***

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

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

## SELECTED CONSOLIDATED FINANCIAL DATA

*You should read the following information concerning us in conjunction with our consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.*

Our selected consolidated statements of comprehensive income data presented below for the years ended December 31, 2010, 2011 and 2012 and our selected consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from our consolidated financial statements included elsewhere in this prospectus. Our selected consolidated balance sheet data as of December 31, 2009 and 2010 and the summary consolidated statement of comprehensive income data for 2009 presented below have been derived from our consolidated financial statements not included in this prospectus. Our consolidated financial statements are prepared in accordance with U.S. GAAP. Our selected consolidated statements of comprehensive income data presented below for the period between June 23, 2008, the date of formation of our holding company, and December 31, 2008 and our balance sheet data as of December 31, 2008 have been derived from our unaudited financial statements not included in this prospectus.

Our holding company, Autohome Inc., was incorporated under the laws of the Cayman Islands on June 23, 2008 under its former name Sequel Limited. On June 27, 2008, Autohome Inc. acquired Cheerbright, Norstar and China Topside, along with their respective subsidiaries. Cheerbright and China Topside are limited liability companies incorporated in the British Virgin Islands in June 2006. Norstar is a limited liability company incorporated in the Cayman Islands in March 2006. Autohome Inc. had no operations of its own prior to the acquisition of Cheerbright, Norstar and China Topside. Therefore, we treat Cheerbright, Norstar and China Topside as our predecessors. Our selected consolidated statements of comprehensive income data for our predecessors presented below for the period between January 1, 2008 and June 27, 2008 have been derived from our unaudited financial statements not included in this prospectus.

We adopted ASU 2011-05, *Comprehensive Income* (Topic 220), Presentation of Comprehensive Income, on January 1, 2012 by presenting items of net profit and other comprehensive income in one continuous statement, the Consolidated Statements of Comprehensive Income. Our consolidated financial statements for the three years ended December 31, 2012 included elsewhere in this prospectus have been revised to conform with the presentation requirements of ASU 2011-05.

To sharpen our business focus on the automotive industry, we completed a corporate reorganization on June 30, 2011 by spinning off our then subsidiaries that were not involved in our core business. The spun-off business has been accounted for as discontinued operations whereby the results of operations of the spun-off business have been eliminated from the results of continuing operations and reported in discontinued operations for all periods presented. The following selected consolidated balance sheet data as of December 31, 2008, 2009 and 2010 includes assets and liabilities associated with the entities we spun off and the selected consolidated balance sheet data as of December 31, 2011 and 2012 excludes assets and liabilities associated with the entities we spun off.

Our historical results do not necessarily indicate results expected for any future periods.



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	Predecessors of Autohome Inc.			Autohome Inc.					
	Cheerbright	Norstar <sup>(3)</sup>	China Topside <sup>(3)</sup>	For the Period from June 23, 2008 through December 31, 2008	For the Year Ended December 31,				
	For the Period from January 1, 2008 through June 27, 2008				2009	2010	2011	2012	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	US\$
(Unaudited)			(in thousands, except for number of shares and per share data) (Unaudited)						
<b>Selected Consolidated Statement of Comprehensive Income Data:</b>									
<b>Net revenues</b>									
Advertising services	12,378	17,016	—	49,922	138,988	235,415	379,666	592,622	95,122
Dealer subscription services	2,281	—	—	2,080	9,221	17,519	53,523	139,898	22,455
<b>Total net revenues</b>	<b>14,659</b>	<b>17,016</b>	<b>—</b>	<b>52,002</b>	<b>148,209</b>	<b>252,934</b>	<b>433,189</b>	<b>732,520</b>	<b>117,577</b>
Cost of revenues <sup>(1)</sup>	(4,418)	(4,856)	—	(21,412)	(61,084)	(83,897)	(130,565)	(178,240)	(28,609)
<b>Gross profit</b>	<b>10,241</b>	<b>12,160</b>	<b>—</b>	<b>30,590</b>	<b>87,125</b>	<b>169,037</b>	<b>302,624</b>	<b>554,280</b>	<b>88,968</b>
<b>Operating expenses</b>									
Sales and marketing expenses <sup>(1)</sup>	(2,779)	(4,982)	—	(8,685)	(31,204)	(48,712)	(67,500)	(129,796)	(20,834)
General and administrative expenses <sup>(1)</sup>	(3,424)	(2,352)	—	(10,145)	(9,059)	(17,951)	(46,547)	(83,153)	(13,347)
Product development expenses <sup>(1)</sup>	(382)	(406)	—	(1,325)	(3,678)	(6,205)	(16,459)	(42,865)	(6,880)
<b>Operating profit</b>	<b>3,656</b>	<b>4,420</b>	<b>—</b>	<b>10,435</b>	<b>43,184</b>	<b>96,169</b>	<b>172,118</b>	<b>298,466</b>	<b>47,907</b>
<b>Other income, net</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>19</b>	<b>54</b>	<b>110</b>	<b>1,676</b>	<b>5,403</b>	<b>867</b>
<b>Income from continuing operations before income taxes</b>	<b>3,659</b>	<b>4,420</b>	<b>—</b>	<b>10,454</b>	<b>43,238</b>	<b>96,279</b>	<b>173,794</b>	<b>303,869</b>	<b>48,774</b>
Income tax benefit/(expense)	(3,227)	221	—	(1,376)	(7,803)	(15,853)	(38,348)	(90,988)	(14,605)
<b>Income from continuing operations</b>	<b>432</b>	<b>4,641</b>	<b>—</b>	<b>9,078</b>	<b>35,435</b>	<b>80,426</b>	<b>135,446</b>	<b>212,881</b>	<b>34,169</b>
Income/(loss) from discontinued operations	—	9,887	1,644	7,777	(2,204)	7,612	(4,182)	—	—
<b>Net income</b>	<b>432</b>	<b>14,528</b>	<b>1,644</b>	<b>16,855</b>	<b>33,231</b>	<b>88,038</b>	<b>131,264</b>	<b>212,881</b>	<b>34,169</b>
<b>Other comprehensive income, net of tax of nil</b>									
Foreign currency translation adjustments	—	—	—	—	—	—	—	583	94
<b>Comprehensive income</b>	<b>432</b>	<b>14,528</b>	<b>1,644</b>	<b>16,855</b>	<b>33,231</b>	<b>88,038</b>	<b>131,264</b>	<b>213,464</b>	<b>34,263</b>
<b>Earnings per share</b>									
<b>Basic</b>									
Net income from continuing operations	—	—	—	0.09	0.35	0.80	1.35	2.13	0.34
Income/(loss) from discontinued operations	—	—	—	0.08	(0.02)	0.08	(0.04)	—	—
<b>Net income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.17</b>	<b>0.33</b>	<b>0.88</b>	<b>1.31</b>	<b>2.13</b>	<b>0.34</b>
<b>Diluted</b>									
Net income from continuing operations	—	—	—	—	—	—	1.35	2.12	0.34
Loss from discontinued operations	—	—	—	—	—	—	(0.04)	—	—
<b>Net income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.31</b>	<b>2.12</b>	<b>0.34</b>
<b>Shares used in earnings per share computation</b>									
Basic	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Diluted	—	—	—	—	—	—	100,189,928	100,650,652	100,650,652
<b>Non-GAAP Measures<sup>(2)</sup></b>									
Adjusted net income	—	—	—	52,549	95,539	161,535	251,762	40,411	—
Adjusted EBITDA	—	—	—	61,135	113,392	206,884	357,515	57,385	—

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

	Predecessors of Autohome Inc.			Autohome Inc.					
	Cheerbright	Norstar	China Topside	For the Period from June 23, 2008 through December 31, 2008	For the Year Ended December 31,				
	For the Period from January 1, 2008 through June 27, 2008				2009	2010	2011	2012	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	US\$	
			(in thousands)						
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)					
<b>Allocation of Share-based Compensation Expenses</b>									
Cost of revenues	—	—	—	—	—	—	3,247	6,553	1,052
Sales and marketing expenses	—	—	—	—	—	—	1,138	4,177	670
General and administrative expenses	—	—	—	—	—	—	8,049	15,734	2,525
Product development expenses	—	—	—	—	—	—	541	2,678	431
Total share-based compensation expenses	—	—	—	—	—	—	12,975	29,142	4,678

(2) For a reconciliation of our non-GAAP measures to the GAAP measure of income from continuing operations, see “—Non-GAAP Financial Measures.”

(3) China Topside and Norstar were disposed of on June 30, 2011. Their operational results, other than the portion in connection with the che168.com business that was transferred to Cheerbright in March 2011, have been accounted for as discontinued operations in our consolidated financial statements since our inception.

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	As of December 31,					
	2008	2009	2010	2011	2012	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
	(Unaudited)					
<b>Selected Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents	57,513	84,434	174,342	213,705	420,576	67,507
Accounts receivable, net	103,037	147,936	212,349	203,102	326,071	52,338
Total current assets	181,175	272,188	487,405	451,823	786,192	126,192
Total assets	2,140,954	2,184,531	2,357,368	2,043,005	2,379,673	381,963
Deferred revenue	22,442	19,215	31,650	41,461	94,392	15,151
Total current liabilities	124,740	145,962	238,710	203,805	336,292	53,978
Total liabilities	721,418	731,764	816,563	682,726	821,698	131,891
Total shareholders' equity	1,419,536	1,452,767	1,540,805	1,360,279	1,557,975	250,072

**Non-GAAP Financial Measures**

To supplement net income from continuing operations presented in accordance with U.S. GAAP, we use adjusted EBITDA and adjusted net income as non-GAAP financial measures. We define adjusted EBITDA as income from continuing operations before income tax expense (benefit), depreciation expenses of property and equipment and amortization expenses of intangible assets, excluding share-based compensation expenses. We define adjusted net income as income from continuing operations excluding share-based compensation expenses and amortization expenses of intangible assets related to acquisitions. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance, in addition to net income from continuing operations prepared in accordance with U.S. GAAP.

Adjusted EBITDA and adjusted net income have material limitations as analytical tools. One of the limitations of using these non-GAAP financial measures is that they do not include share-based compensation expenses, which are and will continue to be a recurring factor in our business. Furthermore, because adjusted EBITDA and adjusted net income are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider adjusted EBITDA or adjusted net income as a substitute for or superior to income from continuing operations prepared in accordance with U.S. GAAP. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

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We compensate for these limitations by relying primarily on our U.S. GAAP results and using adjusted net income and adjusted EBITDA only as supplemental measures. Our adjusted EBITDA and adjusted net income are calculated as follows for the periods presented:

	For the Year Ended				
	December 31,				
	2009	2010	2011	2012	
	RMB	RMB	RMB	RMB	US\$
	(in thousands)				
Income from continuing operations	35,435	80,426	135,446	212,881	34,169
Plus: amortization of acquired intangible assets of Cheerbright, China Topside and Norstar	17,114	15,113	13,114	9,739	1,564
Plus: share-based compensation expenses	—	—	12,975	29,142	4,678
<b>Adjusted net income</b>	<u>52,549</u>	<u>95,539</u>	<u>161,535</u>	<u>251,762</u>	<u>40,411</u>
Income from continuing operations	35,435	80,426	135,446	212,881	34,169
Plus: income tax expense	7,803	15,853	38,348	90,988	14,605
Plus: depreciation of property and equipment	783	1,875	6,347	14,301	2,295
Plus: amortization of intangible assets	17,114	15,238	13,768	10,203	1,638
EBITDA	<u>61,135</u>	<u>113,392</u>	<u>193,909</u>	<u>328,373</u>	<u>52,707</u>
Plus: share-based compensation expenses	—	—	12,975	29,142	4,678
<b>Adjusted EBITDA</b>	<u>61,135</u>	<u>113,392</u>	<u>206,884</u>	<u>357,515</u>	<u>57,385</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.*

### Overview

We are the leading online destination for automobile consumers in China. Through our two websites, *autohome.com.cn* and *che168.com*, we deliver automotive content targeting automobile buyers and owners. We generate revenues from online advertising services and dealer subscription services. Our advertisers consist primarily of automakers and automobile dealers, with automakers contributing a substantial majority of our total revenues. In each of 2010, 2011 and 2012, we provided advertising services to approximately 80% of over 80 automakers operating in China. We also provided dealer subscription services to 743, 2,160 and 5,052 dealer subscribers in 2010, 2011 and 2012, respectively.

Our net revenues increased from RMB252.9 million in 2010 to RMB433.2 million in 2011 and RMB732.5 million (US\$117.6 million) in 2012, representing a CAGR of 70.2%. Our income from continuing operations increased from RMB80.4 million in 2010 to RMB135.4 million in 2011 and RMB212.9 million (US\$34.2 million) in 2012, representing a CAGR of 62.7%.

### General Factors Affecting Our Results of Operations

Our business and results of operations are significantly affected by China's overall economic conditions and the general trends in the automotive industry, especially new automobile sales in China. Economic growth in China has contributed to an increase in household disposable income and improved the availability of financing for automobile purchases. These factors, coupled with increased production capacity and lower import tariffs, past governmental incentives designed to encourage automobile purchases and the decreasing cost of new automobiles, have contributed to the growth of the number of new automobiles sold in China. Although the automotive industry has benefited from China's overall favorable policies, some local governments have imposed restrictions on automobile registrations to curb traffic congestion in urban centers. If such regulations slow the growth rate of new automobile sales in China and lead to decreased advertising expenditures by automakers and dealers, our business and results of operations may be adversely affected.

In addition, our business and results of operations may be affected by our user reach and engagement. Automaker and dealer advertisers, which contribute substantially all of our revenues, choose to advertise on our websites in significant part due to our leading market position in the online automotive advertising industry. We anticipate that our ability to continue to attract a large and growing user base and maintain a high level of user engagement will affect our ability to attract advertisers and dealer subscribers to our websites.

### Specific Factors Affecting Our Results of Operations

While our business and results of operations are generally affected by China's overall economic conditions, the general trends in China's automotive industry and our user reach and engagement, our results of operations are more directly affected by the specific financial factors set forth below.

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### *Net Revenues*

We generate our net revenues from selling online advertising services and dealer subscription services. We sell our advertising services primarily to automakers and automobile dealers, with automakers contributing a substantial majority of our advertising services revenues. As is customary in China, we sell our advertising services primarily through third-party advertising agencies, which are our direct customers, whilst we consider automaker and dealer advertisers to be our end-customers. Consistent with common practice in the advertising industry in China, we offer incentives to advertising agencies in the form of rebates for placing advertisements on our websites. Our net revenues are presented net of rebates to advertising agencies. We sell our dealer subscription services to automobile dealers on a fixed-fee subscription basis.

The following table sets forth the principal components of our net revenues in absolute amounts and as percentages of our total net revenues for the periods presented:

	For the Year Ended December 31,						
	2010		2011		2012		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
<b>Net revenues:</b>							
Advertising services	235,415	93.1%	379,666	87.6%	592,622	95,122	80.9%
Dealer subscription services	17,519	6.9	53,523	12.4	139,898	22,455	19.1
<b>Total net revenues</b>	<u>252,934</u>	<u>100.0%</u>	<u>433,189</u>	<u>100.0%</u>	<u>732,520</u>	<u>117,577</u>	<u>100.0%</u>

### *Advertising Services Revenues*

We generate advertising services revenues primarily from automakers. In each of 2010, 2011 and 2012, approximately 80% of over 80 automakers operating in China purchased advertising services from us. As a result of our high penetration in the automaker market, we believe that our future automaker advertising services revenue growth will be driven primarily by automakers' increased advertising spending on our websites as they continue to shift advertising budgets from traditional media to online media.

Increased spending will be driven primarily by a combination of (i) our ability to increase advertising volume, either due to the availability of additional advertising locations as we expand our service offerings or due to higher sell-through rates, which is calculated as the percentage of advertising locations actually sold over total advertising locations available for sale in a given period, and (ii) our ability to increase our pricing, as measured by price per location per day, as our user reach continues to expand, thereby enhancing the effectiveness of the services we offer. As is customary in China's online advertising market, we use a "cost per time" pricing model to price our online advertising services by charging our advertisers on a daily basis for an advertisement placed in a given location on our websites. We expect that this cost-per-time model will continue to be our primary pricing model in the near future. However, as we continue to grow our user base and enhance user engagement, we intend to explore "cost-per-thousand-impressions" and other performance-based pricing models.

We also sell advertising services to automobile dealers. Our automobile dealer customers receive reimbursements for a majority of their marketing and advertising expenses from their automakers. Therefore, while automobile dealers are our direct customers for dealer advertising services, their advertising decisions are increasingly influenced by automakers. We believe that the future growth of our dealer advertising services revenues will be driven mainly by (i) the increase in the advertising budgets that automakers allocate to their dealers, and (ii) our ability to increase our "share of wallet" relative to other online media as we continue to expand into new geographical markets and penetrate deeper into existing markets to increase our customer base of auto dealers.

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In addition, we generate a small amount of revenues from our automotive aftermarket services platform, which we launched in late 2011 to connect our users with national or local products and service providers. We charge these providers commissions for successfully completed transactions originating from the aftermarket services platform.

### *Dealer Subscription Services*

We generate dealer subscription services revenues through the sale of various subscription services packages at different prices, which enable dealers to market their vehicle inventories on our websites. All of our dealer subscription services are sold on a quarterly or annual fixed-fee basis.

We offer basic automobile listing services free of charge to all of our registered dealers. We had 18,609 registered dealers as of December 31, 2012, compared with 12,817 and 7,899 registered dealers as of December 31, 2011 and 2010. Our dealer subscribers are registered dealers that have purchased subscription packages. We provide our dealer subscribers with additional tools and features to enable them to more effectively market their inventories on our websites. Our dealer subscribers grew from 743 in 2010 to 2,160 in 2011 and 5,052 in 2012. We believe that the future growth of our dealer subscription services revenues will be driven by our ability to increase the number of registered dealers, as well as our ability to subsequently convert registered dealers into subscribers and command higher fees for different subscription packages.

### *Cost of Revenues*

Cost of revenues refers primarily to (i) content related costs, (ii) depreciation and amortization, (iii) bandwidth and IDC costs, and (iv) value-added tax, business tax and surcharges. The following table sets forth the principal components of our cost of revenues in absolute amounts and as a percentage of our total net revenues for the periods indicated:

	For the Year Ended December 31,						
	2010		2011		2012		
	RMB	%	RMB	%	RMB	US\$	%
(in thousands, except percentage)							
<b>Cost of revenues:</b>							
Content related costs <sup>(1)</sup>	27,743	11.0%	43,943	10.1%	62,871	10,091	8.6%
Depreciation and amortization	16,546	6.5	18,739	4.3	21,978	3,528	3.0
Bandwidth and IDC costs	8,110	3.2	11,936	2.8	15,045	2,415	2.0
Value-added tax, business tax and surcharges	31,498	12.5	55,947	12.9	78,346	12,575	10.7
<b>Total cost of revenues</b>	<b>83,897</b>	<b>33.2%</b>	<b>130,565</b>	<b>30.1%</b>	<b>178,240</b>	<b>28,609</b>	<b>24.3%</b>

(1) Including share-based compensation expenses of RMB3.2 million for 2011 and RMB6.6 million (US\$1.1 million) for 2012.

*Content Related Costs.* Content related costs are costs directly related to creating and editing the professionally produced content on our websites. This mainly includes salaries and benefits, travel and office expenses of our editorial personnel, expenses we incur in the execution of the offline portion of our advertisers' online promotions and expenses we pay to third parties for creating and publishing certain rich media content displayed on our websites. We expect our content related costs will continue to increase primarily due to our business growth. In addition, as a result of our adoption of a share incentive plan in May 2011, our content related expenses in subsequent periods include share-based compensation expenses related to our editorial personnel.

*Depreciation and Amortization.* A substantial majority of our depreciation and amortization expenses relate to amortization expenses for the amortization of intangibles including trademarks, customer relationships, websites and listing databases that we acquired in connection with the acquisitions of Cheerbright, China Topside

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and Norstar in June 2008, shortly after the inception of our company. Depreciation expenses are related to servers and other equipment that are directly related to our revenue generating business activities. We expect our amortization expenses will decrease after the end of the estimated useful lives of certain intangible assets, while depreciation expenses will increase as we continue to invest in our business.

**Bandwidth and IDC Costs.** Bandwidth and IDC costs consist of fees that we pay to telecommunication carriers and other service providers for telecommunication services and for hosting our servers at their internet data centers, as well as fees we pay to our content delivery network service provider for the distribution of our content. Our bandwidth and IDC costs decreased slightly from 2009 to 2010 as a result of new technologies we adopted in 2010, which reduced our bandwidth consumption and the usage of the content delivery network in 2010. These costs continued to increase in subsequent periods as our user traffic continued to increase and we required more high quality bandwidth to support user traffic growth and improve our users' experience.

**Value-Added Tax, Business Tax and Surcharges.** We have been subjected to business tax, surcharges or cultural construction fees levied on our gross revenue from advertising related sales. The business tax rate was 5% during 2010, 2011, 2012. As a result of the pilot programs introduced by the Ministry of Finance and the SAT, Shanghai Advertising and Guangzhou Advertising were required to pay VAT instead of business tax starting January 1, 2012 and November 1, 2012, respectively. Autohome WFOE and our other VIEs in Beijing were required to pay VAT instead of business tax starting September 1, 2012. The VAT rate for all these entities was 6%. Following these changes, the service fees received by Autohome WFOE from our VIEs are no longer subject to business tax and the VAT incurred by Autohome WFOE based on the services it provided to our VIEs can be deducted from the VAT payables of our VIEs. In addition, revenues from our dealer subscription services are not subject to surcharges and they as a percentage of our total net revenues increased in 2012. All these contributed to the decrease of our overall VAT, business tax and surcharges as a percentage of our total net revenues from 12.9% in 2011 to 10.7% in 2012.

### **Operating Expenses**

Our operating expenses consist of sales and marketing expenses, general and administrative expenses and product development expenses. The following table sets forth our operating expenses for our continuing operations in absolute amounts and as percentages of our total net revenues for the periods indicated:

	For the Year Ended December 31,					
	2010		2011		2012	
	RMB	%	RMB	%	RMB	US\$ %
	(in thousands, except percentages)					
<b>Operating expenses:</b>						
Sales and marketing expenses <sup>(1)</sup>	48,712	19.3%	67,500	15.6%	129,796	20,834 17.7%
General and administrative expenses <sup>(2)</sup>	17,951	7.1	46,547	10.7	83,153	13,347 11.4
Product development expenses <sup>(3)</sup>	6,205	2.5	16,459	3.8	42,865	6,880 5.9
<b>Total operating expenses</b>	<b>72,868</b>	<b>28.9%</b>	<b>130,506</b>	<b>30.1%</b>	<b>255,814</b>	<b>41,061 35.0%</b>

(1) Including share-based compensation expenses of RMB1.1 million for 2011 and RMB4.2 million (US\$0.7 million) for 2012.

(2) Including share-based compensation expenses of RMB8.0 million for 2011 and 15.7 (US\$2.5 million) for 2012.

(3) Including share-based compensation expenses of RMB0.5 million for 2011 and 2.7 (US\$0.4 million) for 2012.

**Sales and Marketing Expenses.** Our sales and marketing expenses primarily consist of salaries and benefits and sales commissions for our sales and marketing personnel and the marketing expenses in connection with promoting our brands through other online media. Our sales and marketing expenses also include office and travel related expenses and business development expenses associated with our sales and marketing activities. We expect that our sales and marketing expenses will continue to increase as we enlarge our sales force to expand our coverage and strengthen our market position.



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*General and Administrative Expenses.* Our general and administrative expenses primarily consist of personnel related expenses for management and administrative personnel. In addition, we incurred a significant amount of third-party professional services fees as we engaged an internationally recognized consulting firm for strategic business planning in the second half of 2010 and engaged auditors and legal counsel in 2011, 2012 and 2013 in connection with this offering. We expect that our general and administrative expenses will increase as we expand our business and as we incur increased costs related to complying with our reporting obligations as a public company under U.S. securities laws.

*Product Development Expenses.* Our product development expenses primarily consist of personnel related expenses associated with the development of new technologies and products as well as enhancement of our websites. We expect that our product development expenses will increase as we expand our business, develop new features and functionalities and increase the accessibility of our websites.

### **Discontinued Operations**

In June 2011, in connection with our strategy to focus on our core automotive advertising services and dealer subscription services business, we distributed our business serving the information technology industry to Sequel Media. We then simultaneously distributed shares of Sequel Media to our shareholders on June 30, 2011. The distributed businesses have been accounted for as discontinued operations whereby the results of operations of this business have been eliminated from our results of continuing operations and reported as discontinued operations for all periods presented. We recognized a distribution to shareholders of RMB325.2 million in 2011, which included RMB94.1 million (US\$14.9 million) of cash balances of the distributed entities.

We reported an income of RMB7.6 million in 2010, a loss of RMB4.2 million in 2011 and nil in 2012 from discontinued operations. The operating results associated with these distributed entities have been presented as discontinued operations for all periods presented in this prospectus.

### **Taxation**

#### ***Cayman Islands***

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

#### ***British Virgin Islands***

Cheerbright is a tax-exempt company incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the British Virgin Islands.

#### ***Hong Kong***

Autohome HK is incorporated in Hong Kong. Companies registered in Hong Kong are subject to Hong Kong Profits Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong. For the year ended December 31, 2012, we did not make any provisions for Hong Kong profit tax as Autohome HK had no assessable profits derived from or earned in Hong Kong during this period. Under the Hong Kong tax law, Autohome HK is exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

**PRC**

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

Under the PRC Enterprise Income Tax Law and its implementation rules, both of which became effective on January 1, 2008, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions.

In 2010, Autohome WFOE was recognized as a “high and new technology enterprise,” or HNTE, effective 2010 and is eligible for a 15% preferential enterprise income tax rate effective from 2010 through 2012. The HNTE qualification is subject to an annual evaluation and a three-year review by the relevant authorities in China. We are in the process of applying for the renewal of the HNTE qualification. If our application is not approved, Autohome can no longer enjoy the 15% preferential tax rate, and the applicable enterprise income tax rate may increase to up to 25% starting from 2013.

Our VIEs were subject to EIT at a rate of 25% for the years ended December 31, 2010, 2011 and 2012.

Under the PRC Enterprise Income Tax Law, an enterprise established outside of the PRC with “de facto management bodies” located within the PRC is considered a PRC resident enterprise and therefore will be subject to a 25% PRC EIT on its global income. The implementation rules define “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” In addition, according to the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies issued by State Administration of Taxation, or SAT Circular 82, on April 22, 2009, a Chinese-controlled enterprise established outside of China is treated as a PRC resident enterprise with “de facto management bodies” located in the PRC for tax purposes where all of the following requirements are satisfied: (a) the senior management and core management departments in charge of its daily production or business operations are located in the PRC; (b) its financial and human resource decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in the PRC; and (d) more than half of the enterprise’s board members with voting rights or senior management habitually reside in the PRC. Despite the uncertainties resulting from limited PRC tax guidance on the issue, we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises under the PRC Enterprise Income Tax Law. However, if we are considered a PRC resident enterprise and earn income other than dividends from our PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Further, the Enterprise Income Tax Law and the implementation rules provide that an income tax rate of 10% may be applicable to China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent that is not a PRC resident enterprise, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business, unless there are applicable treaties that reduce such rate. The implementation rules of the new Enterprise Income Tax Law provide that (a) if the enterprise that distributes dividends is domiciled in the PRC, or (b) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how “domicile” may be interpreted under the Enterprise Income Tax Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders or ADS holders as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%, subject to reduction by an applicable treaty.

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See “Risk Factors—Risks Related to Doing Business in China—Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our results of operations.”

### **Critical Accounting Policies**

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the end of each reporting period and the reported amount of revenue and expenses during each reporting period. We evaluate these estimates and assumptions based on historical experience, knowledge and assessment of current business and other conditions and expectations that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from these estimates and assumptions.

Some of our accounting policies require higher degrees of judgment than others in their application. When reviewing our consolidated financial statements, you should consider (a) our selection of critical accounting policies, (b) the judgment and other uncertainties affecting the application of such policies and (c) the sensitivity of reported results to changes in conditions and assumptions. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements as their application places significant demands on the judgment of our management. We believe the following critical accounting policies are the most significant to the presentation of our financial statements and some of which may require the most difficult, subjective and complex judgments. They should be read in conjunction with our consolidated financial statements, the risks and uncertainties described under “Risk Factors” and other disclosures included in this prospectus.

### **Revenue Recognition**

We derive revenue primarily from advertising services and dealer subscription services. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the related fee is reasonably assured based on the guidance in the Accounting Standards Codification or ASC 605, *Revenue Recognition*.

#### *Advertising services*

We offer advertising services to advertising agencies that represent automakers and dealers. The majority of our advertising service arrangements involve multiple element deliverables such as banner advertisements, links, logos, other media insertions and promotional activities that are delivered over different periods of time.

In October 2009, the Financial Accounting Standards Board or FASB issued Accounting Standards Update or ASU 2009-13, *Multiple-Deliverable Revenue Arrangements*, which provided updated guidance on whether multiple deliverables exist, how deliverables in an arrangement should be separated, and how consideration should be allocated. We elected to early adopt ASU 2009-13 on January 1, 2009 on a prospective basis for applicable transactions originating or materially modified after December 31, 2008. The total arrangement consideration is allocated to the separate deliverables on the basis of their relative selling price. Relative selling price is based on vendor specific objective evidence of the selling price. If vendor specific objective evidence of selling price is not available, third-party evidence of vendors selling similar goods to similarly situated customers on a standalone basis is used to establish selling price. If neither vendor specific objective evidence nor third party evidence of selling price exists for a unit of accounting, we use our best estimate of the selling price for that unit of accounting. Our total arrangement consideration is allocated to each unit of accounting based on its relative selling price which is determined based on our best estimate of selling price or ESP for that deliverable because neither vendor specific objective nor third-party evidence of selling price exists. In determining the ESP

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for each deliverable, we consider its overall pricing model and objectives, as well as market or competitive conditions that may impact the price at which we would transact if the deliverable were sold regularly on a standalone basis. We monitor the conditions that affect our determination of selling price for each deliverable and reassess such estimates periodically. The revenue allocated to each unit of accounting is recognized based on the recognition policy above.

We provide cash incentives in the form of rebates to certain customers based on cumulative annual advertising volume, and account for such incentives as a reduction of revenue in accordance with ASC 605-50-25, *Revenue Recognition, Customer Payments and Incentives*.

### *Dealer subscription services*

We provide subscription services to automobile dealers. Throughout the subscription period, the dealers can publish information such as the pricing of their products, locations and addresses and other related information on our website. Revenues are recognized ratably as services are provided over the subscription period.

### **Discontinued operations**

When a component of an entity has been disposed of and we will no longer have significant continuing involvement in the operations of the component, the results are classified as discontinued operations in the consolidated statement of comprehensive income under ASC 205-20, *Discontinued Operations*.

We determine the results of our discontinued operations by using a combination of specific identification of revenues and certain costs as well as a reasonable allocation of the remaining costs using applicable cost drivers where specific identification is not determinable.

### **Income taxes**

In determining taxable income for financial statement reporting purposes, we must make certain estimates and judgments. These estimates and judgments are applied in the calculation of certain tax liabilities and in the determination of the recoverability of deferred tax assets, which arise from temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes. We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a charge to income tax expense, in the form of a valuation allowance, for the deferred tax assets that we estimate will not ultimately be recoverable. We consider past performance, future expected taxable income and prudent and feasible tax planning strategies in determining the need for a valuation allowance.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the various jurisdictional tax authorities. If our estimates of these taxes are greater than or less than actual results, an additional tax benefit or charge will result.

### **Fair Value of Financial Instruments**

Our financial instruments are primarily comprised of cash and cash equivalents, accounts receivable, other current assets, accrued expenses and other payables, and due to related parties. The carrying values of these financial instruments approximate their fair values due to the short-term maturity of these instruments.

### ***Accounts Receivable and Allowance for Doubtful Accounts***

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. An accounts receivable balance is written off after all collection effort has ceased.

### ***Goodwill***

Our goodwill is related to the acquisition of Cheerbright, China Topside, and Norstar, representing the excess of the purchase price over the amounts assigned to the fair value of the assets acquired and the liabilities assumed. As part of the distribution of the distributed entities to our shareholders on June 30, 2011, goodwill was allocated between the continuing operations and discontinued operations using a relative fair value approach in accordance with ASC 350-20-35-45, *Goodwill and Other Intangible Assets*.

We test whether goodwill, which is not subject to amortization, has been impaired on an annual basis and when the restructuring of our reporting unit has occurred. Such tests are performed more frequently if events and circumstances indicate that the assets might be impaired. We evaluate the recoverability of goodwill by performing a qualitative assessment before using a two-step impairment test approach at the reporting unit level. We have an unconditional option to bypass the qualitative assessment in any period and proceed directly to performing the two-step impairment test. We may resume performing the qualitative assessment in any subsequent period. An impairment loss is recognized to the extent that the reporting unit's carrying amount, including the amount of the goodwill, exceeds the reporting unit's fair value. We only have one reporting unit that is the operating segment. We determined the fair value of the reporting unit using the income approach based on the discounted expected cash flows associated with the reporting unit. If we reorganize our reporting structure in a manner that changes the composition of one or more of our reporting units, goodwill is reassigned based on the relative fair value of each of the affected reporting units. The fair value of our reporting unit has been in excess of its carrying value and no impairment loss was recorded for any of the periods presented.

### ***Impairment of Long-Lived Assets and Intangibles***

We evaluate long-lived assets or asset groups, including intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or a group of long-lived assets may not be recoverable. Recoverability of these assets is measured by comparing their carrying amounts to the future undiscounted cash flows the assets are expected to generate. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, we recognize an impairment loss equal to the amount by which the carrying value of the asset exceeds its fair value.

### ***Share-based Compensation***

Share options granted to employees are accounted for under ASC 718, *Compensation—Stock Compensation*, which requires that share-based awards granted to employees be measured based on the grant date fair value and recognized as compensation expense over the requisite service period (which is generally the vesting period) in the consolidated statements of comprehensive income. We have elected to recognize compensation expense using the straight-line method for all share options granted with service conditions that have a graded vesting schedule. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Forfeiture rate is estimated based on historical and future expectation of employee turnover rate and are adjusted to reflect future change in circumstances and facts, if any. Share-based compensation expense is recorded net of estimated forfeitures such that expense was recorded only for those share-based awards that are expected to vest.

In order to provide additional incentives to employees and to promote the success of our business, we adopted our 2011 Share Incentive Plan. Under the 2011 Share Incentive Plan, we may grant options to our

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employees, directors and consultants to purchase an aggregate of no more than 7,843,100 of our ordinary shares. The 2011 Share Incentive Plan was approved by our board of directors and our shareholders on May 4, 2011. Immediately prior to the completion of this offering, the ordinary shares underlying the options granted under the 2011 Share Incentive Plan will be automatically re-designated as Class A ordinary shares.

The table below sets forth information concerning the share options granted to our employees on the dates indicated:

<u>Grant Date</u>	<u>No. of Ordinary Shares Underlying Options Granted</u>	<u>Exercise Price per Share</u>	<u>Fair Value per Share at the Grant Date</u>	<u>Intrinsic Value per Option at the Grant Date</u>	<u>Vesting Schedule</u>
May 6, 2011	4,950,000	US\$ 2.20	US\$ 3.69	US\$ 1.49	*
August 1, 2011	700,000	US\$ 2.20	US\$ 3.44	US\$ 1.24	*
October 8, 2011	110,000	US\$ 2.20	US\$ 3.68	US\$ 1.48	*
December 19, 2011	2,000,000	US\$ 2.20	US\$ 3.68	US\$ 1.48	**
July 1, 2012	120,000	US\$ 2.20	US\$ 3.70	US\$ 1.50	***

\* 25% of the awards have vested on each of January 1, 2012 and 2013 and the remaining awards will vest on each of January 1, 2014 and 2015.

\*\* 25% of the awards have vested on January 1, 2013 and the remaining awards will vest on each of January 1, 2014, 2015 and 2016.

\*\*\* 25% of the awards have vested on July 1, 2013 and the remaining awards will vest on each of July 1, 2014, 2015 and 2016.

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, we have made reference to the historical price volatilities of ordinary shares of several comparable companies in the same industry as us. For the exercise multiple, we have no historical exercise patterns as reference, thus the exercise multiple is based on our estimation, which we believe is representative of the future exercise pattern of the options. 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 estimated fair value of the ordinary shares, at the option grant dates, was determined with assistance from an independent third party valuation firm. Changes in these assumptions could significantly affect the estimated fair value of our share options and hence the amount of compensation expense that we recognize in our consolidated financial statements.

### **Fair Value of our Ordinary Shares**

In determining the grant date fair value of our ordinary shares for purposes of recording share-based compensation in connection with employee stock options, we, with the assistance of independent appraisers, performed retrospective valuations instead of contemporaneous valuations because, at the time of the valuation dates, our financial and limited human resources were principally focused on business development and marketing efforts. This approach is consistent with the guidance prescribed by the AICPA Audit and Accounting Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, or the Practice Aid. Specifically, the "Level B" recommendation in paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used.

We, with the assistance of our independent valuation firm, evaluated the use of three generally accepted valuation approaches: market, cost and income approaches to estimate our enterprise value. We and our appraisers considered the market and cost approaches as inappropriate for valuing our ordinary shares because no comparable market transaction could be found for the market valuation approach and the cost approach does not directly incorporate information about the economic benefits contributed by our business operations.

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Consequently, we and our appraisers relied solely on the income approach in determining the fair value of our ordinary shares. This method eliminates the discrepancy in the time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to our company. Accordingly, we, with the assistance of the independent appraisers, used the income approach to estimate the enterprise value at each date on which options were granted.

The income approach involves applying discounted cash flow analysis based on our projected cash flow using management's best estimate as of the valuation dates. Estimating future cash flow requires us to analyze projected revenue growth, gross margins, effective tax rates, capital expenditures and working capital requirements. Our projected revenues were based on expected annual growth rates derived from a combination of our historical experience and the general trend in China's online advertising industry. The revenue and cost assumptions we used are consistent with our long-range business plan and market conditions in the online marketing and advertising industry. We also have to make complex and subjective judgments regarding our unique business risks, the liquidity of our shares and our limited operating history and future prospects at the time of grant or re-measurement. Other assumptions we used in deriving the fair value of our equity include:

- no material changes will occur in the applicable future periods in the existing political, legal, fiscal or economic conditions and in the online automotive advertising industry in China;
- no material changes will occur in the current taxation law in China and the applicable tax rates will remain unchanged;
- exchange rates and interest rates in the applicable future periods will not differ materially from the current rates;
- our future growth will not be constrained by lack of funding;
- we have the ability to retain competent management and key personnel to support our ongoing operations; and
- industry trends and market conditions for the advertising and related industries will not deviate significantly from current forecasts.

In addition to estimating the cash flows during the projection period, we calculated the terminal value at the end of the projection period by applying the Gordon growth model, which assumes a constant annual growth rate of 3% after the projection period.

Our cash flows were discounted to present value using discount rates that reflect the risks the management perceived as being associated with achieving the forecasts and are based on the estimate of our weighted average cost of capital, or WACC, on the grant date. The WACCs were derived by using the capital asset pricing model, a method that market participants commonly use to price securities. Under the capital asset pricing model, the discount rate was determined considering the risk-free rate, industry-average correlated relative volatility coefficient, or beta, equity risk premium, size of our company, scale of our business and our ability in achieving forecast projections. Using this method, we determined the appropriate discount rate to be 21% on May 6, 2011, 19.5% on August 1, 2011, 19.0% on October 8, 2011, 19.0% on December 19, 2011, 20.0% on July 1, 2012, the respective grant dates. The risks associated with achieving our forecasts were appropriately assessed in our determination of the appropriate discount rates. If different discount rates had been used, the valuations could have been significantly different.

We also applied a discount for lack of marketability to reflect the fact that, at the time of the grants, we were a closely held company and there was no public market for our equity securities. To determine the discount for lack of marketability, we and the independent appraisers used the Black-Scholes option pricing model. Pursuant to that model, we used the cost of a put option, which can be used to hedge the price change before a privately held share can be sold, as the basis to determine the discount for lack of marketability. A put option was used because it incorporates certain company-specific factors, including timing of the expected initial public offering

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and the volatility of the share price of the guideline companies engaged in the same industry. Based on the foregoing analysis, the lack of marketability discount of 10% was adopted on the grant date. Volatility of 35.9% was determined by using the mean of volatility of the comparable companies as of the grant date. In evaluating comparable companies, we determined they should:

- operate in the same or similar businesses;
- have a trading history comparable to the remaining life of our share options as of each valuation date; and
- either have operations in China, as we only operate in China, or be market players in the United States, as we plan to become a public company in the United States.

The fair value of our ordinary shares decreased from US\$3.69 as of May 6, 2011 to US\$3.44 as of August 1, 2011. The decrease in the fair value of our ordinary shares during this period is primarily attributable to the spinoff of our equity interest in Norstar and China Topside, which serve the information technology industry, to Sequel Media, as part of our corporate reorganization. All of the shares of Sequel Media were immediately distributed to our shareholders.

The fair value of our ordinary shares increased from US\$3.44 as of August 1, 2011 to US\$3.68 as of October 8, 2011 and December 19, 2011. The increase in the fair values of ordinary shares during this period is due to the decrease in our estimated WACC from 19.5% as of August 1, 2011 to 19.0% as of October 8, 2011 and December 19, 2011. The decrease in our estimated WACC, in turn, is primarily attributable to the following:

- During this period, we continued to bolster our management and strengthen our finance function by recruiting additional key management members. As set forth in the Practice Aid, successful assembly of a management team is an enterprise milestone that will reduce the uncertainty of achieving the business plan and investors' required rate of return for investing in our securities.
- In addition, as set forth in the Practice Aid, when an enterprise has established a solid financial history, the reliability of forecasted results is generally higher than in an earlier stage. Therefore, the estimated WACC, which reflects a market participant's expected rate of return for investing in our securities, declined as our business progressed closer to a public offering.

There were no significant changes to our underlying business or assumptions between October 2011 and December 2011 and therefore there was no change to the fair value of the ordinary shares underlying the options granted on October 8, 2011 and December 19, 2011.

The fair value of our ordinary shares increased to US\$3.70 as of July 1, 2012 from the fair value of US\$3.68 as of December 19, 2011 mainly due to our better than expected results in the six months ended in June 30, 2012, partially offset by the increase in our estimated WACC from 19.0% as of December 19, 2011 to 20.0% as of July 1, 2012. The increase in our estimated WACC is mainly attributable to the increase in beta and equity risk premium as a result of recent market volatility.



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### **Fair Value of our Stock Options**

We, with the assistance of independent appraisers, calculated the estimated fair value of the options on the grant dates, using the binomial option pricing model with the following assumptions:

	<u>May 6, 2011</u>	<u>August 1, 2011</u>	<u>October 8, 2011</u>	<u>December 19, 2011</u>	<u>July 1, 2012</u>
Fair value per ordinary share	US\$3.69	US\$3.44	US\$3.68	US\$3.68	US\$3.70
Risk-free interest rate	3.27%	2.90%	2.14%	1.89%	1.73%
Sub-optimal exercise factor	2.20	2.20	2.20	2.20	2.20
Expected volatility	61.90%	60.50%	60.70%	60.80%	60.40%
Expected dividend yield	0%	0%	0%	0%	0%
Weighted average fair value per option granted	US\$2.40	US\$2.18	US\$2.37	US\$2.41	US\$2.36

For the purpose of determining the estimated fair value of our share options, we believe the expected volatility and the estimated fair value of our ordinary shares are the most critical assumptions. Changes in these assumptions could significantly affect the fair value of share options and hence the amount of compensation expense we recognize in our consolidated financial statements. Since we did not have a trading history for our shares sufficient to calculate our own historical volatility, the expected volatility of our future ordinary share price was estimated based on the price volatility of the shares of comparable public companies that operate in the same or similar business.

### **Implications of Being an Emerging Growth Company**

As a company with less than US\$1.0 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404, in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We will remain an emerging growth company until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.0 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the previous three year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act, which would occur if the market value of our ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

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### Results of Operations

The following table presents our historical results of operations in absolute amounts and as a percentage of our total net revenues for the periods indicated.

	For the Year Ended December 31,					
	2010		2011		2012	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except percentages)					
<b>Net revenues</b>						
Advertising services	235,415	93.1%	379,666	87.6%	592,622	95,122
Dealer subscription services	17,519	6.9	53,523	12.4	139,898	22,455
<b>Total net revenues</b>	<b>252,934</b>	<b>100.0</b>	<b>433,189</b>	<b>100.0</b>	<b>732,520</b>	<b>117,577</b>
Cost of revenues <sup>(1)</sup>	(83,897)	(33.2)	(130,565)	(30.1)	(178,240)	(28,609)
<b>Gross profit</b>	<b>169,037</b>	<b>66.8</b>	<b>302,624</b>	<b>69.9</b>	<b>554,280</b>	<b>88,968</b>
<b>Operating expenses</b>						
Sales and marketing expenses <sup>(1)</sup>	(48,712)	(19.3)	(67,500)	(15.6)	(129,796)	(20,834)
General and administrative expenses <sup>(1)</sup>	(17,951)	(7.1)	(46,547)	(10.7)	(83,153)	(13,347)
Product development expenses <sup>(1)</sup>	(6,205)	(2.5)	(16,459)	(3.8)	(42,865)	(6,880)
<b>Operating profit</b>	<b>96,169</b>	<b>37.9</b>	<b>172,118</b>	<b>39.8</b>	<b>298,466</b>	<b>47,907</b>
<b>Other income, net</b>	<b>110</b>	<b>0.1</b>	<b>1,676</b>	<b>0.4</b>	<b>5,403</b>	<b>867</b>
<b>Income from continuing operations before income tax expenses</b>	<b>96,279</b>	<b>38.0</b>	<b>173,794</b>	<b>40.2</b>	<b>303,869</b>	<b>48,774</b>
Income tax expense	(15,853)	(6.2)	(38,348)	(8.9)	(90,988)	(14,605)
<b>Income from continuing operations</b>	<b>80,426</b>	<b>31.8</b>	<b>135,446</b>	<b>31.3</b>	<b>212,881</b>	<b>34,169</b>
Income/(loss) from discontinued operations	7,612	3.0	(4,182)	(1.0)	—	—
<b>Net income</b>	<b>88,038</b>	<b>34.8%</b>	<b>131,264</b>	<b>30.3%</b>	<b>212,881</b>	<b>34,169</b>
<b>Non-GAAP Measures<sup>(2)</sup></b>						
Adjusted net income	95,539		161,535		251,762	40,411
Adjusted EBITDA	113,392		206,884		357,515	57,385

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

	For the Year Ended December 31,					
	2010		2011		2012	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except percentages)					
<b>Allocation of Share-based Compensation Expenses</b>						
Cost of revenues	—	—	3,247	0.7%	6,553	1,052
Sales and marketing expenses	—	—	1,138	0.3	4,177	670
General and administrative expenses	—	—	8,049	1.9	15,734	2,525
Product development expenses	—	—	541	0.1	2,678	431
Total share-based compensation expenses	—	—	12,975	3.0%	29,142	4,678

(2) For a reconciliation of our non-GAAP measures to the GAAP measure of income from continuing operations, see “—Non-GAAP Financial Measures.”

### Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

**Net Revenues.** Our net revenues increased by 69.1% from RMB433.2 million in 2011 to RMB732.5 million (US\$117.6 million) in 2012. This increase was due to an increase in both our advertising services revenues and our dealer subscription services revenues.

**Advertising services.** Our advertising services revenues increased by 56.1% from RMB379.7 million in 2011 to RMB592.6 million (US\$95.1 million) in 2012, due to our increased revenues from both automaker advertisers and dealer advertisers. Revenues from our automaker advertisers and dealer advertisers accounted for 81.9% and 18.1%, respectively, of our total advertising services revenues in 2012.

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The increase in revenues from our automaker advertisers was primarily attributable to the increased average revenues per automaker advertiser. Our average revenues per automaker advertiser increased by 40.3% in 2012, as compared with that in 2011, mainly because we increased the rates for our advertising services as measured by the price per advertisement per day at a given location on our websites. We sold advertising services to 77 automakers in 2012, compared to 72 automakers in 2011. The increase in our automaker advertising services revenues was also driven by an increase in the advertising volume purchased by automakers.

The increase in dealer advertising services revenue was mainly attributable to an increase in the advertising volume purchased by dealer advertisers as a result of our expansion into new geographical markets and our deeper penetration into existing markets, together with an increase in the rates for our advertising services. The increase in our dealer advertising services revenues was also due to increased marketing campaigns conducted by automakers' regional sales offices to help dealers meet their sales target, which was treated as dealer advertising for our accounting purpose.

*Dealer subscription services.* Dealer subscription services revenues increased by 161.5% from RMB53.5 million in 2011 to RMB139.9 million (US\$22.5 million) in 2012. The increase in dealer subscription services revenues was mainly due to an increase in the number of our registered dealers and an increasingly high percentage of them converting into our subscribers, which in turn was a result of our expansion into new geographic markets and our deeper penetration into existing markets. We sold dealer subscription services to 5,052 dealers in 2012, compared with 2,160 dealers in 2011.

*Cost of Revenues.* Our cost of revenues increased by 36.5% from RMB130.6 million in 2011 to RMB178.2 million (US\$28.6 million) in 2012, primarily due to an increase in content related costs, VAT, business tax and surcharges and depreciation.

*Content Related Costs.* Our content related costs increased by 43.1% from RMB43.9 million in 2011 to RMB62.9 million (US\$10.1 million) in 2012, primarily due to an increase in salaries and benefits payments to our editorial and testing personnel, which in turn was primarily due to a moderate increase in average compensation levels as well as increased editorial headcount. Our content related costs included share-based compensation expenses of RMB6.6 million (US\$1.1 million), compared to RMB3.2 million in 2011, in connection with awards granted under the 2011 Share Incentive Plan to our editorial personnel.

*Depreciation and Amortization.* Our depreciation and amortization expenses increased by 17.3% from RMB18.7 million in 2011 to RMB22.0 million (US\$3.5 million) in 2012, primarily due to an increase in depreciation expenses related to servers that were purchased in 2012, partially offset by a decrease in the amortization of acquired intangible assets, mainly our websites.

*Bandwidth and IDC Costs.* Our bandwidth and IDC costs increased by 26.0% from RMB11.9 million in 2011 to RMB15.0 million (US\$2.4 million) in 2012, primarily due to increased bandwidth and IDC requirements to handle the growth of our user traffic and improve our users' experience.

*Value-added tax, Business Tax and Surcharges.* We are subject to VAT, business tax and surcharges on external services as well as services provided by our PRC subsidiary to our VIEs. Since the implementation of the VAT Pilot Program, the service fees received by Autohome WFOE from our VIEs are no longer subject to business tax and the VAT incurred by Autohome WFOE based on the services it provided to our VIEs can be deducted from the VAT payables of our VIEs. VAT, business taxes and related surcharges increased by 40.0% from RMB55.9 million for 2011 to RMB78.3 million (US\$12.6 million) for 2012, as a result of increased revenues.

*Operating Expenses.* Our operating expenses increased by 96.0% from RMB130.5 million in 2011 to RMB255.8 million (US\$41.1 million) in 2012, due to increases in sales and marketing expenses, general and administrative expenses and product development expenses.

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**Sales and Marketing Expenses.** Our sales and marketing expenses increased by 92.3% from RMB67.5 million in 2011 to RMB129.8 million (US\$20.8 million) in 2012. This increase was primarily due to (i) an increase in our marketing expenses in connection with the promotion of our brands through other online media, and (ii) an increase in salaries and benefits, which in turn was primarily due to our increased sales and marketing headcount. Our sales and marketing expenses for 2012 included share-based compensation expenses of RMB4.2 million (US\$0.7 million), compared to RMB1.1 million in 2011.

**General and Administrative Expenses.** Our general and administrative expenses increased by 78.6% from RMB46.5 million in 2011 to RMB83.2 million (US\$13.3 million) in 2012. This increase was attributable to increased salaries and other benefits expenses related to increased general and administrative headcount, and an increase in professional service fee and office expenses. Our general and administrative expenses for 2012 included share-based compensation expenses of RMB15.7 million (US\$2.5 million), compared to RMB8.0 million in 2011.

**Product Development Expenses.** Our product development expenses increased by 160.4% from RMB16.5 million in 2011 to RMB42.9 million (US\$6.9 million) in 2012, primarily due to an increase in salaries and benefits payments as we recruited more product development personnel. Our product development expenses for 2012 included share-based compensation expenses of RMB2.7 million (US\$0.4 million), compared to RMB0.5 million in 2011.

**Income from Continuing Operations before Income Tax Expenses.** Our income from continuing operations before income taxes increased by 74.8% to RMB303.9 million (US\$48.8 million) in 2012 from RMB173.8 million in 2011.

**Income Tax Expenses.** We incurred income tax expenses of RMB91.0 million (US\$14.6 million) in 2012, compared with RMB38.3 million in 2011, primarily due to the growth of our income from continuing operations before income taxes. As a percentage of our income from continuing operations before income tax expenses, our income tax expenses were 29.9% in 2012, increased from 22.1% in 2011, primarily due to the accrued withholding tax of RMB26.6 million (US\$4.3 million) on dividends that were declared in May 2013 and an increase in non-deductible expenses.

**Income from Continuing Operations.** As a result of the foregoing, our income from continuing operations increased by 57.2% to RMB212.9 million (US\$34.2 million) in 2012 from RMB135.4 million in 2011.

**Loss from Discontinued Operations.** We recorded a loss from discontinued operations of RMB4.2 million in 2011. We did not have discontinued operations in 2012.

**Net Income.** As a result of the foregoing, we had net income of RMB212.9 million (US\$34.2 million) in 2012, compared with net income of RMB131.3 million in 2011.

### **Year Ended December 31, 2011 Compared to Year Ended December 31, 2010**

**Net Revenues.** Our net revenues increased by 71.3% from RMB252.9 million in 2010 to RMB433.2 million in 2011. This increase was due to an increase in both our advertising services revenues and our dealer subscription services revenues.

**Advertising services.** Our advertising services revenues increased by 61.3% from RMB235.4 million in 2010 to RMB379.7 million in 2011, due to our increased revenues from both automaker advertisers and dealer advertisers. Revenues from our automaker advertisers and dealer advertisers accounted for 85.2% and 14.8%, respectively, of our total advertising services revenues in 2011.

The increase in revenues from our automaker advertisers was primarily attributable to the increased average revenues per automaker advertiser. Despite the negative impacts of the earthquake and tsunami in Japan on

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advertising spending by certain Japanese automakers or their joint ventures in China, our average revenues per automaker advertiser increased by 50.8% in 2011, as compared with that in 2010, mainly because we increased the rates for our advertising services as measured by the price per advertisement per day at a given location on our websites. We sold advertising services to 72 automakers in 2011, compared to 69 automakers in 2010. The increase in our automaker advertising services revenues was also driven by an increase in the advertising volume purchased by automakers.

The increase in dealer advertising services revenue was mainly attributable to an increase in the advertising volume purchased by dealer advertisers as a result of our expansion into new geographical markets and our deeper penetration into existing markets, together with an increase in the rates for our advertising services. The increase in our dealer advertising services revenues was also due to increased online advertising budgets automakers provided to their dealers.

*Dealer subscription services.* Dealer subscription services revenues increased by 205.7% from RMB17.5 million in 2010 to RMB53.5 million in 2011. The increase in dealer subscription services revenues was mainly due to an increase in the number of our registered dealers and an increasingly high percentage of them converting into our subscribers, which in turn was a result of our expansion into new geographic markets and our deeper penetration into existing markets. We sold dealer subscription services to 2,160 dealers in 2011, compared with 743 dealers in 2010.

**Cost of Revenues.** Our cost of revenues increased by 55.7% from RMB83.9 million in 2010 to RMB130.6 million in 2011, primarily due to an increase in business tax and surcharges, content related costs and bandwidth and IDC costs.

*Content Related Costs.* Our content related costs increased by 58.5% from RMB27.7 million in 2010 to RMB43.9 million in 2011, primarily due to an increase in salaries and benefits payments to our editorial and testing personnel, which in turn was primarily due to our increased editorial headcount and to a lesser extent, a moderate increase in average compensation levels. In addition, our content related costs included share-based compensation expenses of RMB3.2 million in connection with awards granted under the 2011 Share Incentive Plan to our editorial personnel.

*Depreciation and Amortization.* Our depreciation and amortization expenses increased by 13.3% from RMB16.5 million in 2010 to RMB18.7 million in 2011, primarily due to an increase in depreciation expenses related to computers and servers that were purchased in 2011, partially offset by a decrease in the amortization of acquired intangible assets, mainly our listing database.

*Bandwidth and IDC Costs.* Our bandwidth and IDC costs increased by 46.9% from RMB8.1 million in 2010 to RMB11.9 million in 2011, primarily due to increased bandwidth and IDC requirements to handle the growth of our user traffic and improve our users' experience.

*Business Tax and Surcharges.* We are subject to business tax and surcharges on external services as well as services provided by our PRC subsidiary to our VIEs. Business taxes and related surcharges increased by 77.5% from RMB31.5 million for 2010 to RMB55.9 million for 2011, as a result of increased revenues as well as increased service fees received from our VIEs.

**Operating Expenses.** Our operating expenses increased by 79.0% from RMB72.9 million in 2010 to RMB130.5 million in 2011, due to increases in sales and marketing expenses, general and administrative expenses and product development expenses.

*Sales and Marketing Expenses.* Our sales and marketing expenses increased by 38.6% from RMB48.7 million in 2010 to RMB67.5 million in 2011. This increase was primarily due to (i) an increase in our marketing

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expenses in connection with the promotion of our brands through other online media and (ii) an increase in salaries and benefits and commission payments to sales and marketing personnel, which in turn was primarily due to our increased sales and marketing headcount and revenue growth. In addition, our sales and marketing expenses for 2011 included share-based compensation expenses of RMB1.1 million.

**General and Administrative Expenses.** Our general and administrative expenses increased by 158.3% from RMB18.0 million in 2010 to RMB46.5 million in 2011. This increase was mainly due to third-party professional services expenses we incurred as we engaged auditors and other consultants in 2011 in connection with this offering. This increase was also attributable to increased salaries and other benefits expenses related to general and administrative personnel as our business expanded. In addition, our general and administrative expenses for 2011 included share-based compensation expenses of RMB8.0 million.

**Product Development Expenses.** Our product development expenses increased by 166.1% from RMB6.2 million in 2010 to RMB16.5 million in 2011, primarily due to an increase in salaries and benefits payments as we recruited more product development personnel to develop new technologies and products. In addition, our product development expenses for 2011 included share-based compensation expenses of RMB0.5 million.

**Income from Continuing Operations before Income Taxes.** Our income from continuing operations before income taxes increased by 80.5% to RMB173.8 million in 2011 from RMB96.3 million in 2010.

**Income Tax Expenses.** We incurred income tax expenses of RMB38.3 million in 2011, compared with RMB15.9 million in 2010, primarily due to the growth of our income from continuing operations before income taxes. As a percentage of our income from continuing operations before income taxes, our income tax expenses increased from 16.5% to 22.1%, primarily due to accrued withholding tax of RMB5.0 million on dividends that were declared in February 2012 and an increase in non-deductible expenses.

**Income from Continuing Operations.** As a result of the foregoing, our income from continuing operations increased by 68.4% to RMB135.4 million in 2011 from RMB80.4 million in 2010.

**Income (Loss) from Discontinued Operations.** We recorded a loss from discontinued operations of RMB4.2 million in 2011, compared with an income from discontinued operations of RMB7.6 million in 2010.

**Net Income.** As a result of the foregoing, we had net income of RMB131.3 million in 2011, compared with net income of RMB88.0 million in 2010.

## Selected Quarterly Results of Operations

The following table sets forth our unaudited condensed consolidated quarterly results of operations for each of the eight quarters in the period from January 1, 2011 to December 31, 2012. You should read the following table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. We have prepared the unaudited condensed consolidated quarterly results of operations on the same basis as our audited consolidated financial statements. The unaudited condensed consolidated quarterly results of operations includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our operating results for the quarters presented.

	For the Three Months Ended							
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(in thousands of RMB)								
<b>Selected consolidated statement of comprehensive income data</b>								
<b>Net revenues:</b>								
Advertising services	60,286	86,507	104,685	128,188	103,764	146,629	165,042	177,187
Dealer subscription services	8,241	11,704	15,652	17,926	24,430	28,611	42,289	44,568
<b>Total net revenues</b>	<b>68,527</b>	<b>98,211</b>	<b>120,337</b>	<b>146,114</b>	<b>128,194</b>	<b>175,240</b>	<b>207,331</b>	<b>221,755</b>
Cost of revenues <sup>(1)</sup>	(23,908)	(33,390)	(30,477)	(42,790)	(35,297)	(45,544)	(48,219)	(49,180)
<b>Gross profit</b>	<b>44,619</b>	<b>64,821</b>	<b>89,860</b>	<b>103,324</b>	<b>92,897</b>	<b>129,696</b>	<b>159,112</b>	<b>172,575</b>
<b>Operating expenses:</b>								
Sales and marketing expenses <sup>(1)</sup>	(11,937)	(16,513)	(20,558)	(18,492)	(22,438)	(27,913)	(34,055)	(45,390)
General and administrative expenses <sup>(1)</sup>	(5,167)	(8,166)	(14,254)	(18,960)	(14,352)	(14,214)	(21,322)	(33,265)
Product development expenses <sup>(1)</sup>	(2,766)	(3,207)	(3,683)	(6,803)	(6,416)	(8,453)	(14,351)	(13,645)
<b>Operating profit</b>	<b>24,749</b>	<b>36,935</b>	<b>51,365</b>	<b>59,069</b>	<b>49,691</b>	<b>79,116</b>	<b>89,384</b>	<b>80,275</b>
Other income, net	173	97	907	499	410	1,738	1,269	1,986
<b>Income from continuing operations before income taxes</b>	<b>24,922</b>	<b>37,032</b>	<b>52,272</b>	<b>59,568</b>	<b>50,101</b>	<b>80,854</b>	<b>90,653</b>	<b>82,261</b>
Income tax expense	(5,278)	(7,843)	(672)	(24,555)	(11,440)	(17,772)	(22,833)	(38,943)
<b>Income from continuing operations</b>	<b>19,644</b>	<b>29,189</b>	<b>51,600</b>	<b>35,013</b>	<b>38,661</b>	<b>63,082</b>	<b>67,820</b>	<b>43,318</b>
Loss from discontinued operations	(770)	(3,412)	—	—	—	—	—	—
<b>Net income</b>	<b>18,874</b>	<b>25,777</b>	<b>51,600</b>	<b>35,013</b>	<b>38,661</b>	<b>63,082</b>	<b>67,820</b>	<b>43,318</b>
Other comprehensive income, net of tax	—	—	—	—	—	—	—	583
<b>Comprehensive income</b>	<b>18,874</b>	<b>25,777</b>	<b>51,600</b>	<b>35,013</b>	<b>38,661</b>	<b>63,082</b>	<b>67,820</b>	<b>43,901</b>
<b>Non-GAAP Measures<sup>(2)</sup></b>								
Adjusted net income	22,923	35,099	59,752	43,761	48,945	73,366	76,539	52,912
Adjusted EBITDA	29,262	44,147	62,377	71,098	63,229	94,423	102,876	96,987

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

	For the Three Months Ended							
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in thousands of RMB)							
<b>Allocation of Share-based Compensation Expenses</b>								
Cost of revenues	—	730	1,221	1,296	1,630	1,629	1,647	1,647
Sales and marketing expenses	—	235	393	510	1,049	1,050	1,028	1,050
General and administrative expenses	—	1,556	3,075	3,418	3,660	3,660	3,780	4,634
Product development expenses	—	110	185	246	666	667	673	672
Total share-based compensation expenses	—	2,631	4,874	5,470	7,005	7,006	7,128	8,003

(2) For a reconciliation of our non-GAAP measures to the GAAP measure of selected quarterly results of operations, see “—Non-GAAP Financial Measures.”

The growth of our quarterly net revenues was primarily driven by the increases in advertising services over the eight quarters in the period from January 1, 2011 to December 31, 2012. Such increases were mainly attributable to the increased average revenues per automaker advertiser, as well as the increase in the advertising services revenues from our dealer advertisers resulting from increased advertising volume purchased by dealer advertisers, increased rates for our advertising services and increased online advertising budgets that automakers provided to their dealers. The increases in net revenues also reflected the growth of our dealer subscription services. The number of our dealer subscribers continued to increase as a result of our expansion into new geographic markets and our deeper penetration into existing markets.

Seasonal fluctuations have affected, and are likely to continue to affect, our business. We generally generate less revenues from advertising services and dealer subscription services in the first quarter of each year due to the Chinese New Year holidays and reduced customer activities during this period. Our advertising services typically increase in the second quarter as automakers increase marketing activities in connection with China’s major auto shows, and in the fourth quarter as advertisers seek to complete year-end marketing campaigns. Our cost of revenue, sales and marketing expenses and general and administrative expenses tend to follow the trend of our business growth. We may experience fluctuations in our quarterly results of operations after this offering, for the reasons given above or other reasons, which may be significant. See also “Risk Factors—Risks Related to Our Business and Industry—Our business is subject to fluctuations, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.”

### Non-GAAP Financial Measures

To supplement net income from continuing operations presented in accordance with U.S. GAAP, we use adjusted net income and adjusted EBITDA as non-GAAP financial measures. We define adjusted net income as income from continuing operations excluding share-based compensation expenses and amortization expenses of intangible assets related to acquisitions. We define adjusted EBITDA as income from continuing operations before income tax expense (benefit), depreciation expenses of property and equipment and amortization expenses of intangible assets, excluding share-based compensation expenses. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance, in addition to net income from continuing operations prepared in accordance with U.S. GAAP.



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Adjusted net income and adjusted EBITDA have material limitations as analytical tools. One of the limitations of using these non-GAAP financial measures is that they do not include share-based compensation expenses, which are and will continue to be a recurring expense in our business. Furthermore, because adjusted EBITDA and adjusted net income are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider adjusted net income or adjusted EBITDA as a substitute for, or superior to, income from continuing operations prepared in accordance with U.S. GAAP. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

We compensate for these limitations by relying primarily on our U.S. GAAP results and using adjusted net income and adjusted EBITDA only as supplemental measures. Our adjusted net income and adjusted EBITDA are calculated as follows for the periods presented:

	For the Year Ended December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
Income from continuing operations	80,426	135,446	212,881	34,169
Plus: amortization of acquired intangible assets of Cheerbright, China Topside and Norstar	15,113	13,114	9,739	1,564
Plus: share-based compensation expenses	—	12,975	29,142	4,678
<b>Adjusted net income</b>	<b>95,539</b>	<b>161,535</b>	<b>251,762</b>	<b>40,411</b>
Income from continuing operations	80,426	135,446	212,881	34,169
Plus: income tax expense	15,853	38,348	90,988	14,605
Plus: depreciation of property and equipment	1,875	6,347	14,301	2,295
Plus: amortization of intangible assets	15,238	13,768	10,203	1,638
<b>EBITDA</b>	<b>113,392</b>	<b>193,909</b>	<b>328,373</b>	<b>52,707</b>
Plus: share-based compensation expenses	—	12,975	29,142	4,678
<b>Adjusted EBITDA</b>	<b>113,392</b>	<b>206,884</b>	<b>357,515</b>	<b>57,385</b>

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Our adjusted net income and adjusted EBITDA for our selected quarterly results of operations are calculated as follows:

	For the Three Months Ended							
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
	(in thousands of RMB)							
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from continuing operations	19,644	29,189	51,600	35,013	38,661	63,082	67,820	43,318
Plus: amortization of acquired intangible assets of Cheerbright, China Topside and Norstar	3,279	3,279	3,278	3,278	3,279	3,278	1,591	1,591
Plus: share-based compensation expenses	—	2,631	4,874	5,470	7,005	7,006	7,128	8,003
<b>Adjusted net income</b>	<b>22,923</b>	<b>35,099</b>	<b>59,752</b>	<b>43,761</b>	<b>48,945</b>	<b>73,366</b>	<b>76,539</b>	<b>52,912</b>
Income from continuing operations	19,644	29,189	51,600	35,013	38,661	63,082	67,820	43,318
Plus: income tax expense	5,278	7,843	672	24,555	11,440	17,772	22,833	38,943
Plus: depreciation of property and equipment	1,015	1,158	1,509	2,665	2,731	3,168	3,387	5,015
Plus: amortization of intangible assets	3,325	3,326	3,722	3,395	3,392	3,395	1,708	1,708
<b>EBITDA</b>	<b>29,262</b>	<b>41,516</b>	<b>57,503</b>	<b>65,628</b>	<b>56,224</b>	<b>87,417</b>	<b>95,748</b>	<b>88,984</b>
Plus: share-based compensation expenses	—	2,631	4,874	5,470	7,005	7,006	7,128	8,003
<b>Adjusted EBITDA</b>	<b>29,262</b>	<b>44,147</b>	<b>62,377</b>	<b>71,098</b>	<b>63,229</b>	<b>94,423</b>	<b>102,876</b>	<b>96,987</b>

## Liquidity and Capital Resources

To date, we have financed our operations primarily through cash generated from our operating activities and equity contributed by our shareholders. Our principal uses of cash for the years ended December 31, 2010, 2011 and 2012 were for operating activities, primarily employee compensation, bandwidth and IDC costs, office and travel expenses and capital expenditures.

In June 2011, we distributed our entire equity interests in Norstar and China Topside to Sequel Media, which is a Cayman Islands company incorporated by us. We then simultaneously distributed shares of Sequel Media owned by us to our shareholders. Accordingly, we recognized a distribution to our shareholders for 2011 in the amount of RMB325.2 million, which included RMB94.1 million of cash balances of the distributed entities. As of December 31, 2012, we had RMB420.6 million (US\$67.5 million) in cash and cash equivalents.

We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for at least the next 12 months. We may require additional cash due to unanticipated business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or secure debt funding from financial institutions.

We expect to continue to accrue for staff welfare benefits including medical insurance, housing funds, pension benefits, unemployment insurance, maternity insurance and work-related injury insurance based on certain percentages of the employees' respective salaries and to make cash contributions to state-sponsored plans out of the amounts accrued. The amount of such cash contributions may increase due to our expanding workforce.

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as we grow our business or increase wage levels. However, we do not expect that such increase will have a material effect on our liquidity.

The following table sets forth a summary of our cash flows for the periods indicated. The cash flows associated with the entities we spun off on June 30, 2011 are included in all periods except for 2012:

	For the Year Ended December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
Net cash generated from operating activities	156,438	146,125	279,515	44,865
Net cash used in investing activities	(66,530)	(12,693)	(27,734)	(4,452)
Net cash used in financing activities	—	(94,069)	(44,910)	(7,209)
Net increase in cash and cash equivalents	89,908	39,363	206,871	33,204
Cash and cash equivalents at beginning of the period	84,434	174,342	213,705	34,303
Cash and cash equivalents at the end of the period	<u>174,342</u>	<u>213,705</u>	<u>420,576</u>	<u>67,507</u>

### **Operating Activities**

Net cash generated from operating activities was RMB279.5 million (US\$44.9 million) for the year ended December 31, 2012. This amount was primarily attributable to income from continuing operations of RMB212.9 million (US\$34.2 million), (a) adjusted for certain non-cash expenses, primarily share-based compensation costs of RMB29.1 million (US\$4.7 million), and for changes in working capital accounts that positively affected operating cash flow, primarily an increase in accrued expenses and other payables of RMB63.8 million (US\$10.2 million) and an increase in deferred revenue of RMB52.9 million (US\$8.5 million), and (b) partially offset by changes in working capital accounts that negatively affected operating cash flow, primarily an increase in accounts receivable of RMB123.8 million (US\$19.9 million). The increase in accrued expenses and other payables was mainly attributable to the increase in accrued rebate in connection with our revenue growth and increase in accrued salaries and benefits. The increase in deferred revenue was mainly attributable to the subscription fees we received from our growing number of dealer subscribers. The increase in accounts receivable was primarily due to the increase of our advertising services.

Net cash generated from operating activities was RMB146.1 million for the year ended December 31, 2011. This amount was primarily attributable to income from continuing operations of RMB135.4 million and a loss from discontinued operations of RMB4.2 million, (a) adjusted for certain non-cash expenses, primarily amortization of intangible assets of RMB23.6 million, share-based compensation costs of RMB13.4 million and depreciation of property and equipment of RMB12.1 million, and for changes in working capital accounts that positively affected operating cash flow, primarily an increase in accrued expenses and other payables of RMB51.3 million and deferred revenue of RMB25.6 million, and (b) partially offset by changes in working capital accounts that negatively affected operating cash flow, primarily an increase in accounts receivable of RMB66.2 million, an increase in prepaid expenses and other current assets of RMB27.9 million and a decrease in other liabilities of RMB11.6 million. The increase in accrued expenses and other payables was mainly attributable to the increase in accrual of rebates as a result of our revenue growth and professional fees incurred in connection with this offering. The increase in deferred revenues was mainly attributable to the subscription fees we received from our growing number of dealer subscribers. The increase in accounts receivable was primarily due to the increase of our advertising services. The increase in prepaid expenses and other current assets was mainly attributable to lump sum advancements to our vendors, as well as advancement to employees for their travel purposes. The decrease in other liabilities was mainly due to the decrease in unrecognized tax benefits in connection with the reversal of certain timing differences in revenue recognition and accrued expenses.

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Net cash generated from operating activities was RMB156.4 million for the year ended December 31, 2010. This amount was mainly attributable to income from continuing operations of RMB80.4 million and income from discontinued operations of RMB7.6 million, (a) adjusted for certain non-cash expenses, primarily amortization of intangible assets of RMB39.7 million and depreciation of property and equipment of RMB12.9 million, and for changes in working capital accounts that positively affected operating cash flow, primarily an increase in accrued expenses and other payables of RMB81.6 million, other liabilities of RMB14.8 million, deferred revenue of RMB12.4 million and income tax payable of RMB3.9 million, and (b) partially offset by changes in deferred income taxes of RMB35.0 million and changes in working capital accounts that negatively affected the operating cash flow, primarily an increase in accounts receivable of RMB67.6 million. The increase in accrued expenses and payables was primarily attributable to an increase in the amount of rebates as our revenues grew and a significant amount of rebates to advertising agencies that were incurred in 2010 but were not paid prior to the end of 2010. The increase in deferred revenues was mainly attributable to the subscription fees we received from our increasing number of dealer subscribers. The increase in accounts receivable was primarily due to our business growth.

### ***Investing Activities***

Net cash used in investing activities amounted to RMB27.7 million (US\$4.5 million) in 2012, primarily attributable to the purchase of property and equipment.

Net cash used in investing activities amounted to RMB12.7 million in 2011, primarily attributable to the purchase of new held-to-maturity financial instruments of RMB98.0 million and the purchase of property and equipment of RMB30.1 million, partially offset by the proceeds from the maturity of held-to-maturity financial instruments of RMB117.0 million.

Net cash used in investing activities amounted to RMB66.5 million in 2010, primarily attributable to the purchase of held-to-maturity instruments of RMB62.0 million, the purchase of property and equipment of RMB9.9 million and the purchase of intangible assets of RMB8.1 million, partially offset by net proceeds of RMB13.5 million received from the redemption of held-to-maturity instruments.

### ***Financing Activities***

We paid a special dividend of RMB44.9 million (US\$7.2 million), net of withholding tax, in April 2012 to all of our shareholders of record on February 24, 2012.

The distribution to shareholders of RMB94.1 million (US\$14.8 million) for the year ended December 31, 2011, included in financing activities, represents the cash and cash equivalents of Norstar and China Topside, the entities we discontinued on June 30, 2011.

### ***Capital Expenditures***

We made capital expenditures of RMB18.0 million, RMB31.7 million, and RMB27.7 million (US\$4.5 million) in 2010, 2011 and 2012, respectively, which include amounts related to our discontinued operations. In the past, our capital expenditures were primarily used to purchase equipment and intangible assets for our business.

**Contractual Obligations**

The following summarizes our contractual obligations related to continuing operations as of December 31, 2012:

	Payments Due by Period				Total
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	
Operating lease obligations <sup>(1)</sup>	12,583	208	—	—	—

(in thousands of RMB)

(1) Operating lease obligations primarily related to the lease of office space.

Rental expenses for the years ended December 31, 2010, 2011 and 2012 were RMB6.7 million, RMB8.0 million and RMB12.0 million (US\$1.9 million), respectively.

**Holding Company Structure**

As an offshore holding company, we conduct our operations primarily through our wholly-owned PRC subsidiary, Autohome WFOE, and our VIEs in China. Under our current corporate structure, the flow of earnings and cash to us from our subsidiaries and VIEs is as follows:

- Autohome WFOE generates its income primarily from the service fees and consulting fees paid by our VIEs pursuant to the exclusive technology consulting and service agreements. See “Corporate History and Structure—Agreements that Transfer Economic Benefits of Autohome Information to Us.”
- After paying the enterprise income tax and other PRC taxes applicable to Autohome WFOE’s revenues and earnings and appropriating the statutory reserves and any earnings to be retained from accumulated profits, the net profits of Autohome WFOE may be distributable to its parent company, Cheerbright, our BVI subsidiary, subject to dividend withholding tax.
- Any net profits of Cheerbright may then be distributable to its parent company, Autohome Inc., our holding company, through dividend or other distributions.

If Autohome WFOE incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions or payments to its parent company Cheerbright. In addition, under PRC law, Autohome WFOE is required to allocate at least 10% of its after tax profits on an individual company basis as determined under PRC generally accepted accounting principles 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. At the discretion of its board of directors, Autohome WFOE may make appropriations to the enterprise expansion fund and staff welfare and bonus fund. Autohome WFOE’s VIEs in the PRC are also subject to similar statutory reserve requirements. These statutory reserves, together with the paid-in capital of Autohome WFOE and VIEs cannot be transferred to our holding company in the form of loans, advances, or cash dividends. There are no significant differences between the statutory reserves calculated pursuant to PRC accounting standards and regulations and the statutory reserves presented in our consolidated financial statements. There are no other restrictions on the amount ultimately available for distribution as cash dividends.

Furthermore, cash of Autohome WFOE and our VIEs are all denominated in Renminbi. Conversion of Renminbi into foreign currencies and remittance outside China is either subject to procedural requirements or prior approval from SAFE. See “Risk Factor—Risk Relating to Doing Business in China—Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.” Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to pay dividends or proceeds from the liquidation of assets, or to make other payments to us.

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In the future, we may fund our onshore operations by providing loans to our PRC subsidiary, Autohome WFOE, or our VIEs. Foreign loans to a PRC foreign invested enterprise cannot exceed the statutory limit, which is the difference between the amount of total approved investment and the amount of registered capital of such enterprise. As of June 30, 2013, the amount of Autohome WFOE's total approved investment amount was RMB1.7 million, which is the same as its registered capital. Thus, Autohome WFOE currently cannot borrow foreign loan from our holding company. We plan to increase the statutory limit for Autohome WFOE by applying to increase both their respective registered capital and total approved investment amount. However, we cannot assure you that we would be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all. See "Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and VIEs or to make additional capital contributions to our PRC subsidiary, which may materially and adversely affect our liquidity and our ability to fund and expand our business."

In addition, in the event that the CSRC or other PRC regulatory agencies issue any implementing rules or interpretations that subject this offering to the M&A Rule, the CSRC or other PRC regulatory agencies may take actions requiring us, or making it advisable to us, to halt this offering before the settlement and delivery of the ADSs that we are offering. We may also face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC's approval for this offering including, but not limited to, delays or restrictions on the repatriation of the proceeds from this offering into the PRC, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

### **Off-Balance Sheet Arrangements**

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

### **Inflation**

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2009, 2010 and 2011 were increases of 1.9%, 4.6% and 4.1%, respectively. The consumer price index in China in June 2013 increased by 2.7% on a year-over-year basis. Although we have not been materially affected by inflation, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

### **Quantitative and Qualitative Disclosures about Market Risk**

#### ***Interest Rate Risk***

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income and interest expenses may fluctuate due to changes in market interest rates.

### **Foreign Exchange Risk**

We earn all of our revenues and incur most of our expenses in RMB, and substantially all of our sales contracts are denominated in RMB. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the RMB because the value of our business is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. As a consequence, the RMB fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the PRC government has again allowed the Renminbi to appreciate slowly against the U.S. dollar. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

There remains significant international pressure on the Chinese government to substantially liberalize its currency policy, which could result in further appreciation in the value of the RMB against the U.S. dollar. To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

We estimate that we will receive net proceeds of approximately US\$            million from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us and assuming no exercise by the underwriters of their option to acquire additional ADSs, based on the initial offering price of US\$            per ADS. Assuming that we convert the full amount of the net proceeds from this offering into RMB, a 10% appreciation of the RMB against the U.S. dollar, assuming a rate of RMB            to US\$1.00 as at to a rate of RMB            to US\$1.00, will result in a decrease of RMB            million (US\$            million) of the net proceeds from this offering. Conversely, a 10% depreciation of the RMB against the U.S.            dollar, from a rate of RMB            to US\$1.00 to a rate of RMB            to US\$1.00, will result in an increase of RMB            million (US\$            million) of the net proceeds from this offering.

### **Recent Accounting Pronouncements**

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income* (Topic 220) ("ASU 2013-02") to improve the reporting of reclassifications out of Accumulated Other Comprehensive Income ("AOCI"). This ASU sets requirements for presentation for significant items reclassified to net income in their entirety during the period and for items not reclassified to net income in their entirety during the period. It requires companies to present information about reclassifications out of AOCI in one place, and to present reclassifications by component when reporting changes in AOCI balances. The modifications to ASC Topic 220 resulting from the issuance of ASU 2013-02 are effective for fiscal years beginning after December 15, 2012 and interim periods within those years. Early adoption is permitted. We do not expect that the adoption of ASU 2013-02 will have a material impact on our consolidated financial statements.

## INDUSTRY

China is the world's largest automotive market in terms of new automobile sales, and has the largest internet population, with both sectors continuing to experience strong growth. As a result of this parallel development, the online automotive advertising market in China has, and is expected to continue to, grow rapidly.

### **Automotive Industry in China**

China is the world's largest automotive market as measured by sales volume of new automobiles in 2012, according to LMC Automotive. In 2012, total automobile sales in China, including passenger cars and other types of vehicles, was estimated to be 20.3 million units, compared to 14.8 million units in the United States and 5.3 million units in Japan, according to LMC Automotive. The 20.3 million new automobiles sold in China grew from 9.6 million in 2008, representing a CAGR of 20.5%, according to LMC Automotive.

### **Growth Drivers for the Automotive Industry**

The main factors driving the growth of China's automotive industry include the following:

*Increasing affluence.* China's economy has grown rapidly in the past decade. According to the National Bureau of Statistics of China, annual per capita disposable income of urban households more than tripled from RMB6,280 in 2000 to RMB24,565 in 2012. With increasing prosperity, durable consumer goods, including automobiles, have become more affordable to the Chinese consumers.

*Greater urbanization.* China's economic growth has been accompanied by rapid urbanization. According to the National Bureau of Statistics of China, urban population as a percentage of China's total population increased from 36% in 2000 to 53% in 2012. Urban expansion has led to an increase in travel distances for urban dwellers. As a result, automobiles are more in demand as a method of transportation.

*Large infrastructure investment.* China has invested extensively in transportation infrastructure. In 2012 alone, China built 131,100 kilometers of roadways, including 11,300 kilometers of highways, according to the Ministry of Transportation of China. As a result, automobiles have become an increasingly important form of transportation and have brought higher mobility to China's consumers.

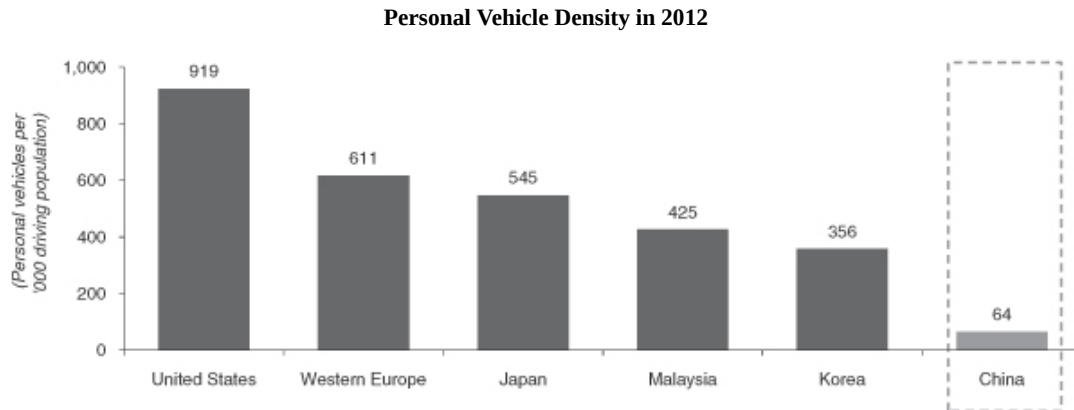
*Increasing affordability of automobiles.* The cost of automobiles has been steadily declining due to economies of scale achieved by automakers in China and intense competition, which has made automobiles more affordable to a larger proportion of China's population.

*Automobiles as a status symbol.* For a rising middle-class, individual automobile ownership is seen as an important status symbol among one's peers. According to the National Bureau of Statistics of China, the number of registered private passenger cars increased by 22.8% from 2011 to 2012, reaching 53.1 million.



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Furthermore, the automotive industry in China demonstrates significant growth potential as the personal vehicle density as measured by the number of vehicles per thousand driving population in China is considerably lower than in many developed and developing countries.



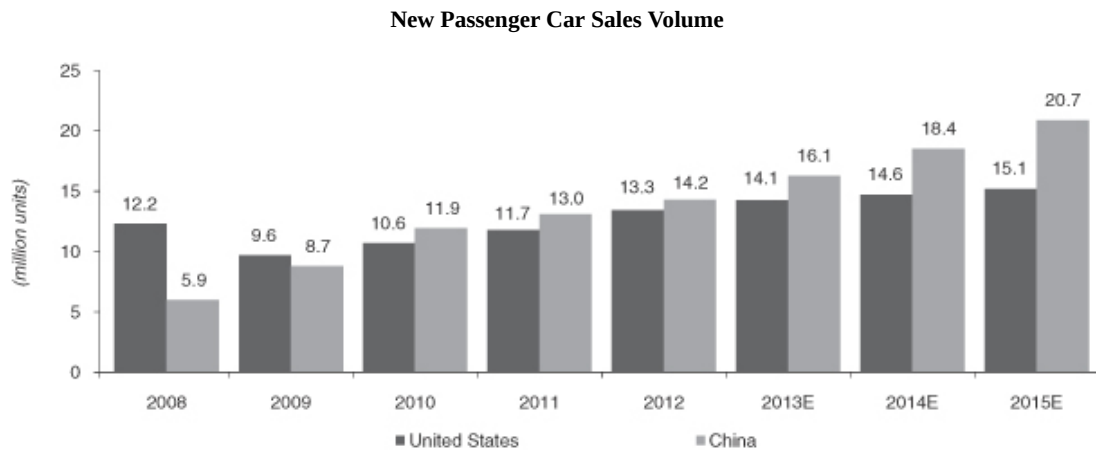
Source: LMC Automotive

### Automotive Industry Segments

China's automobile market is predominantly driven by new automobile sales. The used automobile market is expected to grow as the size and age of China's automobile fleet increase. At the same time, growth in automobile ownership has created growth opportunities in a range of related products and services.

#### New Automobile Market

China is already the largest new automobile market in the world in terms of annual sales volume, according to LMC Automotive. The number of new automobiles sold in China grew from 9.6 million in 2008 to 20.3 million in 2012, representing a CAGR of 20.5%. New passenger car sales in China were 14.2 million units in 2012 and are projected to grow to 20.7 million units by 2015, representing a CAGR of 13.3%, according to LMC Automotive. Automakers in China sell new automobiles mainly through franchised dealers.



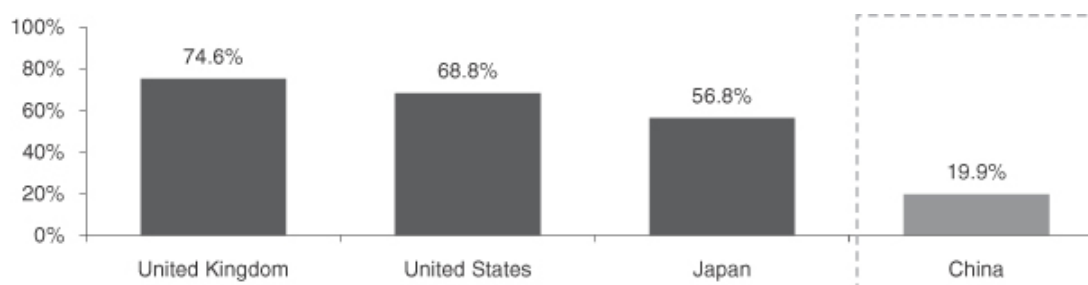
Source: LMC Automotive

### *Used Automobile Market*

The sales volume of China's used automobile market grew significantly from 1.5 million units in 2005 to an estimated 4.8 million units in 2012, and is expected to reach 36.4 million units in 2020, representing a CAGR of 28.8% from 2012 to 2020, according to the China Automobile Dealers Association.

China's used automobile market is still in its infancy, however, especially when compared to its own new automobile market or to the used automobile market in the U.S., as shown in the chart below. As the volume of new car sales continues to grow, the supply of used cars on the market will increase, driving the growth of this segment by providing a new group of consumers with the opportunity for car ownership. Given the fragmented nature of the used car market, access to reliable information on used cars, including model specifications, pricing and listings, is critical to the used car purchasing process.

**Used Automobile Sales Volume as a Percentage of Overall Automobile Sales Volume in 2012**



Source: Edmunds.com, Inc.

### *Auto-Related Products and Services Market*

The increase in automobile sales in China has been accompanied by a corresponding increase in auto-related products and services, which generally includes repair and maintenance services and the sales of automobile parts and automobile insurance. China's automobile repair industry revenue increased from US\$4.1 billion in 2008 to an estimated US\$6.5 billion in 2012, representing a CAGR of 12.4%, and is projected to reach US\$8.5 billion in 2015, according to IBIS World and All China Marketing Research. Revenue of the auto parts retail industry in China is estimated to total US\$31.4 billion in 2012, with a CAGR of 16.5% in the past five years, and is expected to reach US\$40.7 billion in 2015, according to the same source.

### **Key Participants in the Automotive Industry**

#### *Automakers*

There are approximately 80 major automakers in China. These automakers include international and domestic manufacturers and related joint ventures. Given the growth of the overall automotive industry, there is strong competition among automakers to maintain and increase individual market share.

#### *Automobile dealers*

The automobile dealer market in China is highly fragmented due to a large number of independent small dealers. It is estimated that over 33,000 dealers operate in the industry during 2012 and the combined market share of the top four dealer chains is forecast to be only about 12% in 2012, according to IBIS World and All China Market Research.

### **Internet Usage and Online Advertising in China**

China has the largest and one of the fastest-growing internet populations in the world, which increased from 298.0 million users at the end of 2008 to 564.0 million users at the end of 2012, representing a CAGR of 17.3%, according to the CNNIC. The number of people who have accessed the internet through mobile devices increased at an even faster rate from 117.6 million at the end of 2008 to 420.0 million at the end of 2012, representing a CAGR of 37.5%, according to the CNNIC.

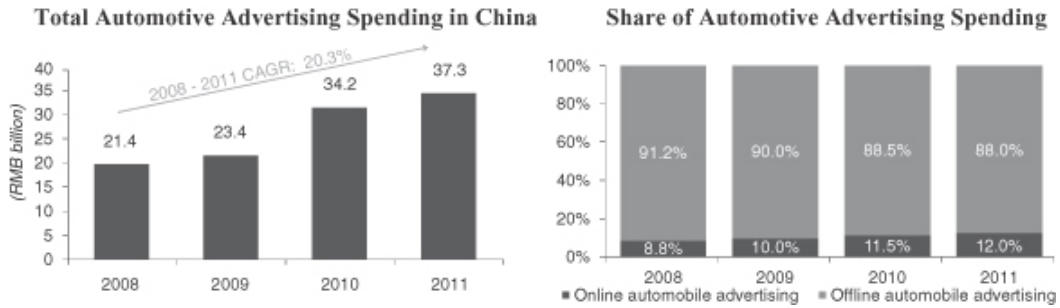
Significant growth potential remains, as the internet penetration rate in China was only 42.3% as of December 2012, compared to 81.0% in the United States, according to ITU, a market research body. With the expansion of broadband infrastructure in China and the increasing affluence of the urban population, internet usage is expected to continue to grow rapidly in the coming years. As a result, advertisers are increasingly focusing on the online advertising market. According to iResearch, the online advertising market grew to RMB32.6 billion in 2010 from RMB20.7 billion in 2009 and to RMB51.2 billion in 2011, representing a CAGR of 57.1% from 2009 to 2011.

### **Online Automotive Marketing**

China's large automobile and internet markets are developing in parallel, which is unique among the world's major economies. In addition, the majority of automobile buyers in China are first time buyers according to a recent survey conducted by CR-Nielsen in August 2011, or the Nielsen Survey. These first time buyers will naturally require in-depth automotive information before making a purchase decision. According to the Nielsen Survey, the internet is the most important source of automotive information and its influence on brand selection and purchase decision far exceeds that of traditional media. As a result, China's growing population of automobile consumers increasingly relies on the internet as its primary source of automotive information. Furthermore, nearly 90% of the participants responding to the Nielsen Survey said that the internet is their primary source of automotive information. China's automotive websites and automotive channels of internet portals have experienced rapid user growth as a result. According to iResearch, the average number of daily unique visitors to automotive websites and automotive channels of internet portals increased from 5.8 million in December 2008 to 25.7 million in June 2013. Internet users in China spent an aggregate of 20.9 million hours on automotive websites and automotive channels of internet portals in December 2008 and this number increased to 92.8 million hours in June 2013. The number of monthly page views of automotive websites and automotive channels of internet portals in China increased from 1.5 billion in December 2008 to 8.6 billion in June 2013.

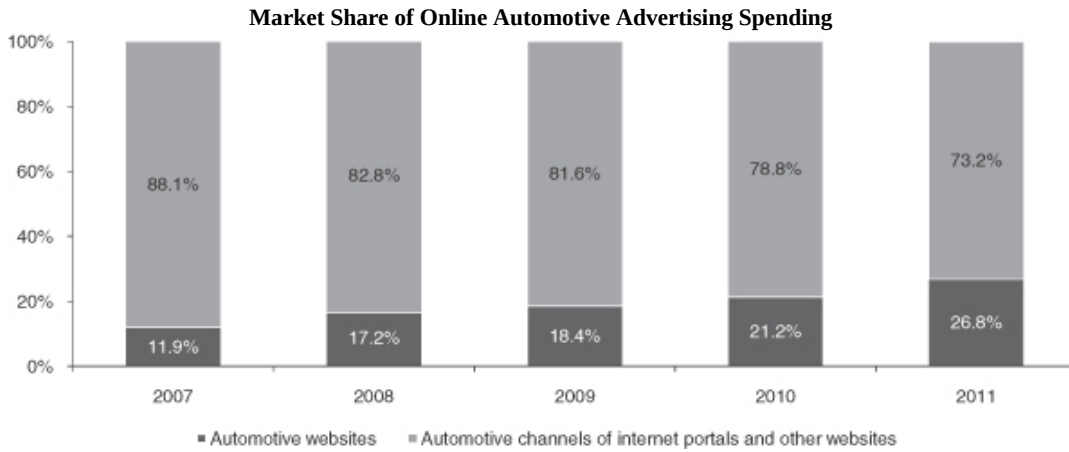
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With strong competition among automakers and dealers, the internet has become increasingly important as a medium to automobile advertisers. According to Nielsen, automakers and their franchise dealers, who are the dominant source of automotive advertising revenues in China, spent RMB4.5 billion on online advertising in 2011, representing a CAGR of 33.6% from RMB1.9 billion in 2008. Such spending increase outpaced their spending on traditional advertising media, including TV, print and radio, which grew at a CAGR of 18.9% during the same period. Total automotive advertising spending grew from RMB21.4 billion in 2008 to RMB37.3 billion in 2011, according to Nielsen. The ability of online advertising to directly target automobile consumers has allowed online advertising to gain an increasing share of total automobile advertising spending.



Source: Nielsen—CCData

Automotive websites have gained an increasingly larger share of the total online advertising spending of automakers and dealers, while the share of general internet portals has been decreasing, according to iResearch. The chart below demonstrates the increasing popularity of automotive websites as the online advertising platform for automakers and dealer advertisers.



Source: iResearch

## Key Drivers of Growth in Online Automotive Marketing Spending

We believe that several factors will likely continue to drive the growth of automobile related online advertising in China:

- *Auto sector growth.* As the volume of automobile sales continues to grow in China, industry participants along the value chain, from automakers to dealers to after-sales services, are expected to increase the amount of advertising spending to support growth.
- *Increasing competition.* As the automotive industry matures over time, competition for consumers will likely intensify. Advertising, both branded and promotional, will become increasingly important as manufacturers and service providers seek to differentiate themselves and win new customers versus competitors.
- *Growing need for targeted advertising.* The consumer targeting capabilities provided by online advertising will become increasingly important to advertisers seeking to enhance the effectiveness of their advertising campaigns. Online advertising allows brands to target users with relevant messages based on user behavior and preferences. Automotive websites, in particular, provide automakers with direct access to an audience likely to purchase automobiles in the near future and receptive to advertising messages.
- *Continued growth in online viewership.* The internet's popularity as a mass media channel for advertising will continue to grow in China as usage expands through the proliferation of internet enabled devices and through enhanced wireless and mobile internet access. As users spend more time on the internet, it will become an increasingly important marketing platform for advertisers as compared to other media.

We believe that internet advertising, particularly on automotive websites, provides effective advantages to automotive advertisers and that these advantages make online advertising budgets more resilient than other forms of advertising which may be less cost effective.

## BUSINESS

### Overview

We are the leading online destination for automobile consumers in China. Through our two websites, *autohome.com.cn* and *che168.com*, we deliver comprehensive, independent and interactive content to automobile buyers and owners. *Autohome.com.cn* ranked first among China's automotive websites and automotive channels of internet portals in terms of average daily unique visitors, average daily time spent per user and average daily page views in the six months ended June 2013, based on data published by iResearch. In the same period, *autohome.com.cn* accounted for approximately 46% of the total time that China's internet users spent viewing online automotive information, more than five times that of our closest competitor, according to iResearch. We have developed a strong and well-recognized brand. Our “汽车之家” (“Autohome”) brand has been the most searched automotive-related keyword during substantially the entire period since July 2011 on *Baidu.com*, the leading Chinese language internet search engine.

Our ability to reach a large and engaged user base of automobile consumers has made us a preferred platform for automakers and dealers to conduct their advertising campaigns. We generate substantially all of our revenues from online advertising services and dealer subscription services with automakers contributing the substantial majority of total net revenue. We have a high penetration rate in the automaker market, with approximately 80% of over 80 automakers operating in China having advertised on our websites in each of 2010, 2011, 2012 and the six months ended June 30, 2013. In addition, a large and rapidly growing number of dealers are purchasing our advertising services and subscription services, through which they showcase and market their inventories on our websites.

We believe our focus on user experience, innovation and high-quality content distinguishes us from our competitors and is the foundation for our long-term success. Content we provide to our users includes:

- *Professionally produced content.* We have a dedicated editorial team focusing on serving consumers throughout the automobile ownership lifecycle. We conduct independent and professional evaluations of vehicle models from our users' perspective, rather than relying only on information provided by automakers. Over the six months ended June 30, 2013, we published a daily average of approximately 600 articles, 1,200 photos and 10 video clips.
- *User generated content.* We have the largest and most active online community of automotive consumers in China, with over 7.0 million registered users and over 1,300 user forums as of June 30, 2013 and an average of 2.5 million daily unique visitors to our user forums in the six months ended June 30, 2013.
- *Automobile library.* We have one of the most comprehensive online automobile libraries in China with over 14,000 vehicle model configurations and over one million photos. We believe our automobile library covers all passenger car models released in China since 2005.
- *Automobile listing information.* We feature extensive and up-to-date listings of both new and used automobiles on our websites. As of June 30, 2013, we had over 2.3 million new automobile listings. We added approximately 125,000 used automobile listings in the six months ended June 30, 2013.

Our professionally produced and user generated content, comprehensive automobile library and extensive automobile listing information have attracted a large and engaged user base. This, in turn, represents a highly relevant audience that is receptive to automotive advertising. We believe that this user base, together with our nationwide advertising platform, targeted advertising solutions and value-added services, has led to our rapid growth and has laid the foundation for our continuing success.

We develop our business model and technology platforms around the consumer automobile ownership life cycle and our automaker and dealer customers' sales cycle. The consumer automobile ownership life cycle has

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the following stages: research, purchase, maintenance and replacement. The sales cycle of our customers has the following corresponding stages: pre-sale marketing and advertising, sales leads generation, after-market sales and replacement sales. Our current business mainly serves the research and purchase stages of the consumer automobile ownership life cycle and the pre-sale marketing and advertising and sales leads generation stages of our customers' sales cycle. We have been developing other services and technology platforms to capture additional revenue opportunities in the automobile maintenance and replacement stages of the consumer automobile ownership life cycle and the corresponding stages of our customers' sales cycle.

We have experienced significant rapid revenue growth while maintaining profitability. Our net revenues increased from RMB252.9 million in 2010 to RMB433.2 million in 2011 and RMB732.5 million (US\$117.6 million) in 2012, representing a CAGR of 70.2%. Our income from continuing operations increased from RMB80.4 million in 2010 to RMB135.4 million in 2011 and RMB212.9 million (US\$34.2 million) in 2012, representing a CAGR of 62.7%.

### **Our Strengths**

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors:

#### ***The leading online destination for automobile consumers in China with strong brand recognition***

We are China's leading online destination for automobile consumers. According to data published by iResearch, in the six months ended June 2013, our *autohome.com.cn* website ranked first in each of the following categories:

- *Daily unique visitors.* *Autohome.com.cn* had an average of 5.5 million daily unique visitors, more than any of our competitors;
- *Total time spent.* *Autohome.com.cn* accounted for approximately 46% of the total time China's internet users spent viewing online automotive information, more than five times that of our closest competitor;
- *Average time spent per user.* Our users spent an average of 15.5 minutes per day on *Autohome.com.cn*, approximately three times that of our closest competitor; and
- *Page views.* *Autohome.com.cn* received an average of 103.0 million daily page views, more than three times that of our closest competitor.

We have developed a strong brand that is well-recognized among internet users in China. Our “汽车之家” (“Autohome”) brand has been the most searched automotive-related keyword during substantially the entire period since July 2011 on *Baidu.com*, the leading Chinese language internet search engine. Over 60% of online automobile consumers in China know our *autohome.com.cn* website, higher than any other automotive websites or automotive channels of major internet portals, according to the Nielsen Survey.

#### ***User-centric and innovative culture driving a superior user experience***

Delivering a superior user experience is our highest priority. We aim to provide a superior user experience throughout the automobile ownership lifecycle, from automobile selection and purchase, to ownership and maintenance, and to eventual replacement. We believe that our user-centric approach is the foundation of our long-term success. To that end, we do not allow our advertisers to have any influence over our content rankings, such as our “Most-viewed Car Models,” which are generated solely from our user behavior data. We also clearly label sponsored content on our websites to maintain objectivity.

We seek to constantly innovate to improve our users' experience. Our innovations have focused on timely delivery of relevant and high-quality content to users. We have further improved our content delivery speed by

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maximizing the efficiency of our editorial process. We were the first in our industry in China to design our websites based on a dynamic database-driven structure, which enables users to efficiently access all relevant information contained in our database relating to a specific model on a dedicated webpage. We were among the first in our industry in China to introduce both iOS and Android-based applications to allow our users to easily access our websites and forums from mobile devices. Our content is made available to users via our easy-to-use interface, which we continue to improve based upon technological developments and user feedback. We continue to develop our user intelligence engine to prioritize content for users that is likely to be most relevant to them.

Our focus on user experience has garnered strong support and loyalty from our users. Approximately 80% of our users visit our website at least four times a week, according to the Nielsen Survey. We were independently chosen for numerous professional awards for which we did not submit ourselves or pay. Some of our awards are as follows:

- “Top Media Award—Leading Automotive Website in China’s Internet Market” award from the DCCI Internet Data Center in 2010, 2011 and 2012.
- “Most Innovative Marketing Campaign” award in 2012, from Marketing China magazine.
- “Most Satisfying Automotive Website” award in 2010 from San Fang Network Research, a subsidiary of the Computer Network Information Center of China Academy of Science.
- “China Automotive Informatization Achievement Award—Digital Marketing New Media” award from the China Information Industry Association in 2011, which was shared with several other major automotive related websites in China.
- “2011 Fast Growing Internet Product” award from iResearch Consulting Group.

### ***Comprehensive and high-quality content creating strong network effects***

We deliver comprehensive, independent and interactive automotive content to our users:

- *Professionally produced content.* We have a dedicated editorial team focusing on serving consumers throughout the automobile ownership lifecycle. We conduct independent and professional evaluations of vehicle models from the users’ perspective, rather than relying on information provided by automakers. Over the six months ended June 30, 2013, we published a daily average of approximately 600 articles, 1,200 photos and 10 video clips.
- *User generated content.* We have the largest and most active online community of automotive consumers in China, with over 7.0 million registered users and over 1,300 user forums as of June 30, 2013 and an average of 2.5 million daily unique visitors to our user forums in the six months ended June 30, 2013. Approximately 55% of our users post on our website at least twice a week, according to the Nielsen Survey.
- *Automobile library.* We have one of the most comprehensive online automobile libraries in China with over 14,000 vehicle model configurations and over one million photos. We believe our automobile library covers all passenger car models released in China since 2005. It includes a broad range of specifications, as well as manufacturers’ suggested retail prices. The scale of content in our automobile library, which we believe would require significant time and expense to replicate, makes it a valuable tool for our users in researching both new and used automobiles.
- *Automobile listing information.* Our websites feature extensive and up-to-date listings of both new and used automobiles. As of June 30, 2013, we had over 2.3 million new automobile listings. We added approximately 125,000 used automobile listings in the six months ended June 30, 2013.

Our professional produced content, active user community, comprehensive automobile library and extensive range of automobile listings have been instrumental in the growth of our user base. Our user growth is reinforced



by strong network effects. As our user base grows, so has our database of user generated content, which in turn has attracted more users. Furthermore, the virtuous cycle of our growing user base has also enhanced the effectiveness of our advertisements and the value of our advertising services, allowing us to attract more advertisers and increase revenues from existing advertisers.

#### ***Highly effective online automotive advertising platform***

We believe we have become a preferred platform for automakers and dealers to conduct their advertising campaigns due to the following factors, among others:

- *Broad user reach.* Our large and engaged user base provides advertisers with broad reach among automobile consumers. We ranked first among China's automotive websites and automotive channels of internet portals in 2012 in terms of average daily unique visitors, average daily time spent per user and average daily page views, according to iResearch. Over 90% of our users intend to buy a car and nearly 50% of our users intend to buy it within the next 12 months, according to the Nielsen Survey. They represent a highly relevant audience that is receptive to automotive advertising messages.
- *Targeted solutions.* Our advanced technologies allow us to segment our user base into numerous dimensions and categories, including by geographical location and specific automotive interests. We have the capability to place advertisements with audiences likely to be receptive to a specific advertisement, providing our advertisers with effective targeted advertising solutions.
- *Value-added services.* Leveraging our large user base and extensive user behavior data, we have developed a series of business intelligence services to improve advertisers' ability to evaluate the effectiveness of their advertisements and analyze the automotive market. For instance, we provide regular reports to advertisers detailing their "share of voice" on our websites, including the percentage of their information being viewed by users among all the user viewing activities on our websites. We also help automakers find competing models for their vehicle models based on the product- and photo-comparison behavior of our users. We believe that such data assists advertisers in their business planning and operations.
- *Nationwide platform with local focus.* In addition to our nationwide reach, we also provide tailored solutions to automobile dealers focused on their local markets. We have dedicated "city channels" covering over 370 cities across China. Through our city channels, our local sales teams, in conjunction with our professional editorial team, generate and deliver local content to our users. Because our city channels attract users interested in a particular city or geographical region, we provide dealers with an effective means to advertise sales promotions and other offline events, such as new model test-drives, as well as to generate highly relevant sales leads.

These factors make our websites a highly effective advertising platform. We believe that advertisements placed on our websites enjoy high click-through rates, and as a result, our advertisers often return to us for additional and larger campaigns. In each of 2010, 2011, 2012 and the six months ended June 30, 2013, approximately 80% of over 80 automakers operating in China were our advertising customers and contributed a substantial majority of our advertising services revenues.

#### ***Professional and proven management team backed by a strong strategic shareholder***

We benefit from the leadership of a strong management team with relevant professional work experience, proven execution capabilities and an extensive knowledge of China's online automotive information and advertising markets. Under the leadership of our senior management, we have successfully executed our growth strategies to become China's leading online destination for automobile consumers. Furthermore, we receive strong support from our major shareholder Telstra Holdings, a wholly-owned subsidiary of Telstra Corporation Limited, the leading diversified telecommunications company in Australia and a Fortune Global 500 company. Since its initial investment in our company in June 2008, Telstra has provided strategic guidance through its

representation on our board of directors and has assisted us in enhancing our corporate governance and setting our business strategies.

## **Our Strategies**

Our goal is to become the dominant player in China’s online automotive advertising market. We intend to achieve this goal by implementing the following strategies:

### ***Continue to attract and retain automobile consumers***

We intend to attract and retain the full spectrum of automobile consumers by pursuing the following initiatives:

- maintain and further improve the desirability of our service offerings by expanding our content, particularly in the auto-related products and services and used automobile sectors, to further assist users through the entire automobile ownership cycle;
- enhance the accessibility of our websites by developing and improving the delivery of our content through our websites and through the rapidly expanding number of internet-enabled mobile devices, such as smart phones and tablets; and
- extend our market reach by enhancing our brand recognition and brand affinity through targeted marketing campaigns to reach a broader universe of automobile consumers.

### ***Enhance user engagement***

We view ongoing investment in innovation as a core part of our growth strategy and we intend to enhance user engagement by pursuing the following initiatives:

- further integrate and expand our user interaction platform, allowing our users to obtain up-to-date information, exchange views and insights and follow other users, editors, automakers or products;
- take advantage of our large repository of user data to further enhance our user intelligence engine and other functions that can tailor our content to user preferences and usage behavior; and
- focus on our product development efforts to ensure that we provide user experience based on the latest technology.

### ***Increase our “share of wallet” from automakers***

We believe that increasing our share of automakers’ advertising budgets is important to our future revenue growth. We plan to take the following measures to increase our “share of wallet” from automakers:

- expand our advertising solutions and offerings to enable us to up-sell and cross-sell our services;
- enhance communications with advertising agencies to ensure that we provide high-quality customer service responsive to advertiser needs;
- explore performance-based pricing models, such as the “cost-per-thousand-impressions” model, to further ensure that our pricing reflects the effectiveness of our platform; and
- enhance our brand recognition and brand affinity through online and offline marketing activities to help promote our value proposition as an effective advertising platform.

***Expand and further monetize our dealer network***

We seek to expand our dealer network by increasing our penetration in existing geographic markets and entering into new ones, particularly second-tier and third-tier cities. We intend to expand and further monetize our dealer network by pursuing the following strategies:

- expand our sales team to cover more cities and increase the number of our dealer sales teams to maximize the conversion of our registered dealers into paying subscribers;
- increase our sales and marketing efforts focusing on large dealer chain groups and the regional offices of automakers to increase our “share of wallet” relative to other online media; and
- enhance our online dealer showroom functions and to improve our dealers’ ability to track inquiries from both PC and mobile devices, allowing us to attract dealers who historically have utilized traditional media for advertising services.

***Capitalize on our leading position to explore new opportunities***

We intend to explore opportunities to capitalize on our large and growing user base and content. In October 2011, we strategically reorganized our websites to better position us to capitalize on the anticipated growth of China’s used car market. We re-designed our *che168.com* website and converted it into a platform dedicated to used automobiles, including used-car content, listings and interactive features. We believe this strategy will provide us with additional monetization opportunities by expanding our services for the growing used-automobile market without requiring us to incur costs that would have varied materially from our historical development costs incurred in recent periods.

We also intend to expand our mobile internet services and explore monetization opportunities for our mobile internet services. We will continue to optimize the mobile version of our websites to display our content and develop new mobile applications to capture a greater number of users that access our services through mobile devices. For example, the numbers of our average daily unique smartphone users who access our websites via mobile devices amounted to 1.1 million in June 2013. As more and more advertisers are coming to realize the compelling opportunities inherent in mobile channel, we believe we will be able to gradually increase revenue contributions from our mobile internet services.

In addition, we will seek to increase our advertiser base by targeting new client groups along the automobile ownership lifecycle. We believe that auto-related products and services, such as car parts and accessories, offer significant market opportunities. We have been operating an automotive aftermarket services platform since late 2011 to capture these opportunities. We believe that our existing market presence, brand awareness and consumer base established by our existing services will enhance our competitiveness in these new markets.

***Our Business Model and Technology Platforms***

We are the leading online destination for automobile consumers in China. We serve two distinct groups: our large and engaged user base of automobile consumers and our customers that include automakers, dealers and other auto-related products and service providers. The consumer automobile ownership life cycle has the following stages: research, purchase, maintenance and replacement. The sales cycle of our customers has the following corresponding stages: pre-sale marketing and advertising, sales leads generation, after-market sales and replacement sales. Our business model and technology platforms seek to effectively link each stage of our users’ automobile ownership life cycle with the corresponding stage of our customers’ sales cycle.

We have built a successful “automotive vertical websites plus advertising” business model that mainly serves the research and purchase stages of the automobile ownership life cycle, while also satisfying the corresponding pre-sale marketing and advertising needs of our automaker and dealer customers. We have established a sophisticated automotive content delivery and advertisement management platform to deliver

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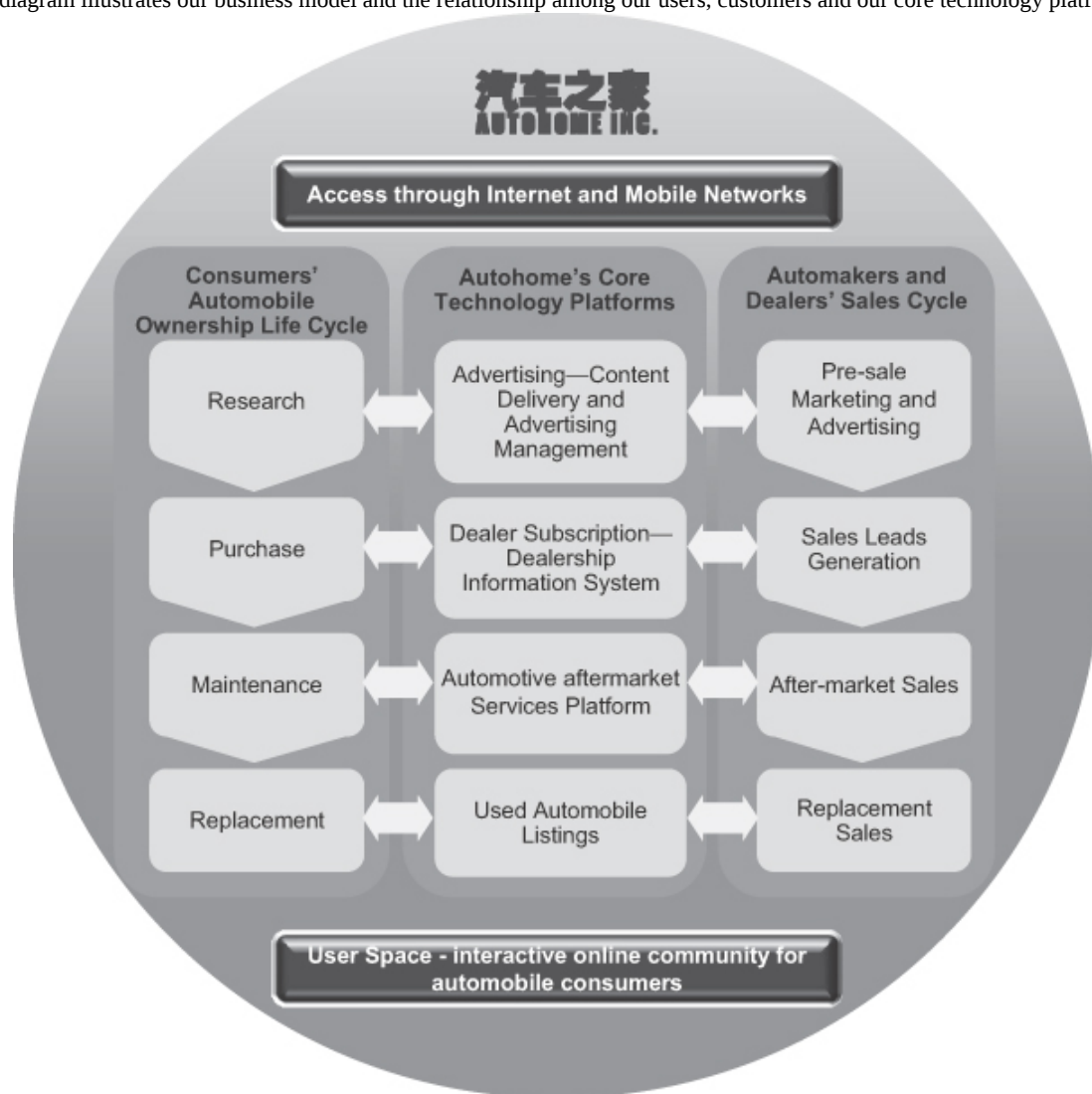
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comprehensive, independent and interactive content through our websites and user forums to automotive consumers, and provide advertising services to our automaker and dealer customers.

We have built several other technology platforms to capture additional revenue opportunities in connection with the remaining stages of the automobile ownership life cycle. For example, we have developed a dealership information system to support our dealership subscription services and generate sales leads when our users reach the purchase stage after going through the research stage. For the automobile maintenance stage, we rolled out an automotive aftermarket services platform in late 2011 that connects our users with national or local service providers and allows our users to research and schedule appointments for auto-related services. We charge commissions for successfully completed transactions originating from our aftermarket service platform. We developed a used automobile listing platform underlying our dedicated used car website *che168.com*, which targets the automobile replacement stage by allowing both used automobile dealers and individuals to list their used automobiles on our websites. As of June 30, 2013, we had not generated material revenues from services in connection with our automotive aftermarket services platform or our used automobile listing platform.

Over the past several years, we have developed the largest and most active online community of automobile consumers in China. We have continued to add new features to our User Space, an integrated user interactive platform, to allow our users to customize and enhance their experience on our *autohome.com.cn* and *che168.com* websites. Our User Space serves as a hub that connects our users to all our technology platforms.

The following diagram illustrates our business model and the relationship among our users, customers and our core technology platforms:



### Our Services for Automobile Consumers

Our service offerings for users mainly include our high performance websites, our professional and user generated content, our User Space interactive platform and our automotive aftermarket services platform, all of which can be accessed through both the internet and mobile networks.

### Our Websites

Our user-centric approach has successfully attracted the largest user base of automobile consumers in China to our websites. According to iResearch, *autohome.com.cn* had an average of 5.5 million unique visitors per day

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in the six months ended June 30, 2013, more than any of our competitors. On average, our users spent 15.5 minutes per day on *autohome.com.cn*, approximately three times that of our closest competitor. Our users are significantly more affluent, well-educated and active than the general internet users in China. The average monthly personal income of our users was RMB9,711 as opposed to RMB1,997 for general internet users in China according to the Nielsen Survey. Approximately 74% of our users held post-secondary degrees and above and 96% of our users were between the ages of 20 and 49, according to the Nielsen Survey, compared to 23% and 66%, respectively, for the general internet users in China, according to the CNNIC. Our *autohome.com.cn* website targets a wide spectrum of automobile consumers with a focus on new automobiles. To capitalize on the growing used automobile market in China, we redesigned our *che168.com* website, which in the past had features and user base similar to our *autohome.com.cn* website, to focus on used automobiles. The re-designed *che168.com* website was launched in October 2011.

Most of the content on our websites is tagged by vehicle models to facilitate easy user access. We have developed and are continuing to improve our user intelligence engine to analyze user browsing behavior and prioritize content that the user is likely to find relevant and interesting. A user who searches for or navigates to a page for a specific vehicle model will be provided with links to relevant content such as vehicle specifications, photos and video clips, reviews, competing vehicle models, and listing and promotional information from local dealers. Users can easily compare competing vehicle models and brands for price and specifications to make informed purchase decisions. In addition, these user behavior data are summarized and analyzed on a regular basis to improve user experience and provide consumer intelligence to our advertisers.

To provide a superior experience to our users, we label sponsored content clearly to maintain objectivity. We do not allow our advertisers to have any influence over our content rankings, such as our “Most-Viewed Models,” which are generated solely from data relating to the number of times users navigate to the relevant pages. We do not use distracting pop-up advertisements which may adversely affect user experience.

### **Our Content**

The foundation of both *autohome.com.cn* and *che168.com* websites is a large amount of professionally produced content, a comprehensive automobile library and extensive automobile listing and promotional information organized around our automotive information database. In addition, our automotive information database includes a significant amount of user generated content originating from our user forums.

#### *Professionally produced content*

Our professionally produced content is created by our dedicated editorial team and includes automobile-related articles and reviews, pricing trends in various local markets, and photos and video clips. This content covers topics throughout the automobile ownership lifecycle, from automobile research, selection and purchase to ownership and maintenance and to eventual replacement. Our review writers obtain first-hand experiences by test-driving many newly released vehicle models provided by various automakers. Our editorial team at our Beijing headquarters and sales offices located in 58 cities throughout China work closely with automakers, dealers and other industry participants to create automobile related articles. Although automakers may provide us with sample vehicles to test drive, we review all new automobiles independently, based upon our teams’ experience and from our users’ perspective.

Over the six months ended June 30, 2013, we published a daily average of approximately 600 articles, 1,200 photos and 10 video clips. We follow well-developed guidelines in creating and publishing professional content with attention to details, such as the angles of photos, image sizes and the time between industry events and the relevant article publication. These practices enable us to streamline our editorial process and quickly and efficiently make national and local content available to our users, while ensuring that we maintain high quality standards and a consistent user experience.

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### *Automobile library*

We have one of the most comprehensive automobile libraries within our industry in China with over 14,000 vehicle model configurations and over one million photos. We believe our automobile library covers all passenger car models released in China since 2005. It includes a broad range of specifications covering performance levels, dimensions, powertrains, vehicle bodies, interiors, safety, entertainment systems and other unique features, as well as manufacturers' suggested retail prices. The scale of content in our automobile library, which we believe would require significant time, expertise and expense to replicate, makes it a valuable tool for our users in researching both new and used automobiles.

### *Automobile listings*

Our database also includes a large amount of new and used automobile listings and promotional information. As of June 30, 2013, we had over 2.3 million new automobile listings. We added approximately 125,000 used automobile listings to our websites in the six months ended June 30, 2013. With the comprehensive and continuously updated listing information, users can conveniently search for up-to-date information of automobile models without having to visit each individual dealer at their local showrooms.

### *User forums and user generated content*

Our platform hosts an open and vibrant community of automobile consumers, from first-time buyers to sophisticated automobile enthusiasts. Our user community centers around our discussion forums, which are organized based on vehicle models, cities and regions, and provides users an easy and intuitive way to access various topics of interest. Registered users utilize our discussion forums to share a wide range of automotive experiences such as driving experiences and usage and maintenance tips. Users also frequently provide reviews of automobiles or automotive products and services, post questions and receive answers from fellow forum members. Approximately 55% of our users post on our website at least twice a week, according to the Nielsen Survey.

We strive to ensure the credibility, appeal and usefulness of our forums by identifying verified automobile owners and empowering selected registered users as forum moderators. Our verified automobile owners are registered users whose vehicle ownership have been confirmed through various channels. Our forum moderators are generally active registered users with significant forum post counts whom we have identified as being reputable automobile enthusiasts within our online community.

Our registered users increased by more than 1.0 million in the six months ended June 30, 2013 with 70 million additional pieces of user generated content added to our user forums during this period. As of June 30, 2013, we had over 7.2 million registered users and 378 million cumulative posts in our user forums. As our user base has grown and our user engagement and forum activity has increased, our database of user generated content has expanded, which in turn has attracted more users. Furthermore, the virtuous cycle of our growing user base has also enhanced the effectiveness of our advertisements and therefore the value of our advertising services, allowing us to attract more advertisers and increase revenues from existing advertisers.

### ***Our User Space***

Our "User Space" is an integrated user interaction platform that allows our large and active online community of automobile consumers to customize and enhance their experience on our *autohome.com.cn* and *che168.com* websites across the entire automobile ownership life cycle. Our User Space serves as a hub that connects our users to all our technology platforms. By creating a User Space, a user can establish a personalized profile that includes the specific automobile models they own or are interested in and establish a dedicated and customized space to store the forum posts, articles, photos and other content that the user finds relevant or interesting. The user can follow friends, experts or products in which he or she is interested, express views in

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user forums and initiate or participate in questions and answers sessions with other users. The user will be able to list used automobiles for sale through our used automobile listing services and access our automotive aftermarket services platform within the User Space. The user can interact with dealers, repair or maintenance service providers, find bargains, negotiate transactions and provide real-time feedback on the service providers. We plan to continue to develop and enhance our User Space platform to further solidify strong, loyal and long-term relationships with our users.

### ***Our Mobile Websites and Applications***

We have made significant efforts in recent years to optimize the mobile version of our websites to display our content and develop new mobile applications to capture a greater number of users that access our services through mobile devices. For example, the numbers of our average daily unique smartphone users who access our website via mobile devices amounted to 1.1 million in June 2013. We were among the earliest in our industry in China to introduce both iOS- and Android-based applications to allow our users to easily access our content. As of June 30, 2013, we had developed six iOS-based mobile applications and six Android-based mobile applications. Our mobile applications have generated significant user interest. In the first half of 2013, our iOS- and Android-based mobile applications were downloaded approximately 2.5 million times and the number of average daily unique users of our mobile applications amounted to approximately 0.9 million in June 2013. Users can conveniently enjoy features available on our websites from their mobile devices, such as reading articles, checking vehicle prices and model parameters, viewing pictures, and participating in forum discussions. In addition, through GPS enabled mobile devices, our services enable users in more than 336 cities to obtain vehicle pricing information directly from their nearby dealers.

### **Our Advertising Services for Automakers and Dealers**

Leveraging our large and rapidly growing user base and utilizing the user intelligence data we have collected, we provide our advertisers with a broad range of advertising solutions and tools. Our advertisers are comprised primarily of automakers and new automobile dealers. As millions of consumers visit our websites for automotive information, we have become an increasingly important medium for automakers and dealers to conduct their advertising campaigns.

Automakers typically utilize our advertising services for brand promotion, new model releases and sales promotions. We believe we are well-positioned to provide solutions to meet all of these needs. Our large and growing automobile purchase- and ownership-oriented user base provides a broad reach for automakers' marketing messages. Our automotive content delivery and advertisement management platform allows us to segment our user base in a number of different dimensions, including by users' geographical location and specific automotive interests, and enables us to place advertisements with targeted audiences likely to be receptive to particular advertising messages.

Leveraging our large user base and extensive forum posting data, we provide automakers with more reliable and timely business insights than traditional customer surveys or other post-sales feedback channels. For instance, we analyze user posts in our forums to evaluate consumer response. In addition, we organize various types of offline national or local events for our automaker and dealer customers through our online marketing campaigns and user forum activities to complement our advertising services and dealer subscription services. For example, we help automakers increase their brand awareness and execute sales promotions by organizing large-scale test driving activities for specific automobile models in multiple cities across China. Users can conveniently participate and interact with automaker representatives through our forums.

### **Dealer Subscription Services**

Our dealer subscription services allow dealers to market their inventory and services through our websites, extending the reach of their physical showrooms to potentially millions of internet users in China and generating sales leads for them. Our dealer subscription services are delivered through our dealership information system on



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a fixed-fee basis, typically for a period of one year. Through the web-based interface of our dealership information system, dealers can create online showrooms hosted on our websites and upload and manage their automobile inventories, pricing and promotional information. Potential automobile purchasers can interact with our dealer subscribers online or through toll free numbers provided by us to inquire for more detailed information and schedule test drives. Our dealer subscribers can track all the interactions with their customers originating from our websites, analyze the number of sales leads and assess the effectiveness of their marketing activities.

In the first quarter of 2012, we launched a trial version of our automobile consumers trend analysis service for our automaker and dealer customers that helps them analyze data in specific geographic markets such as consumer purchasing behavior characteristics and their brand strength in comparison to that of their competitors. We believe the consumer intelligence gathered from our large user base reflects the current automotive market trends in China and provides excellent market insight to our automaker and dealer customers. We continue to develop our dealer subscription services and plan to implement additional services in the future, which we believe will allow us to reach additional dealers by enabling us to offer basic and advanced subscriptions at different price levels.

We also offer some basic functions of our dealer subscription services to automobile dealers for free. Registered dealers can create their online showrooms and upload inventory and pricing information on our websites. However, their listings have lower priority than those of our dealer subscribers when being displayed in response to users' inquiry and do not have the user interaction features. We believe that these free services allow more dealers to understand and appreciate the benefits our subscription services may bring to them, which helps us convert them into paying subscribers.

### **Automotive Aftermarket Services Platform**

Our large and rapidly growing automotive-oriented user base has attracted an increasing number of providers of auto-related services to our websites. We have sought to capitalize on this trend to better fulfill our goal of serving users throughout the automobile ownership life cycle. In addition to expanding our online advertisement offerings to include these service providers, in late 2011 we launched an automotive aftermarket services platform that connects our users with national or local service providers. This platform integrates services descriptions and pricing information into an easily accessible database, through which our users can identify and research local automobile services shops, schedule various services with them through our toll-free telephone numbers, and provide real-time feedback on the service providers. These service providers can also use this platform to manage their service offering information. We charge these service providers commissions for successful transactions originating from this platform. These services do not currently contribute a material portion of our total net revenues.

### **Used Automobile Listings**

We launched our used automobile listing platform in late 2009. Our used automobile listings services allow used automobile dealers and individuals to market their automobiles for sale on our websites. Our used automobile listing database has been expanding rapidly. We added approximately 125,000 used automobile listings to our database in the six months ended June 30, 2013.

Because the used automobile market remains at a nascent stage of development, we do not currently charge a fee for our used automobile listing services and do not expect to generate significant revenue from our used automobile listing services in the near term.

In an effort to capitalize on the used automobile market as it matures, in October 2011, we redesigned our *che168.com* website as a platform dedicated to used automobiles. The redesigned website features content, listings and interactive functionality similar to our *autohome.com.cn* website, but focuses primarily on used automobiles.

## **Our Advertisers and Subscribers**

The vast majority of our current end customers are automakers or new automobile dealers. In each of 2010, 2011, 2012 and the six months ended June 30, 2013, approximately 80% of over 80 automakers in China, which include independent Chinese automobile manufacturers, joint ventures between Chinese and international automobile manufacturers and international automobile manufacturers that sell their cars made outside of China, purchased online advertisements from us. Our top five advertisers, all of whom were automakers, contributed 20.4%, 19.5% and 20.0% of our total net revenues in 2010, 2011 and 2012, respectively. No single automaker contributed more than 10% of our revenues in 2010, 2011 and 2012. In addition, a large number of automobile dealers utilize our online advertising services to improve their brand awareness, promote their inventories and generate sales leads. We also offer automobile dealer subscription services to enable dealers to establish and maintain online showrooms of automobiles with pricing and promotional information on *autohome.com.cn*.

As is customary in China, we sell our advertising services and solutions primarily through third-party advertising agencies that represent the automakers and dealers. Our top ten advertising agencies accounted for 62.1%, 55.4% and 51.7% of our total net revenues in 2010, 2011 and 2012, respectively. In 2010, 2011 and 2012, our largest agency accounted for 12.3%, 10.0% and 9.0% of our total net revenues, respectively. No other agency accounted for more than 10% of our total net revenues in these periods. We typically enter into individual advertising agreements with the third-party advertising agencies. Depending on the type of advertiser and content, the duration of an advertising agreement ranges from one to twelve months, with the majority being one to three months. We typically require payment be made within 90 days after the delivery of our services, but for contracts that last for three months or longer, installment payments are typically required. Our agreements with certain major advertising agencies contain a “most-favored price term” provision, through which we undertake to provide the advertising agencies with the best price we give to any other agencies or advertisers.

Although we sell our advertising services and solutions to third-party advertising agencies, we consider the automakers and dealers, who are the main decision makers as to whether to place advertisements on our websites, to be our end-customers. As a result, our sales efforts focus primarily on automakers and dealers. However, through direct contact between our sales team, advertisers and advertising agencies, we are able to maintain good relationships with existing advertisers and their advertising agencies, which in turn may identify and refer new advertisers to us. See “—Our Services for Automakers and Dealers.”

## **Technology and Product Development**

Our technologies and infrastructure are critical to our success. We follow a user-centric strategy for our system architecture and have developed robust and scalable technology platforms with sufficient flexibility to support our rapid growth.

A key component of our user-centric strategy is our user intelligence engine which we have developed and are continually enhancing. Our user intelligence engine allows us to rapidly gather user intelligence by analyzing large amounts of data from many sources throughout our content production system. We can utilize such user intelligence data to personalize user interfaces, associate and understand the relationship of information from different sources and facilitate interactions among users and various elements on our websites. It also helps us recommend suitable products, services and user connections to our users. Through our user intelligence engine, we can engage our users more closely by providing them with relevant content. We are also able to provide precision marketing services to our automakers, dealers and other automotive related customers so that they can deliver relevant advertisements to targeted users who are more receptive to such marketing information.

We distribute our web content to numerous network nodes close to our users by utilizing a third-party content delivery network, allowing most of our user communications to bypass internet congestion. With our technological expertise, we manage third-party and in-house content delivery networks to enhance our website responsiveness and to improve user experience. As such, we believe our websites have a performance advantage over other automotive websites.

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We invested heavily in mobile technologies and were among the earliest in our industry in China to introduce mobile version of our websites and both Apple iOS- and Android-based applications to allow our users to easily access our content. We have built up a team of 44 research and development personnel as of June 30, 2013 to focus exclusively on the development of our mobile websites and applications and exploring new business models and opportunities through mobile technology. We plan to continue to leverage our mobile technology to develop more applications for Apple iOS- and Android platforms focusing on convenience, real-time interaction and location based services.

We had an experienced product development team of 207 engineers as of June 30, 2013. Our past innovation has focused on helping users research, select and purchase suitable automobiles through our websites. We plan to develop additional products and services to further explore the additional business opportunities inherent in the maintenance and replacement stages of the automobile ownership cycle.

### **Sales and Marketing**

Our nationwide in-house sales team of sales representatives sells our services to advertisers. As of June 30, 2013, we had 552 sales and marketing representatives operating our physical sales office network spanning 58 cities across China and visiting customers in an additional 59 satellite cities, a significant increase from December 31, 2009, when we had physical sales offices in 17 cities. We have a prudent expansion plan and we typically only open new physical sales offices in a city after we have already established a sufficient customer base in the area. In cities where we have do not yet have a customer base, we provide sales coverage by telephone. Our Beijing-based telephone sales team provided sales coverage to other cities of our city channels in which we did not maintain physical offices as of June 30, 2013. Our sales team also provides ongoing customer support to advertisers and dealer subscribers. We plan to expand our sales and marketing efforts into second- and third-tier cities that we believe are under-served markets with significant opportunities for new automobile sales growth.

Our sales team is equipped with specialized automotive industry knowledge and expertise, understands our customers' needs and are trained to help them develop their advertising strategies. Sales employees work directly with our advertisers and advertising agencies that represent advertisers. Our sales teams also maintain close relationships with our dealer customers by, among other things, providing continuing training, support and ongoing customer service for our dealer subscriptions services.

Compensation for our salespeople includes a base salary and incentives based on the sales revenues they generate. We provide regular in-house and external education and training to our sales team to help them provide current and prospective customers with information on, and the advantages of using, our services. We believe that our performance-linked compensation structure and career-oriented training help to retain and motivate our salespeople.

We believe brand recognition is important to our ability to attract users. In the past, we have relied on word-of-mouth marketing, which has driven our brand recognition to date. Our limited marketing efforts to date have focused on website directory listing services and search engine optimization efforts to acquire and retain our leading position in terms of user reach.

### **Intellectual Property**

Our intellectual property includes trademarks and trademark applications related to our brands and services, software copyrights, trade secrets and other intellectual property rights and licenses. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures.

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We hold 汽车之家® and 车之家® (both mean “auto home” in English) and “AUTOHOME®” trademarks in China. In addition, we currently hold 31 pending trademark applications and 35 registered software copyrights in China. We have 13 registered domain names, including our main website domain names, *autohome.com.cn* and *che168.com*. We have 14 pending patent applications.

### Competition

We compete with China’s automotive websites, such as *pcauto.com.cn* and *bitauto.com*, automotive channels of major internet portals, such as Sina and Sohu, and traditional forms of media such as television and magazines. We compete primarily on the basis of user traffic, user engagement and brand recognition, which drive the acquisition and retention of automakers and dealers as advertisers and their spending on our advertising services. We re-designed our *che168.com* website in October 2011 and converted it into our dedicated used car platform. Our re-designed *che168.com* website faces competition from other used car websites, such as *51auto.com* and *taoche.com*. Competition will be centered on factors similar to those affecting our current automotive advertising and dealer subscription services. See “Risk Factors—Risks Related to Our Business and Industry—We face significant competition, and if we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be materially and adversely affected.”

### Employees

We had 354, 547, 912 and 1,028 employees as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The following table sets forth the number of our employees by function as of June 30, 2013:

<u>Functional Area</u>	<u>Number of Employees</u>
Sales and marketing	552
Content and editorial	189
Product development	207
Management and administrative	80
Total	<u>1,028</u>

Through a combination of short-term performance evaluations and long-term incentive arrangements, we intend to build a competent, loyal and highly motivated workforce. We have not experienced any work stoppages due to labor disputes.

### Facilities

Our corporate headquarters is located in Beijing, China, where we lease office space with an area of approximately 6,140 square meters. We generally make rental payments on a monthly basis. In addition, we also lease office space in 57 cities for our representative offices, including regional operation centers in Shanghai and Guangzhou in China. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. The hosting services agreements typically have a term of one year. We believe that our current facilities are adequate and that we will be able to obtain additional facilities, principally through leasing, to accommodate any future expansion plans.

### Legal Proceedings

From time to time, we may be subject to various claims and legal actions that arise in the ordinary course of our business. There are currently no legal proceedings that, in the opinion of our management, may have a material adverse effect on our business and results of operations.

## REGULATION

This section summarizes the principal PRC laws and regulations relevant to our business and operations.

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

On September 25, 2000, the State Council promulgated the Telecommunications Regulations, or the Telecom Regulations, which draw a distinction between “basic telecommunication services” and “value-added telecommunication services.” Internet content provision services, or ICP services, is a subcategory of value-added telecommunications businesses. Under the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the MIIT or its provincial level counterparts.

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services, or the Internet Measures. According to the Internet Measures, commercial ICP service operators must obtain an ICP License from the relevant government authorities before engaging in any commercial ICP operations within the PRC. In November 2000, the MIIT promulgated the Administrative Measures on Internet Electronic Messaging Services, or the BBS Measures. BBS services include electronic bulletin boards, electronic forums, message boards and chat rooms.

On March 1, 2009, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating License, or the Telecom License Measures, which took effect on April 10, 2009. The Telecom License Measures set forth the types of licenses required to operate value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, an ICP operator providing value-added services in multiple provinces is required to obtain an inter-regional license, whereas an ICP operator providing the same services in one province is required to obtain a local license.

To comply with these PRC laws and regulations, both of our ICP operators, Autohome Information and its wholly-owned subsidiary, Hongyuan Information, hold ICP licenses.

### **Restrictions on Foreign Ownership in Value-Added Telecommunications Services**

According to the Provisions on Administration of Foreign Invested Telecommunications Enterprises, or the FITE Provisions, promulgated by the State Council on December 11, 2001 and amended on September 10, 2008, the ultimate foreign equity ownership in a value-added telecommunications service provider must not exceed 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunication business in China, it must demonstrate a good track record and experience in operating value-added telecommunications services. Foreign investors that meet these requirements must obtain approvals from the MIIT and the Ministry of Commerce or its authorized local branches, and the relevant approval application process usually takes six to nine months.

On July 13, 2006, the MIIT issued the Notice of the MIIT on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services. This notice prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this notice, either the holder of a value-added telecommunication business operating license or its shareholders must legally own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunication service providers are required to maintain network and internet security in accordance

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with the standards set forth in relevant PRC regulations. If a license holder fails to comply with the requirements in the notice and cure such non-compliance, the MIIT or its local counterparts have the discretion to take measures against such license holders, including revoking their valued-added telecommunication business operating licenses.

To comply with these PRC regulations, we operate our websites through our VIEs, Autohome Information and its wholly-owned subsidiary Hongyuan Information. Autohome Information is currently 68% owned by Xiang Li, 24% owned by Zheng Fan and 8% owned by James Zhi Qin, all of whom are PRC citizens. Both Autohome Information and Hongyuan Information hold ICP licenses.

### **Regulations on Internet Content Services**

The National People's Congress has enacted laws with respect to maintaining the security of internet operation and internet content. According to these laws, as well as the Internet Measures, violators may be subject to penalties, including criminal sanctions, for internet content that:

- opposes the fundamental principles stated in the PRC constitution;
- compromises national security, divulges state secrets, subverts state power or damages national unity;
- harms the dignity or interests of the state;
- incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
- undermines the PRC's religious policy or propagates heretical teachings or feudal superstitions;
- disseminates rumors, disturbs social order or disrupts social stability;
- disseminates obscenity or pornography, encourages gambling, violence, murder or fear or incites the commission of a crime;
- insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or
- is otherwise prohibited by law or administrative regulations.

ICP operators are required to monitor their websites. They may not post or disseminate any content that falls within these prohibited categories and must remove any such content from their websites. The PRC government may shut down the websites of ICP license holders that violate any of the above-mentioned content restrictions, order them to suspend their operations, or revoke their ICP licenses. These laws and regulations apply to the websites we operate through our VIEs.

### **Regulations on Internet Privacy**

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. The PRC law does not prohibit ICP operators from collecting and using personal information from their users with the users' consent. However, the Internet Measures prohibit an ICP operator from insulting or slandering a third party or infringing the lawful rights and interests of a third party. Pursuant to the BBS Measures, ICP operators that provide electronic messaging services must keep users' personal information confidential and must not disclose such personal information to any third party without the users' consent or unless required by law. The regulations further authorize the relevant telecommunications authorities to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability if the unauthorized disclosure results in damages or losses to users. The PRC government, however, has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet. On December 29, 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Services, effective as of March 15, 2012. It stipulates that ICP operators may not, without a user's consent, collect the user's information that can be used

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alone or in combination with other information to identify the user and may not provide any such information to third parties without the user's prior consent. ICP operators may only collect users' personal information that is necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and using of such personal information. In addition, an ICP operator may only use users' personal information for the stated purposes under the ICP operator's scope of service. ICP operators are also required to ensure the proper security of users' personal information, and take immediate remedial measures if users' personal information is suspected to have been inappropriately disclosed. If the consequences of any such disclosure are expected to be serious, ICP operators must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations. On December 28, 2012, the Standing Committee of the National People's Congress of the PRC issued the Decision on Strengthening the Protection of Online Information. Most requirements under this decision relevant to ICP operators are consistent with the requirements already established under the MIIT provisions discussed above, but are often stricter and broader. Under this decision, ICP operators are required to take such technical and other measures necessary to safeguard the information against inappropriate disclosure. To further implement this decision and relevant rules, MIIT issued the Regulation of Protection of Telecommunication and Internet User Information on July 16, 2013, which will become effective on September 1, 2013.

To comply with these laws and regulations, we require our users to accept a user terms of service whereby they agree to provide certain personal information to us, and have established information security systems to protect users' privacy.

### **Regulations on Advertisements**

The PRC government regulates advertising, including online advertising, principally through the SAIC, although there is no PRC law or regulation at the national level that specifically regulates the online advertising business. Prior to November 30, 2004, in order to conduct any advertising business, an enterprise was required to hold an operating license for advertising in addition to a relevant business license. On November 30, 2004, the SAIC issued the Administrative Rules for Advertising Operation Licenses, effective as of January 1, 2005, granting a general exemption to this requirement for most enterprises (other than radio stations, television stations, newspapers and magazines, non-corporate entities and entities specified in other regulations). Because Autohome Information and its subsidiaries, Shanghai Advertising and Guangzhou Advertising qualify for the exemption noted above, they are not required to hold an advertising operation license.

Under the Rules for Administration of Foreign Invested Advertising Enterprises, which were jointly promulgated by the SAIC and the Ministry of Commerce on August 22, 2008, certain foreign investors are permitted to hold direct equity interests in PRC advertising companies if certain conditions as discussed below are met. A foreign investor in a Chinese advertising company is required to have previously had direct advertising operations as its main business outside of China for two years if the Chinese advertising company is a joint venture, or three years if the Chinese advertising company is a wholly foreign-owned enterprise. Since our offshore holding companies have not been involved in the advertising industry outside of China for the required number of years, we are not permitted to hold direct equity interests in PRC companies engaging in the advertising business. Therefore, we conduct our advertising business through two subsidiaries of Autohome Information, namely Autohome Advertising and Chengshi Advertising, and Shanghai Advertising and Guangzhou Advertising.

Advertisers, advertising operators and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the

misleading information. In circumstances involving serious violations, the SAIC or its local branches may order the violator to terminate its advertising operation or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties. To comply with these laws and regulations, we include clauses in our advertising contracts requiring that all advertising content provided by advertisers must comply with relevant laws and regulations. Prior to website posting, our staff reviews advertising materials to ensure there is no violent, pornographic or any other improper content, and will request the advertiser to provide government approval if the advertisement is subject to special government review.

### **Regulations on Broadcasting Audio/Video Programs through the Internet**

On July 6, 2004, the SARFT promulgated the Rules for the Administration of Broadcasting of Audio/Video Programs through the Internet and Other Information Networks, or the A/V Broadcasting Rules. The A/V Broadcasting Rules apply to the launch, broadcasting, aggregation, transmission or download of audio/video programs via televisions, mobile phones and the internet and other information networks. Anyone who wishes to engage in internet broadcasting activities must first obtain an audio/video program transmission license, with a term of two years, issued by the SARFT and operate pursuant to the scope as provided in such license. Foreign invested enterprises are not allowed to engage in the above business.

On April 13, 2005, the State Council announced Several Decisions on Investment by Non-state-owned Companies in Culture-related Business in China. These decisions encourage and support non-state-owned companies to enter certain culture-related business in China, subject to restrictions and prohibitions for investment in audio/video broadcasting, website news and certain other businesses by non-state-owned companies. These decisions authorize the SARFT, the Ministry of Culture and the General Administration of Press and Publication to adopt detailed implementation rules according to these decisions.

On December 20, 2007, the SARFT and the MIIT jointly issued the Rules for the Administration of Internet Audio and Video Program Services, commonly known as Circular 56, which came into effect as of January 31, 2008. Circular 56 reiterates the requirement set forth in the A/V Broadcasting Rules that online audio/video service providers must obtain an “internet audio/video program transmission license” from the SARFT. Furthermore, Circular 56 requires all online audio/video service providers to be either wholly state-owned or state-controlled companies. According to relevant official answers to press questions published on the SARFT’s website dated February 3, 2008, officials from the SARFT and the MIIT clarified that online audio/video service providers that already had been operating lawfully prior to the issuance of Circular 56 may re-register and continue to operate without becoming state-owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to online audio/video service providers established after Circular 56 was issued. These policies have been reflected in the Application Procedure for Audio/Video Program Transmission License. Failure to obtain the internet audio/video program transmission license may subject an online audio/video service provider to various penalties, including fines of up to RMB30,000, seizure of related equipment and servers used primarily for such activities and even suspension of its online audio/video services.

To comply with these laws and regulations, Autohome Information obtained an internet audio/video program transmission license on February 9, 2010, which was renewed on February 13, 2012, for automotive industry information related audio/video programs posted on our *autohome.com.cn* website and Hongyuan Information is applying for an internet audio/video program transmission license. Currently, all the audio/video programs posted on our *che168.com* website are delivered through a third-party website, which has an internet audio/video program transmission license.



### **Regulations on Producing Audio/Video Programs**

On July 19, 2004, the SARFT promulgated the Administrative Measures on the Production and Operation of Radio and Television Programs, effective as of August 20, 2004. These Measures provide that anyone who wishes to produce or operate radio or television programs must first obtain an operating permit. Applicants for this permit must meet several criteria, including having a minimum registered capital of RMB3.0 million. Autohome Information and Hongyuan Information hold the operating licenses for the production and dissemination of radio and television programs for special topic programs, cartoons and television variety shows.

### **Regulations on Internet Mapping Services**

According to the Administrative Rules of Surveying Qualification Certificate and the amended Standard for Internet Map Services issued by the National Administration of Surveying, Mapping and Geoinformation, or NASMG, in March 2009 and May 2010, respectively, the provision of internet mapping services by any non-surveying and mapping enterprise is subject to the approval of the NASMG and requires a surveying and mapping qualification certificate. According to these rules, certain conditions and requirements, such as the number of technical personnel and map security verification personnel, security facilities and approval from relevant provincial or national government on the service provider's security system, qualification management and filings management, are necessary for an enterprise applying for a Surveying and Mapping Qualification Certificate. Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification issued by the NASMG in December 2011, any entity that has not yet applied for a surveying qualification certificate for internet mapping services is prohibited from providing any internet mapping services. We have provided maps on our website for the convenience of our users to locate certain services providers. Both Autohome Information and Hongyuan Information hold the Surveying and Mapping Qualification Certificate for internet mapping.

### **Regulations on Online Cultural Services**

On February 17, 2011, the Ministry of Culture promulgated the Internet Culture Administration Tentative Measures, or the Internet Culture Measures, which became effective on April 1, 2011 and replaced the original measures promulgated in 2003 and amended in 2005. The Internet Culture Measures require ICP operators engaged in "internet culture activities" to obtain an internet cultural operating license from the provincial administration of culture. The term "internet culture activities" includes, among other things, online dissemination of internet cultural products (such as audio-video products, gaming products, performances of plays or programs, works of art and cartoons) and the production, reproduction, importation, publication and broadcasting of internet cultural products.

Both Autohome Information and Hongyuan Information have hosted certain audio/video programs on their websites, and if such audio/video programs are deemed by the authorities as internet cultural products, both Autohome Information and Hongyuan Information may be required to obtain the internet culture operating license. However, we have consulted the local culture administration authority and have been informed that as the automotive industry information related audio/video programs we hosted do not contain online music, games, performances of plays or programs, works of art or cartoons, they do not fall into the scope of "internet cultural products", therefore we are not required to obtain the internet culture operating license. Nevertheless, Autohome Information has applied and obtained an internet culture operating license in January 2013. Hongyuan Information has not applied for such internet culture operating license. In the event that the audio/video programs we hosted are deemed to be "internet cultural products," Hongyuan Information will be required to obtain such license as well.

### **Regulations on Internet Publishing**

The General Administration of Press and Publication and the Ministry of Industry and Information Technology jointly issued the Interim Provisions for the Administration of Internet Publishing, or the Internet

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Publishing Regulations, which became effective on August 1, 2002. The Internet Publishing Regulations authorize the General Administration of Press and Publication, or GAPP, to grant approval to all entities that engage in internet publishing. Pursuant to the Internet Publishing Regulations, the term “internet publishing” shall mean the act of online dissemination of articles, whereby the internet information service providers select, edit and process works created by themselves or others and subsequently post such works on the internet or transmit such works to the users’ end via internet for the public to browse, read, use or download. If we release articles or information that may be deemed by authorities as internet publications, we may be required to obtain the internet publishing license.

Based on a consultation we had with the local press and publication administration authority, we believe we are not required to obtain the internet publishing license as the activities we engage on our websites do not constitute “internet publishing activities,” as such term is used in the Internet Publishing Regulation. We are also not aware of companies with an operation similar to us have obtained or been required to obtain the internet publishing license. As a result, both Autohome Information and Hongyuan Information have not applied for such internet publishing approval. However, in the event that our activities are deemed to be “internet publishing,” we may be required to obtain approval from GAPP. If we are deemed to be in breach of relevant internet publishing regulations, the PRC regulatory authorities may seize the related equipment and servers used primarily for such activities and confiscate any revenues generated from such activities. In addition, relevant PRC authorities may also impose a fine of five to ten times of any revenues exceeding RMB10,000 or a fine of not more than RMB50,000 if such related revenues are below RMB10,000.

### **Regulations on Internet News Information Service**

In September 2005, the State Council Information Office and the Ministry of Industry and Information Technology jointly issued the Provisions for the Administration of Internet News Information Services, or Internet News Provision. Internet news information services shall include the publishing of news via the internet, provision of electronic bulletin services on current and political events and transmission of information on current and political events to the public. Under the Internet News Provision, internet news service providers shall also include entities that are not established by news press but reproduce internet news from other sources, provide electronic bulletin services on current and political events, and transmit such information to the public. The Information Office of the State Council shall be in charge of the supervision and administration of the internet news information services throughout China. The counterparts of the Information Office of the State Council at the provincial level shall take charge of the supervision and administration of the internet news information services within their own jurisdiction.

If we release information that may be deemed by authorities as internet news, we may be required to obtain the internet news information service license. However, we have consulted the relevant government authorities and have been informed that we would not be required to obtain the internet news releasing license because the internet news posted on our website is only automotive industry related news which is not political in nature or relate to macroeconomics. However, if any of the internet news posted on our website is deemed by the government to be political in nature, relate to macroeconomics, or otherwise require such license based on the sole discretion of the government authority, we would need to apply for such license. If we are deemed to be in breach of the Internet News Provision or other relevant internet news releasing regulations, the PRC regulatory authorities may suspend our information release activities and impose a fine exceeding RMB10,000 but not more than RMB30,000. In serious cases, the PRC regulatory authorities may even suspend the internet service or internet access.

### **Regulations on Intellectual Property Rights**

China has adopted legislation governing intellectual property rights, including trademarks, patents and copyrights. China is a signatory to the major international conventions on intellectual property rights and became a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

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**Patent.** The National People's Congress adopted the Patent Law in 1984, and amended it in 1992, 2000 and 2008. The purpose of the Patent Law is to protect lawful interests of patent holders, encourage invention, foster applications of invention, enhance innovative capabilities and promote the development of science and technology. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, substances obtained by means of nuclear transformation or a design which has major marking effect on the patterns or colors of graphic print products or a combination of both patterns and colors. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a term of twenty years in the case of an invention and a term of ten years in the case of utility models and designs. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights. We currently have 14 pending patent applications.

**Copyright.** The National People's Congress adopted the Copyright Law in 1990 and amended it in 2001 and 2010, respectively. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. The amended Copyright Law also requires registration of a copyright pledge.

To address the problem of copyright infringement related to the content posted or transmitted over the internet, the National Copyright Administration and the MIIT jointly promulgated the Measures for Administrative Protection of Copyright Related to internet on April 29, 2005. This measure became effective on May 30, 2005.

On October 27, 2000, the MIIT issued the Administrative Measures on Software Products, or the Software Measures, to strengthen the regulation of software products and to encourage the development of the PRC software industry. On March 1, 2009, the MIIT issued amended Software Measures, which became effective on April 10, 2009. The Software Measures provide a registration and filing system with respect to software products made in or imported into China. These software products may be registered with the competent local authorities in charge of software industry administration. Registered software products may enjoy preferential treatment status granted by relevant software industry regulations. Software products can be registered for five years, and the registration is renewable upon expiration.

In order to further implement the Computer Software Protection Regulations promulgated by the State Council on December 20, 2001, the National Copyright Administration of the PRC issued Computer Software Copyright Registration Procedures on February 20, 2002, which apply to software copyright registration, license contract registration and transfer contract registration.

In compliance with, and in order to take advantage of, the above rules, we have registered 35 computer software copyrights.

On May 18, 2006, the State Council promulgated the Protection of the Right of Communication through Information Networks, which became effective on July 1, 2006. Under this regulation, with respect to any information storage space, search or link services provided by an internet service provider, if the legitimate rights owner believes that the works, performance or audio or video recordings pertaining to that service infringe his or her rights of communication, the rights owner may give the internet service provider a written notice containing the relevant information along with preliminary documents supporting that an infringement has occurred, and requesting that the internet service provider delete, or disconnect the links to, such works or recordings. The rights owner will be responsible for the truthfulness of the content of the notice. Upon receipt of the notice, the internet service provider must delete or disconnect the links to the infringing content immediately and forward the notice to the user that provided the infringing works or recordings. If the user believes that the subject works or recordings have not infringed others' rights, the user may submit to the internet service provider a written

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explanation with preliminary documents supporting non-infringement, and a request for the restoration of the deleted works or recordings. The internet service provider should then immediately restore the deleted or disconnected content and forward the user's written statement to the rights owner.

On December 26, 2009, the Standing Committee of the National People's Congress adopted the Torts Liability Law, which became effective on July 1, 2010. Under this Torts Liability Law, both internet users and internet service providers may be liable for the wrongful acts of users who infringe the lawful rights of other parties. If an internet user utilizes internet services to commit a tortious act, the party whose rights are infringed may request the internet service provider to take measures, such as removing or blocking the content, or disabling the links thereto. Failure to take necessary measures after receiving such notice will subject the internet service providers to joint liability for any further damages suffered by the rights holder. Furthermore, if an internet service provider fails to take necessary measures when it knows that an internet user utilizes its internet services to infringe the lawful rights and interests of other parties, it will be held jointly liable with the internet user for damages resulting from the infringement.

According to an interpretation by PRC Supreme People's Court took effect on January 1, 2013, internet service providers will be held jointly liable if they continue their infringing activities or do not remove infringing content from their websites once they know of the infringement or receive notice from the rights holder. If an internet service provider economically benefits from the works, performances, and sound or visual recordings provided by network users, it must pay close attention to infringement of network information transmission rights by network users.

**Trademark.** The PRC Trademark Law, adopted in 1982 and revised in 1993 and 2001, protects registered trademarks. The Trademark Office under the SAIC handles trademark registrations and grants a term of ten years for registered trademarks. Trademark license agreements must be filed with the Trademark Office for record. We hold 汽车之家® and 车之家® (“auto home” in English) and “AUTOHOME®” trademarks in China with each registered under different categories.

**Domain Names.** In September 2002, the CNNIC issued the Implementing Rules for Domain Name Registration, as amended in June 2009 and May 2012, that forth detailed rules for registration of domain names. On November 5, 2004, the MIIT promulgated the Measures for Administration of Domain Names for the Chinese Internet, or the Domain Name Measures. The Domain Name Measures regulate the registration of domain names, such as the first tier domain name “.cn.” In 2002, the CNNIC issued the Measures on Domain Name Dispute Resolution, as amended in February 2006, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide disputes. We have registered a number of domain names, including *autohome.com.cn*, *autohome.com* and *che168.com*.

### **Regulations on Tax**

See “Management Discussion and Analysis of Financial Condition and Results of Operations—Taxation—PRC” and “Taxation—People's Republic of China Taxation”.

### **Regulations on Foreign Exchange**

Foreign exchange activities in China are primarily governed by the following regulations:

- Foreign Currency Administration Rules (2008), or the Exchange Rules; and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules.

Under the Exchange Rules, if documents certifying the purposes of the conversion of RMB into foreign currency are submitted to the relevant foreign exchange conversion bank, the RMB will be convertible for

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current account items, including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions. Conversion of RMB for capital account items, such as direct investment, loans, securities investment and repatriation of investment, however, is subject to the approval of, or registration with, SAFE or its local counterpart. Capital investments by PRC entities outside of China, after obtaining the required approvals of the relevant approval authorities, such as the Ministry of Commerce and the National Development and Reform Commission or their local counterparts, are also required to register with SAFE or its local counterpart.

Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from or being registered with SAFE or its local counterpart.

In utilizing the proceeds we expect to receive from this offering in the manner described in “Use of Proceeds,” as an offshore holding company with a PRC subsidiary, we may (a) make additional capital contributions to our PRC subsidiary, (b) establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, (c) make loans to our PRC subsidiary or VIEs or (d) acquire offshore entities with business operations in China in offshore transactions. However, most of these uses are subject to PRC regulations and approvals. For example:

- capital contributions to our PRC subsidiaries, whether existing or newly established ones, must be approved by the Ministry of Commerce or its local counterparts;
- loans by us to our PRC subsidiaries, each of which is a foreign-invested enterprise, to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches; and
- loans by us to our VIEs, which are domestic PRC entities, must be approved by the National Development and Reform Commission (in the case of middle or long term loans) or be within the limits approved by SAFE (in the case of short term loans), and must also be registered with SAFE or its local branches.

On August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular No. 142. Pursuant to SAFE Circular No. 142, RMB resulting from the settlement of foreign currency capital of a foreign-invested enterprise must be used within the business scope as approved by the applicable government authority and cannot be used for domestic equity investment, unless it is otherwise approved. In addition, the SAFE strengthened its oversight of the flow and use of RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without the SAFE’s approval, and such RMB capital may not be used to repay RMB loans if such loans have not been used. Violations of SAFE Circular No. 142 could result in severe monetary fines or penalties. We expect that if we convert the net proceeds from this offering into RMB pursuant to SAFE Circular 142, our use of RMB funds will be within the approved business scope of our PRC subsidiary. Such business scope includes “technical services” which we believe permits our PRC subsidiary to purchase or lease servers and other equipment and to provide operational support to our VIEs. However, we may not be able to use such RMB funds to make equity investments in the PRC through our PRC subsidiary. There are no costs associated with applying for registration or approval of loans or capital contributions with or from relevant PRC governmental authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our application within a prescribed time period, which is usually less than 90 days. The actual time taken, however, may be longer due to administrative delays. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to our future plans to use the U.S. dollar proceeds we expect to receive from this offering for our expansion and operations in China. If we fail to receive such registrations or approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively

affected, which could materially and adversely affect our liquidity and ability to fund and expand our business. See “Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and VIEs or to make additional capital contributions to our PRC subsidiary, which may materially and adversely affect our liquidity and our ability to fund and expand our business.”

### **Regulations on Dividend Distribution**

The principal regulations governing dividend distributions of wholly foreign-owned enterprises include:

- the Companies Law (2005);
- the Wholly Foreign-Owned Enterprise Law (2000); and
- the Wholly Foreign-Owned Enterprise Law Implementing Rules (2001).

Under these regulations, wholly foreign-owned enterprises in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, these wholly foreign-owned enterprises are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital.

As of June 30, 2013, the registered capital of our wholly foreign-owned subsidiary, Autohome WFOE, was US\$250,000. As of June 30, 2013, Autohome WFOE had RMB0.9 million (US\$0.1 million) as its statutory reserve funds, which amounted to 50% of its registered capital.

### **Regulations on Offshore Investment by PRC Residents**

Pursuant to SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles, generally known in China as SAFE Circular No. 75, issued on October 21, 2005, (a) a PRC citizen residing in the PRC or non-PRC citizen primarily residing in the PRC due to his or her economic ties to the PRC, who is referred to as a PRC resident in SAFE Circular No. 75, shall register with the local branch of the SAFE before it establishes or controls an overseas special purpose company, for the purpose of overseas equity financing; (b) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an overseas special purpose company, or engages in overseas financing after contributing assets or equity interests into a special purpose company, such PRC resident shall register his or her interest in the special purpose company and the change thereof with the local branch of SAFE; and (c) when the special purpose company undergoes a material event outside of China not involving inbound investments, such as change in share capital, creation of any security interests on its assets or merger or division, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of SAFE. PRC residents who are shareholders of special purpose companies established before November 1, 2005 were required to register with the local branch of SAFE before March 31, 2006. To further clarify and simplify the implementation of the SAFE Circular No. 75, SAFE has issued a series of guidance with respect to the registration process since May 2007.

Under SAFE Circular No. 75, failure to comply with the registration procedures above may result in penalties, including imposition of restrictions on a PRC subsidiary’s foreign exchange activities and its ability to distribute dividends to the overseas special purpose company. Currently, all of our shareholders who are PRC residents have registered with the competent local branch of the SAFE with respect to their investments in our company.

## **Regulations on Employee Stock Options Plans**

In December 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, setting forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. In January 2007, SAFE issued relevant implementing rules that specified approval requirements for certain capital account transactions, such as a PRC citizen's participation in employee stock ownership plans or share option plans of an overseas publicly listed company. In February 2012, SAFE promulgated the Stock Option Notice that supersedes the requirements and procedures for the registration of PRC resident individuals' participation in stock incentive plans set forth by certain rules promulgated by SAFE in March 2007. The purpose of the Stock Option Notice is to regulate the foreign exchange administration of PRC resident individuals who participate in employee stock holding plans and share option plans of overseas listed companies.

According to the Stock Option Notice, if a PRC resident individual participates in any employee stock incentive plan of an overseas listed company, a PRC domestic qualified agent appointed through the PRC subsidiary of such overseas listed company must, among other things, file, on behalf of such individual, an application with SAFE or its local counterpart to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or share option exercises. With the approval from SAFE or its local counterpart, the PRC domestic qualified agent shall open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of shares, any dividends issued on the stock and any other income or expenditures approved by SAFE or its local counterpart.

Under the Foreign Currency Administration Rules, as amended, the foreign exchange proceeds of domestic entities and individuals can be remitted into China or deposited abroad, subject to the terms and conditions to be issued by SAFE. However, the implementing rules in respect of depositing the foreign exchange proceeds abroad have not been issued by SAFE. The foreign exchange proceeds from the sales of shares can be converted into RMB or transferred to such individuals' foreign exchange savings account after the proceeds have been remitted back to the special foreign exchange account opened at the PRC domestic bank. If share options are exercised in a cashless exercise, the PRC domestic individuals are required to remit the proceeds to special foreign exchange accounts.

Many issues with respect to the Stock Option Notice require further interpretation. We and our PRC employees who participates in an employee stock incentive plan will be subject to the Stock Option Notice when we become an overseas listed company. If we or our PRC employees fail to comply with the Stock Option Notice, we and our PRC employees may face sanctions imposed by the PRC foreign exchange authority or any other PRC government authorities, including restriction on foreign currency conversions and additional capital contribution to our PRC subsidiary.

In addition, the SAT has issued circulars concerning employee share options. Under these circulars, our employees working in China who exercise share options will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options with relevant tax authorities and withhold the individual income taxes of employees who exercise their share options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities. See "Risk Factors—Risks Related to Doing Business in China—Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions."

## **Labor Laws and Social Insurance**

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with workplace safety training.

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Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative liabilities. Criminal liability may arise for serious violations.

In addition, employers in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

### **Regulations on Overseas Listing**

In August 2006, six PRC regulatory agencies jointly adopted the M&A Rule. This rule requires that, if an overseas company established or controlled by PRC domestic companies or citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC domestic companies or citizens, such acquisition must be submitted to the Ministry of Commerce, rather than local regulators, for approval. In addition, this regulation requires that an overseas company controlled directly or indirectly by PRC companies or citizens and holding equity interests of PRC domestic companies needs to obtain the approval of the CSRC prior to listing its securities on an overseas stock exchange.

While the application of the M&A Rule remains unclear, based on their understanding of current PRC laws, regulations, and additional procedures announced on September 21, 2006, our PRC counsel, TransAsia Lawyers, has advised us that we are not required to submit an application to the CSRC for its approval of the listing and trading of our ADSs on the New York Stock Exchange on the basis that:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;
- Autohome WFOE and Autohome Information were incorporated before September 8, 2006, the effective date of this regulation; and
- no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation.

If, conversely, it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, delays or restrictions on the repatriation into the PRC of the proceeds from this offering, restrictions on or prohibition of the payments or remittance of dividends by our PRC subsidiary, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. See “Risk Factors—Risks Related to Doing Business in China—The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.”

### **Regulations on Concentration in Merger and Acquisition Transactions**

The M&A Rule established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 are triggered.

Complying with these requirements could affect our ability to expand our business or maintain our market share. See “Risk Factors—Risks Related to Doing Business in China—Certain regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.”



## MANAGEMENT

### Directors and Executive Officers

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

<u>Directors and Executive Officers</u>	<u>Age</u>	<u>Position/Title</u>
Timothy Y. (Tim) Chen	56	Chairman of the Board
James Zhi Qin	41	Director and Chief Executive Officer
Andrew Penn	50	Director
Xiang Li	31	Director and President
Henry Hon	49	Director and Acting Chief Financial Officer
Jiang Lan	45	Director
Gabriel Li	45	Director
Ya-Qin Zhang	47	Independent Director Appointee*
Ted Tak-Tai Lee	63	Independent Director Appointee*

\* Ya-Qin Zhang and Ted Tak-Tai Lee have accepted the appointment to be our independent directors, effective immediately upon the completion of this offering.

*Timothy Y. (Tim) Chen* has served as our chairman of the board since 2012. He has served as the president and group managing director of Telstra International Group since November 2012. He is also a director of Telstra International HK Limited, Telstra Holdings Pty Ltd, CSL Limited, Sequel Media Inc. and several other Telstra subsidiaries. He was a non-executive director on the board of directors of Telstra Corporation Limited between April 2012 and November 2012. Previously, Mr. Chen was a partner of a China Opportunities Fund within GL Capital Group. He was the CEO of National Basketball Association China from 2007 to 2010, the corporate vice president of Microsoft and the CEO of its Greater China region from 2003 to 2007, the corporate vice president of Motorola and the chairman and president of Motorola (China) Electronics from 2001 to 2003. Before Microsoft, he was the CEO of 21CN Cybernet, a company listed on Hong Kong Stock Exchange, from 2000 to 2001. Prior to 2000, Mr. Chen spent eight years in China with Motorola, including serving as the general manager responsible for the sales and marketing for the Greater China Cellular Infrastructure Division. He also spent nine years with AT&T Bell Laboratories in the United States. Mr. Chen is currently an independent director of Longmaster Information & Technology Co. Ltd., a company listed on Shenzhen Stock Exchange in China. Mr. Chen holds an MBA degree from the University of Chicago and a master's degree in both computer science and mathematics from Ohio State University.

*James Zhi Qin* has served as our director since 2008 and chief executive officer since 2009. Mr. Qin is also a director and interim chief executive officer of Sequel Media. Mr. Qin joined our company in 2007 and prior to joining us, from 2006 to 2007, Mr. Qin was the chief operating officer of 265.com, an internet company providing website directory service, which was acquired by Google in 2007. Mr. Qin worked for McKinsey & Company as an associate from 2005 to 2006 and Northern Telecom Limited as a software engineer from 1999 to 2003. Prior to that, Mr. Qin was employed at IBM Corporation from 1996 to 1998 and Hughes Network Systems from 1995 to 1996. Mr. Qin holds a bachelor's degree in electrical engineering from Tsinghua University in 1995, a master's degree in computer science from the University of Iowa in 1999, and an MBA degree from Harvard Business School in 2005.

*Andrew Penn* has served as our director since March 2012. He joined Telstra Corporation Limited in March 2012 and serves as its chief financial officer and group managing director of finance and strategy. Prior to that, Mr. Penn had a career at AXA Asia Pacific Holdings Limited spanning twenty years, where he served in a variety of senior finance, strategy and executive roles, including group chief executive officer from 2006 to 2011. Mr. Penn holds an MBA degree from Kingston University, London and is a graduate of Harvard Business School's advanced management program. He is a fellow of the Chartered Association of Certified Accountants.

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*Xiang Li* has served as our director since 2008 and president since May 2013. He served as our executive vice president between 2008 and May 2013. Mr. Li is also a director of Sequel Media. In 2005, Mr. Li founded our *autohome.com.cn* website providing online advertising services to the automotive industry. In 2000, Mr. Li founded *pcpop.com* website, which commercial operation in 2003. *Pcpop.com* focuses on providing marketing services for the information technology industry and was operated through China Topside. *Pcpop.com* was spun off from our company in June 2011. Mr. Li currently mainly focuses on content creation and product development in our company.

*Henry Hon* has served as our director since 2011 and our acting chief financial officer since December 2012. Mr. Hon is also a director of Sequel Media. Mr. Hon has served as the chief financial officer of Telstra International Group since 2010. In addition, Mr. Hon has served as a director of Telstra International Holdings Limited, Telstra International HK Limited, Octave Investment Holdings Limited and Dotad Media Holdings Limited since 2011. In 2001, Mr. Hon founded VPE Consulting LLC, a consulting company serving Asia Pacific clients in various industries, and served as its managing director until 2010. He co-founded MusicZone, Inc. in 1999 and served as its president until 2001. From 1997 to 1999, he served as the chief financial officer of Morrison Express, a global logistics company. Mr. Hon also worked for IBM Corporation in senior strategy and finance roles from 1990 to 1997. Mr. Hon holds a bachelor's of science degree from the State University of New York at Buffalo and an MBA degree from Carnegie Mellon University.

*Jiang Lan* has served as our director since 2008. Mr. Lan is also a director of Sequel Media. In 2004, Mr. Lan co-founded our *che168.com* website providing online advertising services to the automotive industry. In 1999, Mr. Lan co-founded *IT168.com*, which focuses on providing marketing services for the information technology industry. *IT168.com* was operated through Norstar and was spun off from our company in June 2011. In 1993, Mr. Lan founded Lianhe Shangqing, a catalog service providing business and pricing information for the information technology industry in Beijing. Mr. Lan attended Dalian Maritime University and Renmin University and holds an MBA degree from Peking University.

*Gabriel Li* has served as our director since September 2012. Mr. Li is the managing director and investment committee member of Orchid Asia Group Management, a private equity firm focused on investment in China and Asia for the past 18 years. Prior to Orchid Asia, Mr. Li was a managing director at the Carlyle Group in Hong Kong, overseeing Asian technology investments. From 1997 to 2000, he was at Orchid Asia's predecessor, where he made numerous investments in China and North Asia. Prior to that, he was a management consultant at McKinsey & Co in Hong Kong and Los Angeles. Mr. Li is an independent director and deputy chairman of the board of directors of Ctrip.com International, Ltd., a company listed on the NASDAQ Global Select Market, a non-executive director of Lifetech Scientific Corporation, a company listed on the Hong Kong Stock Exchange, and a director of a number of privately held companies. Mr. Li graduated *summa cum laude* from the University of California at Berkeley, earned his Master's degree in science from the Massachusetts Institute of Technology and his Master's degree in business administration from Stanford Business School.

*Ya-Qin Zhang* will serve as our independent director immediately upon the completion of this offering. Mr. Zhang has been serving as chairman of Microsoft Asia-Pacific R&D Group since 2005 and is in charge of the research and development function of Microsoft Corporation in the Asia-Pacific region. Mr. Zhang is one of the founding members of the Microsoft Research Asia Lab, where he served as managing director and chief scientist, and he also founded the Advanced Technology Center in 2003. Before joining Microsoft in 1999, Mr. Zhang was a director for the Multimedia Technology Laboratory at Sarnoff Corp. and worked as a senior technical staff member for GTE Laboratories Inc. and Contel Corp. Mr. Zhang currently serves as an independent director of ChinaCache International Holdings Ltd., a company listed on the Nasdaq Global Market. Mr. Zhang received his bachelor's and master's degrees in electrical engineering from the University of Science and Technology of China and a Ph.D. in electrical engineering from George Washington University.

*Ted Tak-Tai Lee* will serve as our independent director immediately upon the completion of this offering. Mr. Lee is the managing director of T Plus Capital Ltd., a firm he founded that provides strategic, financial and

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business development advisory services to accounting, financial valuation services and human resources firms in China. Mr. Lee is also an independent director and chairman of the audit committee of China Ming Yang Wind Power Group Limited, a company listed on the New York Stock Exchange, and an independent director and chairman of the audit committee of Daphne International Holding Limited, a Hong Kong listed company. From September 2007 to April 2009, he was an executive director at Prax Capital, a private equity firm specializing in China-focused investments. Mr. Lee was a senior partner at Deloitte where he worked for 31 years in the United States and Asia. Mr. Lee is an AICPA certified public accountant (inactive) and received his MBA degree from the University of Southern California in 1979 and his bachelor's degree in accounting from California State University, Fresno in 1973.

### **Board of Directors**

Our board of directors will consist of \_\_\_\_\_ directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. A director is not required to hold any shares in the company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested provided (a) such director, if his interest in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

### **Committees of the Board of Directors**

Upon the completion of this offering, we will establish three committees under the board of directors: the audit committee, the compensation committee and the nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

*Audit Committee.* Our audit committee will consist of \_\_\_\_\_, and \_\_\_\_\_. \_\_\_\_\_ will be the chairman of our audit committee. We have determined that \_\_\_\_\_ and \_\_\_\_\_ satisfy the "independence" requirements of Section 303A of the New York Stock Exchange Listed Company Manual, or the New York Stock Exchange Manual and Rule 10A-3 under the Securities Exchange Act of 1934. The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

*Compensation Committee.* Our compensation committee will consist of \_\_\_\_\_, and \_\_\_\_\_. \_\_\_\_\_ will be the chairman of our compensation committee. We have determined that \_\_\_\_\_ and \_\_\_\_\_ satisfy the

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“independence” requirements of Section 303A of the New York Stock Exchange Manual. The compensation committee will assist the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors; and
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements.

*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee will consist of \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ will be the chairperson of our nominating and corporate governance committee. \_\_\_\_\_ and \_\_\_\_\_ satisfy the “independence” requirements of Section 303A of the NYSE Manual. The nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

### **Duties of Directors**

Under Cayman Islands law, our directors have a duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. Our company has the right to seek damages if a duty owed by our directors is breached.

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

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director will be removed from office automatically if, among other things, the director (a) becomes bankrupt or makes any arrangement or composition with his creditors; or (b) is found by our company to be or becomes of unsound mind.

## **Employment Agreements**

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case, the executive officer will not be entitled to receive payment of any severance benefits or other amounts by reason of the termination, and the executive officer's right to all other benefits will terminate, except as required by any applicable law. We may also terminate an executive officer's employment without cause upon one-month advance written notice. In such case of termination by us, we are required to provide compensation to the executive officer, including cash compensation equivalent to three months of the executive officer's salary. The executive officer may terminate the employment at any time with a one-month advance written notice, if there is any significant change in the executive officer's duties and responsibilities inconsistent in any material and adverse respect with his or her title and position or a material reduction in the executive officer's annual salary before the next annual salary review, or if otherwise approved by the board of directors.

Each executive officer has agreed to hold, both during and after the termination or expiry of his employment agreement, in strict confidence and not to use, except as required in the performance of his duties in connection with the employment, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice and to assign all right, title and interest in them to us, and assist us in obtaining patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and for one year following the last date of employment. Specifically, each executive officer has agreed not to (a) approach our clients, advertisers or contacts or other persons or entities introduced to the executive officer for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (b) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors; or (c) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination.

## **Compensation of Directors and Executive Officers**

For the fiscal year ended December 31, 2012, we paid an aggregate of approximately RMB            million (US\$            million) in cash to our executive officers and directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. For additional information on share incentive grants to our directors and executive officer, see "— 2011 Share Incentive Plan."

## **2011 Share Incentive Plan**

On May 4, 2011, we adopted our 2011 Share Incentive Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of our shares which may be issued pursuant to all awards under the 2011 Share Incentive Plan, as currently in effect, is 7,843,100 ordinary shares. As of July 31, 2013, options to purchase 7,827,500 ordinary shares under the 2011 Share Incentive Plan at an exercise price of US\$2.20 were outstanding. Immediately prior to the completion of this offering, the ordinary shares underlying the options granted under the 2011 Share Incentive Plan shall be automatically re-designated as Class A ordinary shares. The

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following table summarizes, as of July 31, 2013, the outstanding options we had granted to our directors, officers and other individuals under our 2011 Share Incentive Plan.

<u>Name</u>	<u>Options</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>	<u>Vesting Schedule</u>
James Zhi Qin	*	2.20	May 6, 2011	May 5, 2021	**
Xiang Li	*	2.20	May 6, 2011	May 5, 2021	**
Directors and officers as a group	1,200,000	2.20	May 6, 2011	May 5, 2021	**
Other individuals as group	6,627,500	2.20	May 6, 2011 August 1, 2011 October 8, 2011 December 19, 2011 July 1, 2012	Ten years after grant date	Approximately 4 years

\* Less than one percent of our total outstanding share capital.

\*\* 25% of the awards have vested on each of January 1, 2012 and January 1, 2013 and the remaining awards will vest on each of January 1, 2014 and 2015.

The following paragraphs describe the principal terms of the 2011 Share Incentive Plan.

*Types of awards.* The Plan permits the awards of incentive and non-statutory share options, share appreciation rights, restricted shares and restricted share units. The following briefly describe the principal features of the various awards that may be granted under the 2011 Share Incentive Plan.

- *Administration.* Our board of directors or the compensation committee of our board of directors administers our 2011 Share Incentive Plan. Subject to the provisions of our 2011 Share Incentive Plan, the administrator has the power to determine the terms of the awards, including the recipients, the exercise price, the number of shares subject to each such award, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration payable upon exercise. The administrator also has the authority to modify or amend awards, to prescribe rules and to construe and interpret the 2011 Share Incentive Plan. Our board of directors may delegate limited authority to additional committees with respect to certain employees and consultants to reduce the burden on the board in administering the 2011 Share Incentive Plan.
- *Options.* The administrator may grant incentive stock options, or ISOs, or nonstatutory stock options, NSOs, under our 2011 Share Incentive Plan. Unless the administrator determines otherwise, the exercise price of options granted under our 2011 Share Incentive Plan must at least be equal to the fair market value of our ordinary shares on the date of grant and its term may not exceed ten years. In addition, for any participant who owns more than 10% of the total combined voting power of all classes of our outstanding shares, or of certain of our parent or subsidiary, the term of an ISO must not exceed five years and the exercise price of such ISO must equal at least 110% of the fair market value on the grant date. The administrator determines the term of all other options.
- *After termination of an employee, director or consultant, he or she may exercise his or her option, to the extent vested as of such date of termination, within sixty (60) days of termination, or such longer period of time stated in the option agreement. In the absence of a specified period of time in the option agreement, the option will remain exercisable for a period of twelve months in the event of a termination due to death or disability. However, in no event may an option be exercised later than the expiration of its term.*
- *Share appreciation rights.* Share appreciation rights may be granted under our 2011 Share Incentive Plan. Share appreciation rights allow the recipient to receive the appreciation in the fair market value of our ordinary shares between the exercise date and the date of grant. The exercise price of share

appreciation rights granted under our 2011 Share Incentive Plan must at least be equal to the fair market value of our ordinary shares on the date of grant. The administrator determines the terms of share appreciation rights, including when such rights vest and become exercisable and whether to settle such awards in cash or with our ordinary shares, or a combination thereof. Share appreciation rights expire under the same rules that apply to options.

- *Restricted shares.* Restricted shares may be granted under our 2011 Share Incentive Plan. Restricted share awards are Class A ordinary shares that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. Restricted shares will vest and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator. The administrator will determine the number of restricted shares granted to any employee. The administrator may impose whatever conditions to vesting it determines to be appropriate. For example, the administrator may set restrictions based on the achievement of specific performance goals and/or continued service to us. Holders of restricted share awards generally will have voting rights but not dividend rights, unless the administrator provides otherwise. Restricted shares that do not vest for any reason will be forfeited by the recipient and will revert to us.
- *Restricted share units.* Restricted share units may be granted under our 2011 Share Incentive Plan. Each restricted share unit granted is a bookkeeping entry representing an amount equal to the fair market value of an ordinary share. Restricted share units are similar to awards of restricted shares, but are not settled unless the award vests. The awards may be settled in shares, cash, or a combination of both, as the administrator may determine. The administrator determines the terms and conditions of restricted share units including the vesting criteria and the form and timing of payment.

*Award Agreement.* Options, share appreciation rights, restricted shares, or restricted share units granted under the plan are evidenced by an award agreement that sets forth the terms, conditions, and limitations for each grant.

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

*Transferability.* Unless the administrator provides otherwise, our 2011 Share Incentive Plan does not allow for the transfer of awards other than by will or the laws of descent and distribution and only the recipient of an award may exercise an award during his or her lifetime.

*Certain adjustments.* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2011 Share Incentive Plan, the administrator will make adjustments to one or more of the number and class of shares that may be delivered under the plan and/or the number, class and price of shares covered by each outstanding award and the numerical share limits contained in the plan. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

*Change in control transactions.* Our 2011 Share Incentive Plan provides that in the event of our merger or change in control, as defined in the 2011 Share Incentive Plan, each outstanding award will be treated as the administrator determines, except that if the successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for each outstanding option or share appreciation right, then such option or share appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion. The option or share appreciation right will then terminate upon the expiration of the specified period of time.

*Amendment and Termination.* Our board of directors has the authority to amend, suspend or terminate the 2011 Share Incentive Plan.

**PRINCIPAL [AND SELLING] SHAREHOLDERS**

Except as specifically noted in the table, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers, including director appointees;
- each person known to us to own beneficially more than 5% of our ordinary shares; and
- [each selling shareholder.]

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

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Being Sold in This Offering		Ordinary Shares Beneficially Owned After This Offering		% of Voting Power <sup>†††</sup>
	Number	% <sup>†</sup>	Number	% <sup>†</sup>	Number	% <sup>††</sup>	
<b>Directors and Executive Officers:</b>							
Timothy Y. (Tim) Chen <sup>(1)</sup>	—	—					
James Zhi Qin <sup>(2)</sup>	3,088,929	3.1%					
Andrew Penn <sup>(3)</sup>	—	—					
Xiang Li <sup>(4)</sup>	5,066,483	5.1%					
Henry Hon <sup>(5)</sup>	—	—					
Jiang Lan <sup>(6)</sup>	10,629,481	10.6%					
Gabriel Li <sup>(7)</sup>	8,517,442	8.5%					
All Directors and Executive Officers as a Group	27,302,335	27.3%					
<b>Principal [and Selling] Shareholders:</b>							
Telstra Holdings Pty Ltd <sup>(8)</sup>	65,960,793	66.0%					
West Crest Limited <sup>(9)</sup>	10,629,481	10.6%					
Orchid Asia Funds <sup>(10)</sup>	8,517,442	8.5%					
AutoLee Ltd. <sup>(11)</sup>	5,066,483	5.1%					

<sup>†</sup> For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding, which is 100,000,000 as of the date of this prospectus, and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after the date of this prospectus.

<sup>††</sup> For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding immediately after the completion of this offering, which is \_\_\_\_\_, assuming the underwriters do not exercise their options to purchase additional ADSs, and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after the date of this prospectus.

<sup>†††</sup> For each person and group included in this column, the percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power with respect to all of our Class A and Class B ordinary shares as a single class. Each holder of our Class B ordinary shares is entitled to two votes per share and each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

(1) The business address of Mr. Tim Chen is 43/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong.

(2) Represents 3,088,929 Class A ordinary shares held by Right Brain Limited. The sole shareholder of Right Brain Limited is Mr. James Zhi Qin. The business address of Mr. Qin is 10/FI, Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.

(3) The business address of Mr. Andrew Penn is Level 41, 242 Exhibition Street, Melbourne, VIC 3000, Australia.



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- (4) Represents 5,066,483 Class A ordinary shares held by AutoLee Ltd. The sole shareholder of AutoLee Ltd. is Mr. Xiang Li. The business address of AutoLee Ltd. is Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands. The business address of Mr. Li is 10/FI. Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.
- (5) The business address of Mr. Henry Hon is 43/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong.
- (6) Represents 10,629,481 Class A ordinary shares held by West Crest Limited. The sole shareholder of West Crest Limited is Mr. Jiang Lan. The business address of West Crest Limited is Maples Corporate Services Ltd., Uglan House, P.O. Box 309, George Town, Grand Cayman KY1-1104, Cayman Islands. The business address of Mr. Lan is 10/FI. Tower B, CEC Plaza, No. 3 Dan Ling Street, Haidian District, Beijing 100080, People's Republic of China.
- (7) Represents 6,291,101 Class A ordinary shares held by Orchid Asia III, L.P., and 2,226,341 Class A ordinary shares held by Orchid Asia Co-Investment Limited. These two funds are collectively referred to as Orchid Asia Funds. Mr. Gabriel Li has voting control of the shares held by the Orchid Funds. The general partner of Orchid Asia III, L.P. is OAIH Holdings, L.P., whose general partner is Orchid Asia Group Management, Limited. Mr. Gabriel Li is the sole director of Orchid Asia Group Management, Limited, which serves as the investment manager of Orchid Asia III, L.P. Mr. Gabriel Li is the sole director of Orchid Asia III Co-Investment, Limited. Mr. Li disclaims beneficial ownership with respect to the above shares except to the extent of his pecuniary interest therein. The business address of Orchid Asia III, L.P. is P.O. Box 908 GT, George Town, Grand Cayman, Cayman Islands. The business address of Orchid Asia Co-Investment Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (8) Represents 65,960,793 Class B ordinary shares. Telstra Holdings Pty Ltd is an Australian company and a wholly-owned subsidiary of Telstra Corporation Limited, which is a public company traded on Australian Securities Exchange. Telstra Holdings Pty Ltd.'s business address is Level 41, 242 Exhibition Street, Melbourne, VIC 3000, Australia.
- (9) See footnote (6) above.
- (10) See footnote (7) above.
- (11) See footnote (4) above.

As of the date of this prospectus, none of our outstanding ordinary shares are held by record holders in the United States. None of our existing shareholders has different voting rights from other shareholders after the closing of this offering. None of our shareholders has informed us that it is a broker-dealer or an affiliate of a broker-dealer. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## RELATED PARTY TRANSACTIONS

### **Contractual Agreement with our Variable Interest Entities**

See “Corporate History And Structure—Contractual Arrangements.”

### **Issuance and Sale of Ordinary Shares**

See “Description of Share Capital—History of Securities Issuances.”

### **Shareholders Agreement**

See “Description of Share Capital—Shareholders Agreement.”

### **Employment Agreements**

See “Management—Employment Agreements.”

### **Share Incentive Plan**

See “Management—2011 Share Incentive Plan.”

### **Transactions with Entities Affiliated with Our Shareholders**

In 2010, we provided non-recurring website design and construction services to Telstra Corporation Limited, the parent of our major shareholder, in the amount of RMB2.5 million which was fully collected as of December 31, 2010.

In 2010 and 2011, Beijing Cubic Information Technology Ltd., or Beijing Cubic, a company of which Mr. Xiang Li was a shareholder, developed internet-enabled mobile device applications for us in the amounts of RMB0.3 million and RMB0.5 million, respectively. These amounts have been fully paid. Mr. Li transferred all of his interests in Beijing Cubic to a third party in 2011 and no longer has significant influence over this company.

In August, 2011, Cheerbright paid an amount of RMB1.5 million that was owed to Beijing POP Information Technology Co., Ltd. for payment on behalf of Cheerbright of its capital contribution to Autohome WFOE. Beijing POP Information Technology Co., Ltd. is a company that was owned by Autohome and was spun off as part of our corporate restructuring in June 2011. This advance was extended on an interest free basis.

In 2011, Beijing POP Information Technology Co., Ltd. paid internet data center fees totaling RMB2.1 million on behalf of Autohome Information and Hongyuan Information. Beijing POP Information Technology Co., Ltd is a company that was owned by Autohome and was spun off as part of our corporate restructuring in June 2011. We repaid this amount in April 2012.

In 2011, Lianhe Shangqing (Beijing) Advertisement Co., Ltd. paid advertising and office rent expenses amounting to RMB1.8 million and RMB0.8 million, respectively, on behalf of Autohome Information. During the year ended December 31, 2012, Lianhe Shangqing (Beijing) Advertisement Co. Ltd. paid office rent expense amounting to RMB0.4 million (US\$0.1 million) on behalf of Autohome Advertising. Lianhe Shangqing (Beijing) Advertisement Co., Ltd is a company that was owned by Autohome and was spun off as part of our corporate restructuring in June 2011. We repaid these amounts in April 2012.

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During the year ended December 31, 2012, Telstra International HK Limited provided network services amounting to RMB0.2 million (US\$39 thousand) to Autohome Information. Outstanding balance has been paid in full as of December 31, 2012.

### **Corporate Restructuring**

In June 2011, in connection with our strategy to focus on our core automotive advertising and dealer subscription services business, we distributed our entire equity interests in Norstar and China Topside, which serve the information technology industry to Sequel Media, a Cayman Islands company. We then immediately distributed shares of Sequel Media to our shareholders on a pro rata basis.

During the corporate restructuring interim period since June 30, 2011, Sequel Media provided limited transitional services to us. As of December 31, 2012, we had settled all related party balances with Sequel Media.

## DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association and the Companies Law (2012 Revision) of the Cayman Islands, which is referred to as the Companies Law below.

As of the date of this prospectus, our authorized share capital consists of 100,000,000,000 ordinary shares, with a par value of US\$0.01 each. As of the date of this prospectus, we have 100,000,000 ordinary shares issued and outstanding, and all of our ordinary shares issued and outstanding are fully paid.

We will adopt a fourth amended and restated memorandum and articles of association, which will become effective immediately upon the closing of this offering and will replace the current memorandum and articles of association in its entirety. The following are summaries of material provisions of our post-offering amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

### Ordinary Shares

#### General

Immediately prior to the completion of this offering, our authorized share capital consists of (i) Class A ordinary shares with a par value of US\$0.01 each (ii) Class B ordinary shares with a par value of US\$0.01 each and (iii) shares with a par value of US\$0.01 each of such class or classes as our board of directors may determine in accordance with our articles of association. Immediately after the completion of this offering, our issued and outstanding ordinary shares will consist of Class A ordinary shares and Class B ordinary shares, assuming the underwriters do not exercise their option to acquire additional ADSs.

All of our outstanding ordinary shares, which consist of Class A ordinary shares and Class B ordinary shares, are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

#### Class Rights of our Class A and Class B Ordinary Shares

Subject to our fourth memorandum and articles of association and any resolution of the shareholders to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the Class A ordinary shares and Class B ordinary shares shall carry equal rights and rank pari passu with one another other than as set out below.

**Conversion.** Subject to the provisions of our fourth amended and restated memorandum and articles of association and in compliance with all fiscal and other laws and regulations applicable thereto, a holder of Class B ordinary shares shall have the right to convert all or any of its Class B ordinary shares into Class A ordinary shares on a one for one basis.

A holder of Class A ordinary shares shall have no rights of conversion in respect of each such Class A ordinary share.

#### Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by us in general meeting or our board of directors subject to the Companies Law and to the fourth amended and restated articles of association. So long as Telstra Holdings and its affiliates hold at least of our issued shares, our board shall not declare any dividends unless it is approved by at least one director appointed by Telstra.

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### *Transfers*

Each Class B ordinary share held by Telstra Holdings or its affiliates will automatically be re-designated and re-classified into a Class A ordinary share if at any time Telstra Holdings or its affiliates in the aggregate hold less than \_\_\_\_\_ of our issued and outstanding shares.

Upon the transfer of any Class B ordinary shares to, any person that is not Telstra Holdings or its affiliate, such Class B ordinary shares shall be automatically and immediately converted into Class A ordinary shares.

### *Voting Rights*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting every holder of Class A ordinary shares who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) shall have one vote on a show of hands, and on a poll every shareholder holding Class A ordinary shares present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly appointed representative) shall have one vote for each fully paid Class A ordinary share of which such shareholder is the holder.

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting every holder of Class B ordinary shares who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) shall have two votes on a show of hands, and on a poll every shareholder holding Class B ordinary shares present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative) shall have two votes for each fully paid Class B ordinary share of which such shareholder is the holder.

A quorum required for a meeting of shareholders consists of two shareholders who hold at least one third in nominal value of our ordinary shares at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. However, if at any time Telstra Holdings or its affiliates hold any Class B ordinary shares, two or more members entitled to vote and present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative representing not less than fifty percent (50%) of the voting rights represented by our issued and outstanding voting shares throughout the meeting will form a quorum for all purposes. An annual general meeting of our company shall be held in each year other than the year in which the fourth amended and restated memorandum and articles of association are adopted. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Only a majority of our board of directors or our chairman may call extraordinary general meetings. Advance notice of at least ten clear days is required for the convening of our annual general meeting and other shareholders meetings. The agenda of any extraordinary general meeting will be set by a majority of the directors then in office subject to the assent of all directors appointed by Telstra Holdings or its affiliates so long as Telstra Holdings or its affiliates in the aggregate hold at least \_\_\_\_\_ of our issued and outstanding shares.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of at least two-thirds of the votes cast attaching to the outstanding ordinary shares. A special resolution will be required for important matters such as a change of name or making changes to our fourth amended and restated memorandum and articles of association.

### *Transfer of Ordinary Shares*

Subject to the restrictions of our fourth amended and restated articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

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Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required; and
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Designated Stock Exchange (as defined in the fourth amended and restated memorandum and articles of association), be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

### ***Liquidation***

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. The consideration received by holders of Class B ordinary shares and Class A ordinary shares should be the same in any liquidation event. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

### ***Calls on Ordinary Shares and Forfeiture of Ordinary Shares***

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

### ***Redemption of Ordinary Shares***

Subject to the provisions of the Companies Law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

### ***Variations of Rights of Shares***

All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. In addition, any resolution in respect of any variation, modification or abrogation of any rights attached to any class of shares will also be subject to the sanction of a special resolution at a separate general meeting of the holders of the Class B ordinary shares. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority vote of all of the shares in that class and a majority vote of the Class B ordinary shares. The rights conferred upon the holders of the shares of any class issued with

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preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

### ***General Meetings of Shareholders***

Shareholders' meetings may be convened by a majority of our board of directors or our chairman. Advance notice of at least ten clear days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. In addition, general meetings will also be convened on the requisition in writing of any shareholder or shareholders entitled to attend and vote at our general meetings holding at least 50% of the voting rights represented by our issued voting shares.

### ***Appointment of directors and chairman***

So long as Telstra Holdings and its affiliates hold at least 50% of our voting rights, Telstra Holdings and its affiliates will be entitled to appoint a majority of our directors. Subject to this condition, we may by ordinary resolution elect any person to be a director either to fill a causal vacancy or as an addition to the existing board.

The directors will have the power from time to time and at any time to appoint, subject to the assent of all Telstra directors so long as the Telstra Holdings and its affiliates in the aggregate hold at least 33% of our issued and outstanding shares, any person as a director to fill a casual vacancy on the board or as an addition to the existing board.

### ***Inspection of Books and Records***

Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

### ***Issuance of Additional Preferred Shares***

Our fourth amended and restated memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Subject to the consent of all directors appointed by Telstra Holdings or its affiliates so long as Telstra Holdings or its affiliates in the aggregate hold at least of our issued and outstanding shares, our fourth amended and restated memorandum of association authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. The issuance of preferred shares may be used as an anti takeover device without further action on the part of the shareholders. Issuance of these shares may dilute the voting power of holders of ordinary shares.

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### **Exempted Company**

We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company.

### **History of Securities Issuance**

We were incorporated in the Cayman Islands on June 23, 2008. Upon incorporation, we issued one ordinary share with a par value of US\$1.0 to Telstra International Holdings No. 2, which transferred that share to Telstra Holdings on June 26, 2008. On June 26, 2008 we issued additional 549,999 ordinary shares to Telstra Holdings. On June 27, 2008, we issued 243,205 ordinary shares to Lansong & Li Limited, 148,000 ordinary shares to Poptop Limited, 52,457 ordinary shares to Orchid Asia III, L.P., 2,761 ordinary shares to Orchid Asia Co-Investment Limited, and 3,577 ordinary shares to New Access Capital International Limited.

In May 2011, we effected a hundred-for-one share split. As a result, the number of our issued and outstanding ordinary shares increased from 1,000,000 to 100,000,000.

*Option Grants.* As of July 31, 2013, options to purchase an aggregate of 7,827,500 ordinary shares were outstanding. See “Management—2011 Share Incentive Plan.”

### **Shareholders Agreement**

We and our shareholders entered into a shareholders agreement in June 2008 shortly after our incorporation. On June 30, 2011, we entered into an amended and restated shareholders agreement in connection with the spin-off of our equity interests in Norstar and China Topside to our shareholders. The amended and revised shareholders agreement sets forth certain corporate governance matters and the conditions and restrictions relating to share transfers, including the right of first refusal and tag-along and drag-along rights of the existing shareholders. In addition, pursuant to this shareholders agreement, Telstra Holdings agrees not to sell or transfer our ordinary shares it holds to any third party for a period of 12 months from the completion of this offering. The amended and restated shareholders agreement will terminate upon the closing of this offering except for certain provisions regarding confidentiality and public announcements that will survive the termination.

### **Differences in Corporate Law**

The Companies Law is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations



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and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

### ***Mergers and Similar Arrangements***

A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by (a) a special resolution of the shareholders and (b) such other authorization, if any, as may be specified in such constituent company's articles of association.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissenting shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors (representing 75% by value) with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90.0% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

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### ***Shareholders' Suits***

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

### ***Indemnification of Directors and Executive Officers and Limitation of Liability***

Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our fourth amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and senior executive officers that provide such persons with additional indemnification beyond that provided in our fourth amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the U.S. Securities and Exchange Commission, or SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### ***Directors' Fiduciary Duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need

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not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

### ***Shareholder Action by Written Consent***

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Under our fourth amended and restated articles of association, any action required or permitted to be taken at any annual or extraordinary general meetings of our company may be taken only upon the vote of our shareholders at an annual or extraordinary general meeting duly noticed and convened in accordance with the fourth amended and restated articles of association and the Companies Law and may not be taken by written resolution of our shareholders without a meeting.

### ***Shareholder Proposals***

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Under our fourth amended and restated memorandum and articles of association, a general meeting may be convened on the requisition in writing of shareholders holding at least 50% of the voting rights represented by our issued and outstanding voting shares. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings. However, our fourth amended and restated articles of association require us to call such meetings.

### ***Cumulative Voting***

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our fourth amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

### ***Removal of Directors***

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our fourth amended and restated articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

### ***Transactions with Interested Shareholders***

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or

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more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

### ***Dissolution; Winding up***

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law and our fourth amended and restated articles of association, our company may be dissolved, liquidated or wound up by the vote of holders of two-thirds of our shares voting at a meeting.

### ***Variation of Rights of Shares***

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our fourth amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the vote at a class meeting of holders of two-thirds of the shares of such class. In addition, any resolution in respect of any variation, modification or abrogation of any rights attached to the shares of any class of shares will be subject to the sanction of a special resolution at a separate general meeting of the holders of the Class B ordinary shares.

### ***Amendment of Governing Documents***

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our fourth amended and restated memorandum and articles of association may only be amended with a special resolution of our shareholders.

### ***Rights of Non-resident or Foreign Shareholders***

There are no limitations imposed by our fourth amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our fourth amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Shares

Deutsche Bank Trust Company Americas, as depositary, will register and deliver the ADSs. Each ADS will represent ownership of ordinary shares deposited with the office in Hong Kong of Deutsche Bank AG, Hong Kong Branch, as custodian for the depositary. Each ADS will also represent ownership of any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs will be administered is located at 60 Wall Street, New York, NY 10005, USA. The principal executive office of the depositary is located at 60 Wall Street, New York, NY 10005, USA.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, or DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto.

We will not treat ADS holders as our shareholders and accordingly, you, as an ADS holder, will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and the beneficial owners of ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. The laws of the State of New York govern the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of American Depositary Receipt. For directions on how to obtain copies of those documents, see "Where You Can Find Additional Information."

### Holding the ADSs

#### *How will you hold your ADSs?*

You may hold ADSs either (1) directly (a) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by holding ADSs in DRS, or (2) indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent as of the record date (which will be as close as practicable to the record date for our ordinary shares) set by the depositary with respect to the ADSs.

- **Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares or any net proceeds from the sale of any ordinary shares, rights, securities or other entitlements into U.S. dollars if it can do so on a reasonable basis, and can transfer the U.S. dollars to the United States. If that is not possible or lawful or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the

account of the ADS holders who have not been paid and such funds will be held in a segregated account. It will not invest the foreign currency and it will not be liable for any interest.

- Before making a distribution, any taxes or other governmental charges, together with fees and expenses of the depositary, that must be paid, will be deducted. See “Taxation.” It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*
- **Shares.** The depositary may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution to the extent reasonably practicable and permissible under law. The depositary will only distribute whole ADSs. It will try to sell ordinary shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depositary may sell a portion of the distributed ordinary shares sufficient to pay its fees and expenses in connection with that distribution.
- **Elective Distributions in Cash or Shares.** If we offer holders of our ordinary shares the option to receive dividends in either cash or shares, the depositary, after consultation with us and having received timely notice as described in the deposit agreement of such elective distribution by us, has discretion to determine to what extent such elective distribution will be made available to you as a holder of the ADSs. We must first instruct the depositary to make such elective distribution available to you and furnish it with satisfactory evidence that it is legal to do so. The depositary could decide it is not legal or reasonably practical to make such elective distribution available to you, or it could decide that it is only legal or reasonably practical to make such elective distribution available to some but not all holders of the ADSs. In such case, the depositary shall, on the basis of the same determination as is made in respect of the ordinary shares for which no election is made, distribute either cash in the same way as it does in a cash distribution, or additional ADSs representing ordinary shares in the same way as it does in a share distribution. The depositary is not obligated to make available to you a method to receive the elective dividend in shares rather than in ADSs. There can be no assurance that you will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of ordinary shares.
- **Rights to Purchase Additional Shares.** If we offer holders of our ordinary shares any rights to subscribe for additional shares or any other rights, the depositary may after consultation with us and having received timely notice as described in the deposit agreement of such distribution by us, make these rights available to you. We must first instruct the depositary to make such rights available to you and furnish the depositary with satisfactory evidence that it is legal to do so. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the net proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depositary makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

- **Other Distributions.** Subject to receipt of timely notice, as described in the deposit agreement, from us with the request to make any such distribution available to you, and provided the depositary has

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determined such distribution is lawful and reasonably practicable and feasible and in accordance with the terms of the deposit agreement, the depositary will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice: it may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash; or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

### **Deposit, Withdrawal and Cancellation**

#### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposit ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons entitled thereto.

Except for ordinary shares deposited by us in connection with this offering, no shares will be accepted for deposit during a period of 180 days after the date of this prospectus. The 180-day lock-up period is subject to adjustment under certain circumstances as described in the section entitled “Shares Eligible for Future Sale—Lock-up Agreements.”

#### ***How do ADS holders cancel an American Depositary Share?***

You may turn in your ADSs at the depositary’s corporate trust office or by providing appropriate instructions to your broker. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

#### ***How do ADS holders interchange between Certificated ADSs and Uncertificated ADSs?***

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

### **Voting Rights**

#### ***How do you vote?***

You may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs. Otherwise, you could exercise your right to vote directly if you withdraw the ordinary shares. However, you may not know about the shareholders meeting sufficiently enough in advance to withdraw the ordinary shares. If we ask for your instructions and upon timely notice from us, as described in the deposit agreement, the

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depository will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will (1) describe the matters to be voted on and (2) explain how you may instruct the depository to vote the ordinary shares or other deposited securities underlying your ADSs as you direct, including an express indication that such instruction may be given or deemed given in accordance with the second to last sentence of this paragraph if no instruction is received, to the depository to give a discretionary proxy to a person designated by us. For instructions to be valid, the depository must receive them on or before the date specified. The depository will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our memorandum and articles of association, to vote or to have its agents vote the ordinary shares or other deposited securities as you instruct. The depository will only vote or attempt to vote as you instruct. If we timely requested the depository to solicit your instructions but no instructions are received by the depository from an owner with respect to any of the deposited securities represented by the ADSs of that owner on or before the date established by the depository for such purpose, the depository shall deem that owner to have instructed the depository to give a discretionary proxy to a person designated by us with respect to such deposited securities, and the depository shall give a discretionary proxy to a person designated by us to vote such deposited securities. However, no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter if we inform the depository we do not wish such proxy given, substantial opposition exists or the matter materially and adversely affects the rights of holders of the ordinary shares.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote the ordinary shares underlying your ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and you may have no recourse if the ordinary shares underlying your ADSs are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depository as to the exercise of voting rights relating to deposited securities, if we request the depository to act, we will try to give the depository notice of any such meeting and details concerning the matters to be voted upon more than 30 business days in advance of the meeting date.

### **Fees and Expenses**

As an ADS holder, you will be required to pay the following service fees to the depository bank:

Service	Fees
• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property	Up to US\$0.05 per ADS issued
• Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US\$0.05 per ADS cancelled
• Distribution of cash dividends or other cash distributions	Up to US\$0.05 per ADS held
• Distribution of ADSs pursuant to share dividends, free share distributions or exercise of rights.	Up to US\$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs	A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs
• Depository services	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depository bank
• Transfer of ADRs	U.S. \$1.50 per certificate presented for transfer



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As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Deutsche Bank Trust Company Americas, as depositary, has agreed to reimburse us for a portion of certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. Further, the depositary has agreed to reimburse us certain fees payable to the depositary by holders of ADSs. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the program are not known at this time.

### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your

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ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any net proceeds, or send to you any property, remaining after it has paid the taxes. You agree to indemnify us, the depositary, the custodian and each of our and their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for you.

### **Reclassifications, Recapitalizations and Mergers**

<b>If we:</b>	<b>Then:</b>
Change the nominal or par value of our ordinary shares	The cash, shares or other securities received by the depositary will become deposited securities.
Reclassify, split up or consolidate any of the deposited securities	Each ADS will automatically represent its equal share of the new deposited securities.
Distribute securities on the ordinary shares that are not distributed to you or recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	The depositary may distribute some or all of the cash, shares or other securities it received. It may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

### **Amendment and Termination**

#### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the form of ADR without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, including expenses incurred in connection with foreign exchange control regulations and other charges specifically payable by ADS holders under the deposit agreement, or materially prejudices a substantial existing right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

#### ***How may the deposit agreement be terminated?***

The depositary will terminate the deposit agreement if we ask it to do so, in which case the depositary will give notice to you at least 90 days prior to termination. The depositary may also terminate the deposit agreement if the depositary has told us that it would like to resign and we have not appointed a new depositary within 90 days. In such case, the depositary must notify you at least 30 days before termination.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property and deliver ordinary shares and other deposited securities upon cancellation of ADSs after payment of any fees, charges, taxes or other governmental charges. Six months or more after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination, our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

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### **Books of Depositary**

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain facilities in New York to record and process the issuance, cancellation, combination, split-up and transfer of ADRs.

These facilities may be closed from time to time, to the extent not prohibited by law or if any such action is deemed necessary or advisable by the depositary or us, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the ADRs or ADSs are listed, or under any provision of the deposit agreement or provisions of, or governing, the deposited securities, or any meeting of our shareholders or for any other reason.

### **Limitations on Obligations and Liability**

#### ***Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without gross negligence or willful misconduct;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement, including, without limitation, requirements of any present or future law, regulation, governmental or regulatory authority or share exchange of any applicable jurisdiction, any present or future provisions of our memorandum and articles of association, on account of possible civil or criminal penalties or restraint, any provisions of or governing the deposited securities or any act of God, war or other circumstances beyond our control as set forth in the deposit agreement;
- are not liable if either of us exercises, or fails to exercise, discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any indirect, special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party;
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party;
- disclaim any liability for any action/inaction in reliance on the advice or information of legal counsel, accountants, any person presenting ordinary shares for deposit, holders and beneficial owners (or authorized representatives) of ADSs, or any person believed in good faith to be competent to give such advice or information;
- disclaim any liability for inability of any holder to benefit from any distribution, offering, right or other benefit made available to holders of deposited securities but not made available to holders of ADSs; and
- disclaim any liability for any indirect, special, punitive or consequential damages.

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The depositary and any of its agents also disclaim any liability for any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, any investment risk associated with the acquisition of an interest in the deposited securities, the validity or worth of the deposited securities, the credit-worthiness of any third party, or for any tax consequences that may result from ownership of ADSs, ordinary shares or deposited securities.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

### **Requirements for Depositary Actions**

Before the depositary will issue, deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of ordinary shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities and payment of the applicable fees, expenses and charges of the depositary;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to issue and deliver ADSs or register transfers of ADSs generally when the register of the depositary or our transfer books are closed or at any time if the depositary or we think it is necessary or advisable to do so.

### **Your Right to Receive the Shares Underlying Your ADSs**

You have the right to cancel your ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depositary has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Pre-release of ADSs**

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying ordinary shares. This is called a pre-release of the ADSs. The depositary may also deliver ordinary shares upon cancellation of pre-released ADSs (even if the ADSs are cancelled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying ordinary shares are delivered to the depositary. The depositary may receive ADSs instead of ordinary shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer (a) owns the ordinary shares or ADSs to be deposited, (b) assigns all beneficial rights, title and interest in such ordinary shares

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or ADSs to the depositary for the benefit of the owners, (c) will not take any action with respect to such ordinary shares or ADSs that is inconsistent with the transfer of beneficial ownership, (d) indicates the depositary as owner of such ordinary shares or ADSs in its records, and (e) unconditionally guarantees to deliver such ordinary shares or ADSs to the depositary or the custodian, as the case may be; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (3) the depositary must be able to close out the pre-release on no more than five business days' notice. Each pre-release is subject to further indemnities and credit regulations as the depositary considers appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release to 30% of the aggregate number of ADSs then outstanding, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so, including (1) due to a decrease in the aggregate number of ADSs outstanding that causes existing pre-release transactions to temporarily exceed the limit stated above or (2) where otherwise required by market conditions.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of an ADS holder, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register such transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on, and compliance with, instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement, shall not constitute negligence or bad faith on the part of the depositary.

## SHARES ELIGIBLE FOR FUTURE SALES

Upon completion of this offering, we will have \_\_\_\_\_ outstanding Class A ordinary shares represented by \_\_\_\_\_ ADSs, representing approximately \_\_\_\_\_ % of our outstanding ordinary shares. All of the ADSs sold in this offering will be freely transferable by persons other than by our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of our ADSs in the public market could adversely affect prevailing market prices of our ADSs. Prior to this offering, there has been no public market for our Class A ordinary shares or the ADSs, and although we have applied to list the ADSs on the New York Stock Exchange, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

### Lock-up Agreements

We have agreed, for a period of 180 days after the date of this prospectus, not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise dispose of, except in this offering, any of our ordinary shares or ADSs or securities that are substantially similar to our ordinary shares or ADSs, including but not limited to any options or warrants to purchase our ordinary shares, ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, ADSs or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date such lock-up agreement was executed), without the prior written consent of the representatives of the underwriters.

Furthermore, each of our directors, executive officers and existing shareholders has also entered into a similar lock-up agreement for a period of 180 days from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares, ADSs and securities that are substantially similar to our ordinary shares or ADSs. These parties collectively own all of our outstanding ordinary shares, without giving effect to this offering.

The restrictions described in the preceding paragraphs will be automatically extended under certain circumstances. See “Underwriting.”

Pursuant to a shareholders agreement among our shareholders and us, Telstra Holdings agrees not to sell or transfer our ordinary shares it holds to any third party for a period of 12 months from the completion of this offering. See “Description of Share Capital—Shareholders Agreement.”

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of our ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for our ADSs or ordinary shares may dispose of significant numbers of our ADSs or ordinary shares. We cannot predict what effect, if any, future sales of our ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the trading price of our ADSs from time to time. Sales of substantial amounts of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of our ADSs.

### Rule 144

All of our ordinary shares outstanding prior to this offering are “restricted securities” as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of us and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our

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restricted securities for at least six months may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares, in the form of ADSs or otherwise, which will equal                      ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; or
- the average weekly trading volume of our ordinary shares, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

### **Rule 701**

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

## TAXATION

*The following summary of the material Cayman Islands, PRC and United States federal income tax consequences of an investment in our ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change possibly with retroactive effect. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or Class A ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Conyers Dill & Pearman, our special Cayman Islands counsel. To the extent the discussion relates to matters of PRC tax law, it represents the opinion of TransAsia Lawyers, our special PRC counsel. To the extent that the discussion states definitive legal conclusions under United States federal income tax law as to the material United States federal income tax consequences of an investment in our ADSs or Class A ordinary shares, and subject to the qualifications herein, it represents the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, our special United States counsel.*

### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes levied by the Government of the Cayman Islands that are likely to be material to holders of ADSs or Class A ordinary shares. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and

(b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our shares, debentures or other obligations.

The undertaking for us is for a period of twenty years from June 28, 2011.

### **People's Republic of China Taxation**

We are a holding company incorporated in the Cayman Islands, which indirectly holds Autohome WFOE, our subsidiary in the PRC. Our business operations are principally conducted through our VIEs.

The PRC enterprise income tax is calculated based on the taxable income determined under the applicable Enterprise Income Tax Law and its implementation rules, which became effective on January 1, 2008. The Enterprise Income Tax Law imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under the previous enterprise tax law that was in effect prior to January 1, 2008, under which domestic companies were generally subject to an enterprise income tax rate of 33%.

The Enterprise Income Tax Law and its implementation rules permit certain “high and new technology enterprises strongly supported by the state” that hold independent ownership of core intellectual property and simultaneously meet a list of other criteria, financial or non-financial, as stipulated in the implementation rules and other regulations, to enjoy a reduced 15% enterprise income tax rate subject to certain qualification criteria. On April 14, 2008, the State Administration of Taxation, the Ministry of Science and Technology and the



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Ministry of Finance jointly issued the Administrative Rules for the Certification of High and New Technology Enterprises delineating the specific criteria and procedures for the certification of “high and new technology enterprises”, or HNTEs.

Autohome WFOE, our PRC subsidiary, was recognized by the provincial level Science and Technology Commission, Finance Bureau, and State and Local Tax Bureaus as a HNTE on September 17, 2010, which were valid for three years. Therefore, Autohome WFOE is entitled to the preferential enterprise income tax rate of 15% from 2010 through 2012. We are in the process of applying for the renewal of the HNTE qualification. If our application is not approved, Autohome can no longer enjoy the 15% preferential tax rate, and the applicable enterprise income tax rate may increase to up to 25% starting from 2013.

Uncertainties exist with respect to how the Enterprise Income Tax Law applies to our tax residency status. Under the Enterprise Income Tax Law, an enterprise established outside of China with a “de facto management body” within China is considered a “resident enterprise,” which means that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes, although the dividends paid to one resident enterprise from another may qualify as “tax-exempt income.” Though the implementation rules of the Enterprise Income Tax Law define “de facto management body” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise,” the only constructive guidance for this definition currently available is set forth in the SAT Circular 82 issued by the PRC State Administration of Taxation, which provides guidance on the determination of the tax residency status of Chinese-controlled offshore incorporated enterprises, defined as an enterprise that is incorporated under the laws of a foreign country or territory and that has a PRC enterprise or enterprise group as its primary controlling shareholder. Although SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC individuals, the determining criteria set forth in Circular 82 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises.

According to the SAT Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a “de facto management body” in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions set forth in the SAT Circular 82 are met:

- the primary location of the day-to-day operational management is in the PRC;
- decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC;
- the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and
- 50% or more of voting board members or senior executives habitually reside in the PRC.

We do not believe that Autohome Inc. or its BVI subsidiary, Cheerbright, or HK subsidiary of BVI subsidiary, Autohome HK meets all of the conditions above. Each of Autohome Inc. Cheerbright and Autohome HK is a company incorporated outside the PRC. As holding companies, these three entities’ key assets and records, including the resolutions of their respective board of directors and the resolutions of their respective shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a similar corporate structure as ours which has ever has been deemed a PRC “resident enterprise” by the PRC tax authorities. Therefore, we believe that neither Autohome Inc. nor Cheerbright and Autohome HK, should be treated as a “resident enterprise” for PRC tax purposes if the criteria for a “de facto management body” as set forth in the SAT Circular 82 were deemed applicable to us. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body” as applicable to our offshore entities, we will continue to monitor our tax status.

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Although we believe we are not a PRC resident enterprise for enterprise income tax purposes, substantial uncertainty exists. In the event that our company or our BVI subsidiary or HK subsidiary of BVI subsidiary, is considered to be a PRC resident enterprise: (1) our company or our BVI subsidiary, as the case may be, would be subject to the PRC enterprise income tax at the rate of 25% on worldwide income; and (2) dividend income that our company or BVI subsidiary, as the case may be, receives from our PRC subsidiary would be exempt from the PRC withholding tax since such income is exempted under the Enterprise Income Tax Law for PRC resident enterprise; and (3) any dividends we pay to our non-PRC shareholders or ADS holders as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%, subject to reduction or exemption by an applicable treaty. See “Risk Factors—Risks Related to Doing Business in China—Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the Enterprise Income Tax Law, which would have a material adverse effect on our results of operations.”

Under SAT Circular 698, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5%, or (b) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the PRC competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding, or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. SAT Circular 698 is retroactively effective on January 1, 2008. There is uncertainty as to the application of SAT Circular 698. If SAT Circular 698 was determined by the tax authorities to be applicable to us and our non-resident investors with respect to our corporate restructuring where non-residents investors were involved, we and our non-resident investors in such transactions may be required to expend valuable resources to comply with this circular or to establish that we or our non-resident investors should not be taxed under SAT Circular 698, which may adversely affect us or our non-resident investors. See “Risk Factors—Risks Related to Doing Business in China— We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies. “

### *PRC Value-Added Tax and Business Tax*

Pursuant to applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenues generated from providing such services. However, if the services provided are related to technology development and transfer, such business tax may be exempted subject to the approval of relevant tax authorities.

The Ministry of Finance and the SAT introduced pilot programs in 2011 and 2012 to replace the business tax with a value added tax. These pilot programs apply to companies providing certain services including information technology services, advertising services and research, development and technology services. The applicable value added tax rate varies from 0% to 17% depending on the industry. As a result of these pilot programs, Shanghai Advertising and Guangzhou Advertising were required to pay VAT instead of business tax starting January 1, 2012 and November 1, 2012, respectively. Autohome WFOE and our other VIEs in Beijing were required to pay VAT instead of business tax starting September 1, 2012.

### *Dividends Withholding Tax*

We are a Cayman Islands holding company and substantially all of our income will come from dividends distributed by our subsidiary located in the PRC through Cheerbright, our British Virgin Island subsidiary. Pursuant to the Enterprise Income Tax Law and its implementation rules, dividends from our PRC subsidiary paid out of profits generated after January 1, 2008, are subject to a withholding tax of 10%, unless there is a tax treaty with China that provides for a different withholding arrangement. Cayman Islands currently does not have any tax treaty with China with respect to withholding tax. Distributions of profits generated before January 1, 2008 are exempt from PRC withholding tax. Our board of directors declared dividends of RMB49.9 million and RMB249.2 million (US\$40.0 million) in February 2012 and May 2013, respectively, to all of our shareholders. The dividends, net of applicable withholding tax, were paid in April 2012 and June 2013, respectively. We do not have any plan to pay additional cash dividends on our ordinary shares in the foreseeable future after this offering. The board of Autohome WFOE has resolved to reinvest all its undistributed earnings indefinitely in Autohome WFOE. We currently intend to retain most, if not all, of our remaining available funds and any future earnings to operate and expand our business.

As uncertainties remain regarding the interpretation and implementation of the Enterprise Income Tax Law and its implementation rules, we cannot assure you that, if we are deemed a PRC resident enterprise, any dividends to be distributed by us to our non-PRC shareholders and ADS holders would not be subject to any PRC withholding tax. See “Risk Factors—Risks Related to Doing Business in China—Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the Enterprise Income Tax Law, which would have a material adverse effect on our results of operations.”

### **Material United States Federal Income Tax Considerations**

The following is a discussion of the material United States federal income tax considerations relating to the acquisition, ownership, and disposition of our ADSs or Class A ordinary shares by U.S. Holders (as defined below) that will hold ADSs or Class A ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon applicable provisions of the Internal Revenue Code, Treasury regulations (proposed, temporary and final) promulgated thereunder, pertinent judicial decisions, interpretive rulings of the Internal Revenue Service and such other authorities as we have considered relevant, which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (for example, certain financial institutions, insurance companies, broker-dealers, pension plans, regulated investment companies, real estate investment trusts, cooperatives, and tax-exempt organizations (including private foundations)), holders who are not U.S. Holders, holders who own (directly, indirectly, or constructively) 10% or more of our voting stock, investors that will hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for United States federal income tax purposes, investors that are traders in securities that have elected the mark-to-market method of accounting, or investors that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those discussed below. In addition, this discussion does not address any non-United States, state, or local tax considerations. Each U.S. Holder is urged to consult its tax advisors regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in ADSs or Class A ordinary shares.

### **General**

For purposes of this summary, a “U.S. Holder” is a beneficial owner of our ADSs or Class A ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for United States federal income tax purposes, created in, or organized under the law of the United States or any state thereof or the District of

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Columbia, or treated as such for United States federal income tax purposes, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner of a partnership holding our ADSs or Class A ordinary shares, the U.S. Holder is urged to consult its tax advisors regarding an investment in our ADSs or Class A ordinary shares.

Based in part on certain representations from the depositary bank, a U.S. Holder of ADSs will be treated as the beneficial owner for United States federal income tax purposes of the underlying shares represented by the ADSs. The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released before shares are delivered to the depositary, or intermediaries in the chain of ownership between holders of American depositary shares and the issuer of the security underlying the American depositary shares, may be taking actions that are inconsistent with claiming foreign tax credits by holders of American depositary shares. These actions would also be inconsistent with claiming the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of any PRC taxes and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, each described below, could be affected by actions taken by such parties or intermediaries.

### ***Passive Foreign Investment Company Considerations***

A non-United States corporation, such as our company, will be classified as a “passive foreign investment company” (or a “PFIC”), for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income (the “asset test”). Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash is categorized as a passive asset and the company’s unbooked intangibles associated with active business activity are taken into account as a non-passive asset. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Although the law in this regard is unclear, we treat our VIEs as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operation in our consolidated financial statements. If it were determined, however, that we are not the owner of our VIEs for United States federal income tax purposes, we would likely be treated as a PFIC for our current and any subsequent taxable year.

Assuming we are the owner of our VIEs for U.S. federal income tax purposes, we believe that we primarily operate as an active provider of online automotive advertising solutions in China. Based on our current income and assets, we presently do not expect to be classified as a PFIC for the current taxable year and we do not anticipate becoming a PFIC in future taxable years. While we do not anticipate becoming a PFIC, because the value of assets for the purpose of the asset test may be determined by reference to the market price of our ADSs or Class A ordinary shares, fluctuations in the market price of our ADSs or Class A ordinary shares may cause us to become a PFIC for the current or subsequent taxable years. The composition of our income and our assets will also be affected by how, and how quickly, we spend our liquid assets and the cash raised in this offering. Under circumstances where revenues from activities that produce passive income significantly increase relative to our

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revenues from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for working capital or other purposes, our risk of becoming classified as a PFIC may substantially increase. Furthermore, because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive or challenge our valuation of our tangible and intangible assets, each of which may result in our becoming a PFIC for the current or subsequent taxable years.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, the PFIC tax rules discussed below under “Passive Foreign Investment Company Rules” generally will apply to such U.S. Holder for such taxable year and, unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be a PFIC in subsequent years. The discussion below under “Dividends” and “Sale or Other Disposition of ADSs or Ordinary Shares” is written on the basis that we will not be classified as a PFIC for United States federal income tax purposes.

### **Dividends**

Any cash distributions (including the amount of any PRC tax withheld) paid on ADSs or Class A ordinary shares out of our earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depositary bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. For taxable years beginning before January 1, 2013, non-corporate recipients of dividend income generally will be subject to tax on dividend income from a “qualified foreign corporation” at a lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period and other requirements are met. A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. We have applied to list the ADSs on the New York Stock Exchange. Provided the listing is approved, we should be a qualified foreign corporation for United States federal income tax purposes because the ADSs are expected to be readily tradable on the New York Stock Exchange, which is an established securities market in the United States. Dividends received on our ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to corporations.

In the event that we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or Class A ordinary shares. In such case, we may, however, be eligible for the benefits of the United States-PRC income tax treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by our ADSs, would be eligible for the reduced rates of taxation applicable to qualified dividend income, as discussed above.

Dividends generally will be treated as income from foreign sources for United States foreign tax credit purposes. In the event that we are deemed to be a PRC “resident enterprise” under the Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on ADSs or Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for United States federal income tax purposes, in respect of such withholdings, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and U.S.

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Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

### ***Sale or Other Disposition of ADSs or Ordinary Shares***

A U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term if the ADSs or Class A ordinary shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. Long-term capital gain of non-corporate U.S. Holders is generally eligible for reduced rates of taxation. In the event that gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the United States-PRC income tax treaty may elect to treat the gain as PRC source income. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or Class A ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

### ***Passive Foreign Investment Company Rules***

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election with respect to ADSs (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary share), and (ii) any gain realized on the sale or other disposition, including a pledge, under certain circumstances, of ADSs or Class A ordinary shares. Under these PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (a "pre-PFIC year") will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to individuals or corporations, as appropriate, for that year;
- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year; and
- the use of net operating losses to offset the tax liability for amounts allocated to years prior to the year of disposition may be limited.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our non-United States subsidiaries is also a PFIC (i.e., a lower-tier PFIC), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of shares of a lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election, provided that the listing on the New York Stock Exchange is approved and that the

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ADSs are regularly traded. We anticipate that the ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes this election, the U.S. Holder will generally (i) include as ordinary income for each taxable year the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of such ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will be allowed only to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any year that such corporation is not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs or Class A ordinary shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs or Class A ordinary shares (or any portion thereof) and has not previously made a mark-to-market election, and if the U.S. Holder makes a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs or Class A ordinary shares.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make "qualified electing fund" elections which, if available, would result in tax treatment different from, and generally more favorable than, the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the holder must file an annual report with the U.S. Internal Revenue Service. For some U.S. Holders, this filing requirement is currently suspended, and each U.S. Holder is urged to consult its tax advisor as to any such filing requirements. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding, and disposing ADSs or Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualifying electing fund election.

### ***Information Reporting and Backup Withholding***

Dividend payments with respect to our ADSs or Class A ordinary shares and proceeds from the sale, exchange or redemption of our ADSs or ordinary shares may be subject to information reporting to the Internal Revenue Service and possible United States backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes other required certifications, or who is otherwise exempt from backup withholding. U.S. Holders that are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's United States federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

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Pursuant to the Hiring Incentives to Restore Employment Act enacted on March 18, 2010, in taxable years beginning after the date of enactment, an individual U.S. Holder and certain entities may be required to submit to the Internal Revenue Service certain information with respect to his or her beneficial ownership of the ADSs or Class A ordinary shares, if such ADSs or Class A ordinary shares are not held on his or her behalf by a financial institution. This new law also imposes penalties if an individual U.S. Holder is required to submit such information to the Internal Revenue Service and fails to do so. For some U.S. Holders, the new reporting requirements are currently suspended, and each U.S. Holder is urged to consult its tax advisor as to any such reporting requirements.



## UNDERWRITING

The company[, the selling shareholders] and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of ADSs indicated in the following table. Deutsche Bank Securities, Inc. and Goldman Sachs (Asia) L.L.C.\* are the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of ADSs</u>
Deutsche Bank Securities, Inc.*	
Goldman Sachs (Asia) L.L.C.*	
<b>Total</b>	

\* In alphabetical order.

Subject to certain conditions, the underwriters are committed to take and pay for all of the ADSs being offered, if any are taken, other than the ADSs covered by the option described below unless and until this option is exercised.

If the underwriters sell more ADSs than the total number set forth in the table above, the underwriters have an option to buy up to an additional ADSs from the [company and the selling shareholders]. They may exercise that option for 30 days. If any ADSs are purchased pursuant to this option, the underwriters will severally purchase ADSs in approximately the same proportion as set forth in the table above.

The following tables show the per ADS and total underwriting discounts and commissions to be paid to the underwriters by the company[ and the selling shareholders]. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

<u>Paid by Us</u>	<u>No Exercise</u>	<u>Full Exercise</u>
Per ADS	US\$	US\$
Total	US\$	US\$

<u>Paid by the Selling Shareholders</u>	<u>No Exercise</u>	<u>Full Exercise</u>
Per ADS	US\$	US\$
Total	US\$	US\$

ADSs sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any ADSs sold by the underwriters to securities dealers may be sold at a discount of up to US\$ per ADS from the initial public offering price. If all the ADSs are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. The offering of the ADSs by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

[We currently anticipate that we will undertake a directed share program pursuant to which we will direct the underwriters to reserve up to ADSs for sale at the initial public offering price to directors, officers, employees, business associates and related persons through a directed share program. The number of ADSs available for sale to the general public in the public offering will be reduced to the extent these persons purchase any reserved ADSs. Any ADSs not so purchased will be offered by the underwriters to the general public on the same basis as the other ADSs offered hereby.]

We have agreed with the underwriters not to, without the prior consent of both representatives, for a period of 180 days following the date of this prospectus, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, file a registration statement with respect to, or otherwise dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic

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consequence of ownership interests) any of our ADSs or ordinary shares or any securities that are substantially similar to ADSs or ordinary shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, our ADSs or ordinary shares or any substantially similar securities. We have also agreed to cause our subsidiaries and VIEs to abide by the restrictions of the lock-up agreement.

The foregoing restrictions do not apply to (a) the sale of ADSs or ordinary shares to the underwriters; (b) grants of share options under the 2011 Share Incentive Plan, or the issuance of ordinary shares or other equity securities of the company pursuant to the exercise of options granted under the 2011 Share Incentive Plan; or (c) issuances, or contracts to issue, ordinary shares or other securities convertible or exercisable into ordinary shares not exceeding, in the aggregate, 1% of our then issued share capital in connection with a bona fide acquisition or acquisitions by us, provided the holders of such ordinary shares or other securities agree to be bound in writing by the restrictions set forth in the lock-up agreement.

In addition, [all] of our shareholders[, directors and executive officers and optionholders] have entered into a similar 180-day lock-up agreement with respect to our ADSs or ordinary shares or any securities that are substantially similar to ADSs or ordinary shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, our ADSs or ordinary shares or any substantially similar securities.

The foregoing restrictions do not apply to (a) transactions relating to our ordinary shares, ADSs or other securities acquired in open market transactions after the completion of this offering, if no filing under the Exchange Act will be required or will be voluntarily made in connection with subsequent sales of such ordinary shares, ADSs or other securities; (b) transfers of our ordinary shares, ADSs or any other securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs as a bona fide gift; (c) transfers or distributions of our ordinary shares, ADSs or any other securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs to limited partners, shareholders, subsidiaries or other affiliates of the holders of such securities; or (d) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of our ordinary shares or ADSs, if such plan does not provide for the transfer of our ordinary shares or ADSs during the 180-day restricted period and no public announcement or filing under the Exchange Act regarding the establishment of such plan will be required or voluntarily made. In addition, in the case of any transfer or distribution pursuant to (b) or (c) above, (i) each donee, transferee or distributee should enter into a similar lock-up agreement, and (ii) no filing under the Exchange Act, reporting a reduction or increase in beneficial ownership of ordinary shares or ADSs should be required or should be voluntarily made during the 180-day restricted period.

The 180-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 180-day restricted period the company issues an earnings release or announces material news or a material event; or (2) prior to the expiration of the 180-day restricted period, the company announces, or both representatives jointly determine, that it will release earnings results during the 15-day period following the last day of the 180-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release of the announcement of the material news or material event unless both representatives jointly waive, in writing, such extension.

In addition, we have agreed to instruct Deutsche Bank Trust Company Americas, as depositary, not to accept any deposit of any ordinary shares by, or issue any ADSs to, the specified individuals who are our current shareholders, optionholders or beneficial owners for 180 days after the date of this prospectus (other than in connection with this offering), unless we otherwise instruct. The foregoing does not affect the right of ADS holders to cancel their ADSs, withdraw the underlying ordinary shares and re-deposit such shares.

Prior to the offering, there has been no public market for the ADSs. The initial public offering price has been negotiated among the company and the representatives. Among the factors to be considered in determining

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the initial public offering price of the ADSs, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

An application has been made to list the ADSs on the New York Stock Exchange under the symbol "ATHM".

In connection with the offering, the underwriters may purchase and sell ADSs in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional ADSs from the [company and selling shareholders] in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ADSs sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

### **Restrictions on Sales Outside of the United States**

No action has been or will be taken by us or by any underwriter in any jurisdiction except in the United States that would permit a public offering of the ADSs, or the possession, circulation or distribution of a prospectus or any other material relating to us and the ADSs in any country or jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of ADSs to the public in that

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Relevant Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of ADSs to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the U.K. Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA does not apply to the company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.

### **Hong Kong**

The ADSs may not be offered or sold by means of any document other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (b) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder or (c) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

**Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (b) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the ADSs under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer or (3) by operation of law.

**Japan**

The securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

**PRC**

This prospectus has not been and will not be circulated or distributed in the PRC, and ADSs may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph only, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

**Israel**

In the State of Israel, the securities offered hereby may not be offered to any person or entity other than the following, all of whom must acquire the securities for their own account and not for purposes of distribution and/or sale to others:

- (a) a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;
- (b) a provident fund as defined in the Control of Financial Services law (Provident Funds), 5765-2005;
- (c) an insurer, as defined under the Insurance Business (Control) Law, 5741-1981;

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- (d) a banking entity or satellite entity, as such terms are defined in the Banking (Licensing) Law, 5741-1981 - other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- (e) a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- (f) an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;
- (g) a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- (h) an underwriter fulfilling the conditions of Section 56(c) of the Securities Law 1968, purchasing for itself;
- (i) a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) where the risk of investment is higher than what is customary for other investments);
- (j) a corporation primarily engaged in capital markets activities and which is wholly owned by investors listed in Section 15A(b) of the Securities Law 1968;
- (k) a corporation, other than an entity formed for the purpose of purchasing securities in this offering, in which the shareholders equity is in excess of NIS 50 million; and
- (l) an individual as to which the conditions provided in sub-section 9 to Addendum 1 of the Investment Advisors Law, 5755-1995, purchasing for his own account, and for the purposes hereof, the aforementioned sub-section shall be read whereby "as an eligible client for the purpose of this law," is replaced with "as an investor for the purpose of Section 15A(b)(1) of the Securities Law 1968".

Any offeree of the securities offered hereby in the State of Israel shall be required to submit written confirmation that it falls within the scope of one of the above criteria. This prospectus will not be distributed or directed to investors in the State of Israel who do not fall within one of the above criteria.

### **Other**

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of ADSs offered.

The company and the selling shareholders estimate that the total expenses for the offering of their ADSs, excluding underwriting discounts and commissions, will be approximately US\$ .

The company[ and the selling shareholders] have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Some of the underwriters are expected to make offers and sales both in and outside the United States through their respective selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the SEC. Goldman Sachs (Asia) L.L.C. is expected to make offers and sales in the United States through its selling agent, Goldman Sachs & Co.

This prospectus will be made available in electronic format on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute this prospectus electronically. The underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an internet distribution will be allocated on the same basis as other

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allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders.

Certain of the underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. These underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the company, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the company.

**EXPENSES RELATED TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding underwriting discount, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, New York Stock Exchange market entry and listing fee and the Financial Industry Regulatory Authority, Inc. filing fee, all amounts are estimates.

SEC Registration Fee	US\$
New York Stock Exchange Market Entry and Listing Fee	
Financial Industry Regulatory Authority, Inc. Fee	
Printing and Engraving Expenses	
Legal Fees and Expenses	
Accounting Fees and Expenses	
Miscellaneous	
Total	<u>US\$</u>



**LEGAL MATTERS**

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Wilson Sonsini Goodrich & Rosati, P.C. with respect to certain legal matters as to United States federal securities and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Conyers Dill & Pearman. Certain legal matters as to PRC law will be passed upon for us by TransAsia Lawyers and for the underwriters by Fangda Partners. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Conyers Dill & Pearman with respect to matters governed by Cayman Islands law and TransAsia Lawyers with respect to matters governed by PRC law. Wilson Sonsini Goodrich & Rosati, P.C. may rely upon Fangda Partners with respect to matters governed by PRC law.

**EXPERTS**

The consolidated financial statements of Autohome Inc. at December 31, 2011 and 2012, and for each of the three years in the period ended December 31, 2012, appearing in this prospectus and registration statement have been audited by Ernst & Young Hua Ming LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The offices of Ernst & Young Hua Ming LLP are located at 16/F Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Avenue, Beijing 100738, People's Republic of China.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and securities under the Securities Act with respect to underlying Class A ordinary shares represented by the ADSs, to be sold in this offering. We have also filed with the SEC a related registration statement on F-6 to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement on Form F-1 and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon completion of this offering we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at [www.sec.gov](http://www.sec.gov) or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 or visit the SEC website for further information on the operation of the public reference rooms.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

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**AUTOHOME INC.**  
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Autohome Inc.

We have audited the accompanying consolidated balance sheets of Autohome Inc. (the “Company”) as of December 31, 2011 and 2012 and the related consolidated statements of comprehensive income, cash flows and changes in shareholders’ equity for each of the three years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2011 and 2012 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young Hua Ming LLP  
Beijing, People’s Republic of China  
June 7, 2013

**AUTOHOME INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2011 AND 2012**  
(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

	<u>Note</u>	<u>2011</u>	<u>2012</u>	
		RMB	RMB	US\$
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents		213,705	420,576	67,507
Accounts receivable (net of allowance for doubtful accounts of RMB371 and RMB1,161 (US\$186) as of December 31, 2011 and 2012, respectively)	4	203,102	326,071	52,338
Prepaid expenses and other current assets	5	24,622	12,435	1,996
Deferred tax assets	6	10,394	27,110	4,351
<b>Total current assets</b>		<b>451,823</b>	<b>786,192</b>	<b>126,192</b>
<b>Non-current assets:</b>				
Property and equipment, net	7	27,356	39,858	6,398
Intangible assets, net	8	59,548	49,345	7,920
Goodwill	9	1,504,278	1,504,278	241,453
<b>Total non-current assets</b>		<b>1,591,182</b>	<b>1,593,481</b>	<b>255,771</b>
<b>Total assets</b>		<b>2,043,005</b>	<b>2,379,673</b>	<b>381,963</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Accrued expenses and other payables (including accrued expenses and other payables of consolidated variable interest entities without recourse to Beijing Cheerbright Technologies Co., Ltd. (“Autohome WFOE” or “WFOE”) of RMB125,730 and RMB160,175 (US\$25,710) as of December 31, 2011 and 2012, respectively)	10	149,975	213,208	34,222
Deferred revenue (including deferred revenue of consolidated variable interest entities without recourse to Autohome WFOE of RMB41,461 and RMB94,392 (US\$15,151) as of December 31, 2011 and 2012, respectively)		41,461	94,392	15,151
Income tax payable (including income tax payable of consolidated variable interest entities without recourse to Autohome WFOE of RMB6,439 and nil as of December 31, 2011 and 2012)		7,714	2,063	331
Due to related parties (including due to related parties of consolidated variable interest entities without recourse to Autohome WFOE of RMB4,655 and nil as of December 31, 2011 and 2012)	11	4,655	—	—
Deferred tax liabilities (including deferred tax liabilities of consolidated variable interest entities without recourse to Autohome WFOE of nil and nil as of December 31, 2011 and 2012, respectively)	6	—	26,629	4,274
<b>Total current liabilities</b> (including current liabilities of consolidated variable interest entities without recourse to Autohome WFOE of RMB178,285 and RMB254,567 (US\$ 40,861) as of December 31, 2011 and 2012, respectively)		<b>203,805</b>	<b>336,292</b>	<b>53,978</b>
<b>Non-current liabilities:</b>				
Other liabilities (including other liabilities of consolidated variable interest entities without recourse to Autohome WFOE of RMB2,874 and RMB10,852 (US\$1,742) as of December 31, 2011 and 2012, respectively)		5,971	16,568	2,659
Deferred tax liabilities (including deferred tax liabilities of consolidated variable interest entities without recourse to Autohome WFOE of RMB14,615 and RMB12,181 (US\$1,955) as of December 31, 2011 and 2012, respectively)	6	472,950	468,838	75,254
<b>Total non-current liabilities</b> (including non-current liabilities of consolidated variable interest entities without recourse to Autohome WFOE of RMB17,489 and RMB 23,033 (US\$3,697) as of December 31, 2011 and 2012, respectively)		<b>478,921</b>	<b>485,406</b>	<b>77,913</b>
<b>Total liabilities</b> (including total liabilities of consolidated variable interest entities without recourse to Autohome WFOE of RMB195,774 and RMB 277,600 (US\$44,558) as of December 31, 2011 and 2012, respectively)		<b>682,726</b>	<b>821,698</b>	<b>131,891</b>
<b>Commitments and contingencies</b>	12	—	—	—
<b>Shareholders' equity:</b>				
Ordinary shares (par value of US\$0.01 per share; 100,000,000,000 shares authorized; 100,000,000 shares issued and outstanding as of December 31, 2011 and 2012)		6,867	6,867	1,102
Additional paid-in capital		1,099,172	1,128,314	181,107
Accumulated other comprehensive income	18	—	583	94
Retained earnings	15	254,240	422,211	67,769
<b>Total shareholders' equity</b>		<b>1,360,279</b>	<b>1,557,975</b>	<b>250,072</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,043,005</b>	<b>2,379,673</b>	<b>381,963</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**AUTOHOME INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012**  
 (Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

	Note	2010 RMB	2011 RMB	2012	
				RMB	US\$
<b>Net revenues:</b>					
Advertising services		235,415	379,666	592,622	95,122
Dealer subscription services		17,519	53,523	139,898	22,455
<b>Total net revenues</b>		<b>252,934</b>	<b>433,189</b>	<b>732,520</b>	<b>117,577</b>
Cost of revenues	13	(83,897)	(130,565)	(178,240)	(28,609)
<b>Gross profit</b>		<b>169,037</b>	<b>302,624</b>	<b>554,280</b>	<b>88,968</b>
<b>Operating expenses:</b>					
Sales and marketing expenses		(48,712)	(67,500)	(129,796)	(20,834)
General and administrative expenses		(17,951)	(46,547)	(83,153)	(13,347)
Product development expenses		(6,205)	(16,459)	(42,865)	(6,880)
<b>Operating profit</b>		<b>96,169</b>	<b>172,118</b>	<b>298,466</b>	<b>47,907</b>
Other income, net		110	1,676	5,403	867
<b>Income from continuing operations before income taxes</b>		<b>96,279</b>	<b>173,794</b>	<b>303,869</b>	<b>48,774</b>
Income tax expense	6	(15,853)	(38,348)	(90,988)	(14,605)
<b>Income from continuing operations</b>		<b>80,426</b>	<b>135,446</b>	<b>212,881</b>	<b>34,169</b>
Income (loss) from discontinued operations	14	7,612	(4,182)	—	—
<b>Net income</b>		<b>88,038</b>	<b>131,264</b>	<b>212,881</b>	<b>34,169</b>
<b>Basic earnings per share:</b>	16	<b>0.88</b>	<b>1.31</b>	<b>2.13</b>	<b>0.34</b>
<b>Diluted earnings per share:</b>	16	<b>—</b>	<b>1.31</b>	<b>2.12</b>	<b>0.34</b>
<b>Other comprehensive income, net of tax of nil</b>					
Foreign currency translation adjustments		—	—	583	94
<b>Comprehensive income</b>		<b>88,038</b>	<b>131,264</b>	<b>213,464</b>	<b>34,263</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**AUTOHOME INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012**  
 (Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	
	RMB	RMB	RMB	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income from continuing operations	80,426	135,446	212,881	34,169
Income (loss) from discontinued operations	7,612	(4,182)	—	—
<b>Adjustments to reconcile net income to net cash from operating activities:</b>				
Depreciation of property and equipment	12,870	12,061	14,301	2,295
Amortization of intangible assets	39,683	23,620	10,203	1,638
Loss on disposal of property and equipment	1,757	174	73	12
Allowance for doubtful accounts	3,185	(591)	790	126
Share-based compensation costs	—	13,446	29,142	4,678
Deferred income taxes	(34,957)	(3,609)	5,801	931
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable	(67,598)	(66,150)	(123,759)	(19,865)
Prepaid expenses and other current assets	461	(27,851)	13,045	2,094
Accrued expenses and other payables	81,592	51,269	63,816	10,244
Deferred revenue	12,435	25,564	52,931	8,496
Income tax payable	3,928	(5,877)	(5,651)	(907)
Due to related parties	291	4,364	(4,655)	(747)
Other liabilities	14,753	(11,559)	10,597	1,701
<b>Net cash generated from operating activities</b>	<b><u>156,438</u></b>	<b><u>146,125</u></b>	<b><u>279,515</u></b>	<b><u>44,865</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(9,943)	(30,093)	(27,734)	(4,452)
Acquisition of intangible assets	(8,087)	(1,600)	—	—
Purchase of held-to-maturity instruments	(62,000)	(98,000)	—	—
Proceeds from maturity of held-to-maturity instruments	13,500	117,000	—	—
<b>Net cash used in investing activities</b>	<b><u>(66,530)</u></b>	<b><u>(12,693)</u></b>	<b><u>(27,734)</u></b>	<b><u>(4,452)</u></b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>				
Payments of dividends	—	—	(44,910)	(7,209)
Distribution to shareholders (Note 14)	—	(94,069)	—	—
<b>Net cash used in financing activities</b>	<b><u>—</u></b>	<b><u>(94,069)</u></b>	<b><u>(44,910)</u></b>	<b><u>(7,209)</u></b>
Net increase in cash and cash equivalents	89,908	39,363	206,871	33,204
Cash and cash equivalents at beginning of year	84,434	174,342	213,705	34,303
<b>Cash and cash equivalents at end of year</b>	<b><u>174,342</u></b>	<b><u>213,705</u></b>	<b><u>420,576</u></b>	<b><u>67,507</u></b>
<b>Supplemental disclosures of cash flow information:</b>				
Income taxes paid	20,025	48,138	79,904	12,825
<b>Supplemental disclosures of non-cash activities:</b>				
Acquisition of intangible assets included in accrued expenses and other payables	1,600	—	—	—

*The accompanying notes are an integral part of these consolidated financial statements*



AUTOHOME INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US\$") except for number of shares and per share data)

	Ordinary shares		Additional paid-in capital RMB	Accumulated other comprehensive income (Note 18) RMB	Retained Earnings RMB	Total Shareholders' Equity RMB
	Shares Number	Amount RMB				
Balance as of January 1, 2010	100,000,000	6,867	1,396,517	—	49,383	1,452,767
Net income	—	—	—	—	88,038	88,038
Other comprehensive income	—	—	—	—	—	—
<b>Balance as of December 31, 2010</b>	<b>100,000,000</b>	<b>6,867</b>	<b>1,396,517</b>	<b>—</b>	<b>137,421</b>	<b>1,540,805</b>
Distribution to shareholders (Note 14)	—	—	(310,791)	—	(14,445)	(325,236)
Net income	—	—	—	—	131,264	131,264
Other comprehensive income	—	—	—	—	—	—
Share-based compensation	—	—	13,446	—	—	13,446
<b>Balance as of December 31, 2011</b>	<b>100,000,000</b>	<b>6,867</b>	<b>1,099,172</b>	<b>—</b>	<b>254,240</b>	<b>1,360,279</b>
Net income	—	—	—	—	212,881	212,881
Other comprehensive income	—	—	—	583	—	583
Payments of dividends	—	—	—	—	(44,910)	(44,910)
Share-based compensation	—	—	29,142	—	—	29,142
<b>Balance as of December 31, 2012</b>	<b>100,000,000</b>	<b>6,867</b>	<b>1,128,314</b>	<b>583</b>	<b>422,211</b>	<b>1,557,975</b>
<b>Balance as of December 31, 2012, in US\$</b>		<b>1,102</b>	<b>181,107</b>	<b>94</b>	<b>67,769</b>	<b>250,072</b>

The accompanying notes are an integral part of these consolidated financial statements

## AUTOHOME INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 1. ORGANIZATION

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 Ltd. (“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. The Company, through its subsidiaries and VIEs (as disclosed in the table below), is principally engaged in the provision of online advertising and dealer subscription services in the People’s Republic of China (the “PRC”). In May 2012, Telstra acquired additional shares of the Company from other shareholders. As of December 31, 2012, Telstra holds 66% of the total equity interest in the Company.

On June 14, 2011, the Company incorporated, under the laws of the Cayman Islands, a wholly-owned subsidiary, Sequel Media Inc. (“Sequel Media”). On June 30, 2011 the Company contributed all the shares of the entities that provided online advertising services to manufacturers and retailers in the information technology industry (collectively the “Distributed Entities”) to Sequel Media. On June 30, 2011, the Company distributed all the shares of Sequel Media to its shareholders. Accordingly, pursuant to ASC 205-20, *Discontinued Operations*, the Distributed Entities have been accounted for as a discontinued operation whereby the results of operations of these businesses have been eliminated from the results of continuing operations and reported in discontinued operations for all years presented (Note 14).

On October 8, 2011, the Shijiazhuang Industry and Commercial Bureau Company approved the termination of the business license of Shijiazhuang XinFeng Advertising Co., Ltd., formally dissolving the legal entity.

As of December 31, 2012, subsidiaries of the Company and its VIEs where the Company’s WFOE is the primary beneficiary include the following entities:

<u>Entity</u>	<u>Date of incorporation</u>	<u>Place of incorporation</u>	<u>Percentage of direct ownership by the Company</u>	<u>Principal activities</u>
<b><u>Subsidiaries</u></b>				
Cheerbright International Holdings Ltd. (“Cheerbright”)	June 13, 2006	British Virgin Islands	100%	Investment holding
Autohome (Hong Kong) Ltd. (“Autohome HK”)	March 16, 2012	Hong Kong	100%	Provision of online advertising services
Autohome WFOE	September 1, 2006	PRC	100%	Provision of technical and consulting services
<b><u>VIEs</u></b>				
Beijing Autohome Information Technology Co., Ltd. (“Autohome Information”)	August 28, 2006	PRC	—	Provision of online advertising and dealer subscription services
Beijing Shengtuo Autohome Advertising Co., Ltd.	September 21, 2010	PRC	—	Provision of online advertising services

AUTOHOME INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

1. ORGANIZATION (CONTINUED)

<u>Entity</u>	<u>Date of incorporation</u>	<u>Place of incorporation</u>	<u>Percentage of direct ownership by the Company</u>	<u>Principal activities</u>
Beijing Shengtuo Hongyuan Information Technology Co., Ltd.	November 8, 2010	PRC	—	Provision of online advertising and dealer subscription services
Beijing Shengtuo Chengshi Advertising Co., Ltd.	November 12, 2010	PRC	—	Provision of online advertising services
Shanghai Youche Youjia Advertising Co., Ltd. (“Shanghai Advertising”)	December 31, 2011	PRC	—	Provision of online advertising services
Guangzhou Youche Youjia Advertising Co., Ltd. (“Guangzhou Advertising”)	May 8, 2012	PRC	—	Provision of online advertising services

The Company, its subsidiaries and VIEs are hereinafter collectively referred to as the “Group”. The Group provides online advertising and dealer subscription services through its internet sites. These services are offered to automakers and dealers, and advertising agencies that represent automakers and dealers in the automobile industry. 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 in the PRC.

PRC laws and regulations prohibit or restrict foreign ownership of internet content and online advertising businesses. To comply with these foreign ownership restrictions, the Company and its subsidiaries operate websites and provide online advertising services and dealer subscription services in the PRC through VIEs. The paid-in capital of the VIEs was funded by the Company’s PRC subsidiary through loans extended to the VIEs’ shareholders (“Nominee Shareholders”). The effective control of the VIEs is held by Autohome WFOE, through a series of contractual arrangements (the “Contractual Arrangements”). As a result of the Contractual Arrangements, the WFOE maintains the ability to control the VIEs, is entitled to substantially all of the economic benefits from the VIEs and is obligated to absorb all of the VIE’s expected losses.

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 WFOE. Furthermore, the majority of the Company’s board is comprised of Telstra representatives, and the Company’s board needs to pre-approve the WFOE’s decisions including the approval of the VIEs’ significant operating and financial decisions. Based on the above, through the Contractual Arrangements 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 WFOE.

Thus, the Company is also considered the primary beneficiary of the VIEs through the WFOE. As a result of the above, the Company consolidates the VIEs in accordance with SEC Regulation S-X-3A-02 and Accounting Standards Codification (“ASC”) 810-10 (“ASC 810-10”) *Consolidation: Overall*.

AUTOHOME INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

1. ORGANIZATION (CONTINUED)

The following is a summary of the Contractual Arrangements:

*Exclusive technical consulting and service agreements*

Pursuant to the exclusive technical consulting and service agreements that have been entered into by the WFOE and the VIEs, the VIEs have engaged the WFOE as their exclusive provider of technical support and management consulting services. The VIEs shall pay to the WFOE service fees determined based on the revenues of the VIEs. The service fees can be adjusted by the WFOE unilaterally. The WFOE 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 WFOE. 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 WFOE.

*Loan agreements*

Pursuant to the loan agreements between the Nominee Shareholders of the VIEs and the WFOE, the WFOE granted interest free loans for the Nominee Shareholders’ contributions to the VIEs. The term of the loan is indefinite until the WFOE requests repayment. The manner and timing of the repayment shall be at the sole discretion of the WFOE and at the WFOE’s option may be in the form of transferring the VIEs’ equity interest to the WFOE or its designated persons.

*Exclusive equity option agreements*

Pursuant to the exclusive equity option agreements, entered into between the Nominee Shareholders of the VIEs and the WFOE, the Nominee Shareholders jointly and severally granted to the WFOE 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 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 WFOE or any person designated by the WFOE. The WFOE 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. 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 WFOE or any person designated by the WFOE; or ii) the unilateral termination by the WFOE.

*Equity interest pledge agreements*

Pursuant to the equity interest pledge agreements entered into between the Nominee Shareholders of the VIEs and the WFOE, the Nominee Shareholders pledged all of their equity interests in the VIEs to the WFOE as collateral for all of their payments due to the WFOE 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 pre-approval. 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

**AUTOHOME INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**1. ORGANIZATION (CONTINUED)**

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 WFOE or its designees.

*Power of attorney agreements*

Pursuant to the power of attorney agreements signed between the Nominee Shareholders of the VIEs and the WFOE, the Nominee Shareholders have given the WFOE 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 meeting, to exercise voting rights and to transfer all or a part of his equity interests in the VIEs.

In June 2011, the Contractual Arrangements were supplemented with the following terms:

- With respect to the exclusive equity option agreements, in the event of liquidation or dissolution of the VIE, all assets shall be sold to the WFOE 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 WFOE immediately;
- With respect to the exclusive equity option agreements, dividends and distributions are not permitted without the prior consent of the WFOE, to the extent there is a dividend or distribution, the Nominee Shareholders will remit the amounts in full to the WFOE immediately;
- With respect to the exclusive technical consulting and service agreements and loan agreements, the WFOE 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 contributed substantially all of the Group’s consolidated net revenue and operating cash flows for the years ended December 31, 2010, 2011 and 2012.

The aggregate carrying amounts of the total assets and total liabilities of the VIEs as of December 31, 2012 were RMB2,059,315 (US\$330,542) and RMB441,504 (US\$70,866), respectively, including current assets of RMB467,689 (US\$75,068), non-current assets of RMB1,591,626 (US\$255,474), current liabilities of RMB418,471 (US\$67,169) and non-current liabilities of RMB23,033 (US\$3,697). The current liabilities of the VIEs included amounts due to Autohome WFOE as well as intercompany balances between the VIEs of RMB163,904 (US\$26,308), both of which were eliminated upon consolidation by the Company. There was no pledge or collateralization of the VIEs’ assets and the WFOE has not provided any financial support that it was not previously contractually required to provide to the VIEs. Creditors of the VIEs have no recourse to the general credit of the WFOE, which is the primary beneficiary of the VIEs. The VIEs’ net assets as of December 31, 2012 were RMB1,617,811 (US\$259,676).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with US generally accepted accounting principles (“US GAAP”).

**(b) Principles of Consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the VIEs for which a subsidiary of the Company is the primary beneficiary. All significant intercompany transactions

AUTOHOME INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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)

*(b) Principles of Consolidation (Continued)*

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.

*(c) 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, estimating the useful lives of long-lived assets and intangible assets, identifying separate accounting units and estimating rebates related to revenue transactions, assessing the initial valuation of the assets acquired and liabilities assumed in a business combination and the subsequent impairment assessment of long-lived assets, intangible assets and goodwill, determining the provision for accounts receivable, determining the value-added tax (“VAT”) receivables, accounting for deferred income taxes and accounting for the share-based compensation. The results of the continuing operations and discontinued operations are determined by using a combination of specific identification of revenues and certain costs as well as a reasonable allocation of the remaining costs using applicable cost drivers where specific identification is not determinable. 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.

*(d) Foreign Currency*

The functional currency of the Company and Cheerbright, is the United States dollar (“US\$”), whereas the functional currency of Autohome HK is the Hong Kong dollar (“HK\$”), and the functional currency of the WFOE and VIEs is the Chinese Renminbi (“RMB”) 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 foreign exchange gains and losses in the consolidated statements of comprehensive income.

Assets and liabilities of the Company, Cheerbright and Autohome HK 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.

*(e) 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 RMB6.2301 on December 31, 2012 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 representations made that the RMB amounts could have been, or could be, converted into US\$ at such rate.

*(f) Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on hand, demand deposits and time deposits placed with banks or other financial institutions which are unrestricted as to withdrawal and use and have original maturities less than three months.

## AUTOHOME INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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)****(g) Fair Value of Financial Instruments**

Financial instruments of the Group primarily comprise of cash and cash equivalents, accounts receivable, other current assets, accrued expenses and other payables, and due to related parties. The carrying values of these financial instruments approximated their fair values due to the short-term maturity of these instruments.

**(h) Accounts Receivable and Allowance for Doubtful Accounts**

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. An accounts receivable balance is written off after all collection effort has ceased.

**(i) 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:

<u>Category</u>	<u>Estimated useful life</u>
Electronic equipment	3 – 5 years
Office equipment	3 – 5 years
Motor vehicles	4 – 5 years
Purchased 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.

**(j) 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 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:

<u>Category</u>	<u>Estimated useful life</u>
Trademark	15 years
Customer relationship	5 years
Websites	4 years
Domain names	4 years

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(k) 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, 2011 and 2012 were related to its acquisition of Cheerbright, China Topside and Norstar. 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.

The Company adopted Accounting Standards Update (“ASU”) 2011-08, *Testing Goodwill for Impairment*, to test goodwill for impairment by performing a qualitative assessment before calculating the fair value of a reporting unit in step one of the goodwill impairment test. If the Company determines, on the basis of qualitative factors, that the fair value of a reporting unit is more likely than not less than the carrying amount, a two-step impairment test is required. Otherwise, further testing is not needed. The Company has an unconditional option to bypass the qualitative assessment in any period and proceed directly to performing the first step of the goodwill impairment test. The Company may resume performing the qualitative assessment in any subsequent period. Under the two-step impairment test, the first step of the impairment test involves comparing the fair value of the reporting unit with its carrying amount, including goodwill. Fair value is primarily determined by computing the future discounted cash flows expected to be generated by the reporting unit. If the reporting unit’s carrying value exceeds its fair value, goodwill may be impaired. If this occurs, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss.

The fair value of the reporting unit is allocated to its assets and liabilities in a manner similar to a purchase price allocation in order to determine the implied fair value of the reporting unit’s goodwill. If the implied goodwill fair value is less than its carrying value, the difference is recognized as an impairment loss. The goodwill impairment test was performed as of December 31, 2011 and 2012. No impairment loss was recorded for any of the years presented.

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.

**(l) 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.

**(m) Revenue Recognition**

The Group’s revenue is primarily derived from online advertising and dealer subscription services. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the related fee is reasonably assured based on the guidance in ASC 605, *Revenue Recognition*.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(m) Revenue Recognition (Continued)*

Contracts are signed to establish significant terms such as the price and online advertising services to be provided. The Group considers the price for its services to be fixed and determinable when the Group and its customers have signed the contracts. The Group assesses the creditworthiness of its customers prior to signing the contracts to ensure collectability is reasonably assured. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as deferred revenue.

*Advertising services*

The Group provides online advertising services to automakers, dealers and advertising agencies that represent automakers and dealers. The majority of the Group’s online advertising service arrangements involve multiple deliverables such as banner advertisements, links and logos, other media insertions and promotional activities that are delivered over different periods of time. Multiple contracts with the same customers are accounted for as separate arrangements if the contracts are not linked together in a single transaction. Historically, the Company has not entered into multiple contracts with the same counterparty that should be combined and accounted for as a single arrangement.

In October 2009, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2009-13 (“ASU 2009-13”), *Multiple-Deliverable Revenue Arrangements*, which provided updated guidance on whether multiple deliverables exist, how deliverables in an arrangement should be separated, and how consideration should be allocated. The Group adopted ASU 2009-13 on January 1, 2009 on a prospective basis for applicable transactions originating or materially modified after December 31, 2008. In determining its best estimated selling price for each deliverable, the Group considered its overall pricing model and objectives, as well as market or competitive conditions that may impact the price at which the Group would transact if the deliverable were sold regularly on a standalone basis. The Group monitors the conditions that affect its determination of selling price for each deliverable and reassesses such estimates periodically. Revenue is recognized ratably when the advertisements are published over the stated display period in the case of websites or when the services have been rendered in the case of promotional activities. The amount recognized is limited to the amount that is not contingent upon the delivery of additional deliverables or meeting other specified performance conditions.

*Dealer subscription services*

The Group provides subscription services to automobile dealers. The Group makes available throughout the subscription period a webpage linked to its websites where the dealers can publish information such as the pricing of their products, locations and addresses and other related information. Revenue is recognized ratably as services are provided over the subscription period.

*Rebates to customers*

The Group provides cash incentives in the form of rebates to certain advertising agencies based on cumulative annual advertising volume. The Group estimates its obligations under such agreements based on an evaluation of the likelihood of the advertising agencies’ achievement of the advertising volume targets, giving consideration to the actual activity during the incentive period and, as appropriate, evaluation of advertising agencies’ purchase trends and history. Estimated rebates are recorded as a reduction of revenue in the period revenue is recognized

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(m) Revenue Recognition (Continued)*

in the Group’s consolidated financial statements. The Group has estimated and recorded rebates to advertising agencies which amounted to RMB69,089, RMB109,573 and RMB153,388 (US\$24,620) for the years ended December 31, 2010, 2011 and 2012, respectively.

*(n) Cost of Revenues*

Cost of revenues consist primarily of bandwidth and internet data centre fees, depreciation of the Group’s long lived assets, amortization of acquired intangible assets, VAT, business tax and surcharges and content related costs. Content related costs primarily comprise salaries and benefits for employees directly involved in revenue generation activities and other overhead expenses directly attributable to the provision of the online advertising and dealer subscription services.

The Group’s business is subject to VAT, business taxes, surcharges and cultural construction fees levied on advertising related sales in China. Pursuant to ASC 605-45, *Revenue Recognition—Principal Agent Considerations*, all such VAT, business taxes, surcharges and cultural construction fees are presented as cost of revenues on the consolidated statements of comprehensive income. As of December 31, 2012, the Company’s PRC subsidiary and its VIEs are subject to a 6% VAT.

*(o) Advertising Expenditures*

Advertising expenditures which amounted to RMB7,963, RMB18,830 and RMB37,858 (US\$6,077) for the years ended December 31, 2010, 2011 and 2012, respectively, are expensed as incurred and are included in sales and marketing expenses.

*(p) 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. The Group recognizes these costs as expenses when incurred, unless they result in significant additional functionality in the Group’s websites, in which case they are capitalized. No costs were capitalized during any years presented.

*(q) Leases*

Leases are classified at the inception date as either a capital lease or an operating lease. The Group assesses a lease to be a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property’s estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. The Group has no capital leases for the years presented.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the periods of their respective lease terms. The Group leases office space and employee

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(q) Leases (Continued)*

accommodation under operating lease agreements. Certain of the lease agreements contain rent holidays. Rent holidays are considered in determining the straight-line rent expense to be recorded over the lease term. The lease term begins on the date of initial possession of the lease property for purposes of recognizing lease expense on straight-line basis over the term of the lease.

*(r) Income Taxes*

The Group accounts for income taxes using the 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 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.

*(s) Discontinued Operations*

In accordance with ASC 205-20, *Discontinued Operations*, when a component of an entity has been disposed of and the Group will no longer have significant continuing involvement in the operations of the component, the results of its operations should be classified as discontinued operations in the consolidated statements of comprehensive income for all years presented.

*(t) 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 (loss) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per ordinary share reflect 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(u) 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.

The Company adopted ASU No.2011-05 on January 1, 2012 by presenting items of net income and other comprehensive income in one continuous statement, the Consolidated Statements of Comprehensive Income. Prior periods’ comprehensive information has been revised to conform to the presentation requirements of ASU 2011-05.

**(v) 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 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.

**(w) Employee Benefits**

The full-time employees of the Company’s PRC subsidiary 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 plans were RMB8,125, RMB9,717 and RMB13,666 (US\$2,194) for the years ended December 31, 2010, 2011 and 2012, respectively.

**(x) Share-based compensation**

Stock options 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 stock options granted with service conditions that have a graded vesting schedule. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) *Share-based compensation (Continued)*

expected to vest. To the extent the Company revises these estimates in the future, 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.

(y) *Recent Accounting Pronouncements*

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income* (Topic 220) (“ASU 2013-02”) to improve the reporting of reclassifications out of Accumulated Other Comprehensive Income (“AOCI”). This ASU sets requirements for presentation for significant items reclassified to net income in their entirety during the period and for items not reclassified to net income in their entirety during the period. It requires companies to present information about reclassifications out of AOCI in one place, and to present reclassifications by component when reporting changes in AOCI balances. The modifications to ASC Topic 220 resulting from the issuance of ASU 2013-02 are effective for fiscal years beginning after December 15, 2012 and interim periods within those years. Early adoption is permitted. The Company does not expect that the adoption of ASU 2013-02 will have a material impact on the Group’s consolidated financial statements.

3. CONCENTRATION OF RISKS

(a) *Credit risk*

Financial instruments that potentially subject the Group to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. As of December 31, 2011 and 2012, RMB213,705 and RMB420,576 (US\$67,507), respectively, were deposited with various major reputable financial institutions located in the PRC. Management believes that these financial institutions are of high credit quality and continually monitors the credit worthiness 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 addition, since China’s concession to the World Trade Organization, foreign banks have been gradually permitted to operate in China and have been significant competitors against Chinese banks in many aspects, especially since the opening of the Renminbi business to foreign banks in late 2006. Therefore, the risk of bankruptcy of those Chinese banks in which the Group has deposits has increased. 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 in the PRC, 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 estimated credit losses and these losses have generally been within expectations.

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3. CONCENTRATION OF RISKS (CONTINUED)

*(b) 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; 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 was one customer, one customer and no customer that individually represented greater than 10% of the total net revenue from continuing operations for the years ended December 31, 2010, 2011 and 2012, respectively.

Internet and advertising related businesses are subject to significant restrictions under current PRC laws and regulations. Specifically, foreign investors are not allowed to own more than a 50% equity interest in any Internet Content Provider (“ICP”) business. In addition, PRC regulations require any foreign entities that invest in the advertising services industry to have at least a two-year track record with a principal business in the advertising industry outside of China.

Currently, the Group conducts its operations in China through Contractual Arrangements entered between the WFOE and VIEs. The relevant regulatory authorities may find the current contractual arrangements and businesses to be in violation of any existing or future PRC laws or regulations. 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, Shanghai Advertising, Guangzhou Advertising, Autohome Information and its subsidiaries, revoking the business licenses or operating licenses of Autohome WFOE, Shanghai Advertising, Guangzhou Advertising, Autohome Information and its subsidiaries, shutting down the Group’s servers or blocking the Group’s websites, discontinuing or placing restrictions or onerous conditions on the Group’s operations, requiring the Group to undergo a costly and disruptive restructuring, restricting the Group’s rights to use the proceeds from this offering to finance the Group’s business and operations in China, or enforcement actions that could be harmful to the Group’s business. Any of these actions could cause significant disruption to the Group’s business operations and severely damage the Group’s reputation, which would in turn materially and adversely affect the Group’s business and results of operations. In addition, if the imposition of any of these penalties causes the Company to lose the rights to direct the actives 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 Shanghai Advertising, Guangzhou Advertising, Autohome Information and its subsidiaries or their shareholders fail to perform their obligations under the Contractual Arrangements, 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 Arrangements are governed by PRC

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3. CONCENTRATION OF RISKS (CONTINUED)

*(b) Business, customer, political, social and economic risks (Continued)*

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 Arrangements. 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 Arrangements, 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 Arrangements of our VIEs and our WOFE 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 Arrangements with VIEs and their nominee shareholder 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.

*(c) Currency convertibility risk*

The Group transacts substantially all its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual-rate system and introduced a single rate of exchange as quoted daily by the People’s Bank of China (the “PBOC”). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into US\$ or other foreign currencies. All foreign exchange transactions continue to take place either through the 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.

*(d) 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. The appreciation of the RMB against US\$ was approximately 3.0%, 4.9% and 1.0% in the years ended December 31, 2010, 2011 and 2012, respectively. While the international reaction to the appreciation of the RMB has generally been positive, there remains significant international pressure on the PRC Government to adopt an even more flexible currency policy, which could result in a further and potentially more significant appreciation of the RMB against the US\$.

## AUTOHOME INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**4. ACCOUNTS RECEIVABLE, NET**

Accounts receivable and allowance for doubtful accounts consist of the following:

	December 31,		
	2011	2012	
	RMB	RMB	US\$
Accounts receivable	203,473	327,232	52,524
Allowance for doubtful accounts	(371)	(1,161)	(186)
Total	<u>203,102</u>	<u>326,071</u>	<u>52,338</u>

As of December 31, 2011 and 2012, all accounts receivable were due from third party customers.

An analysis of the allowance for doubtful accounts is as follows:

	December 31,		
	2011	2012	
	RMB	RMB	US\$
Beginning balance	3,539	371	60
Additions charged to bad debt expense	206	790	126
Recoveries	(797)	—	—
Distribution to shareholders	(2,577)	—	—
Ending balance	<u>371</u>	<u>1,161</u>	<u>186</u>

The Group recognized additions to allowance for doubtful accounts related to continuing operations amounting to RMB628, RMB206 and RMB790 (US\$126) within general and administrative expenses, for the years ended December 31, 2010, 2011 and 2012.

**5. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:

	December 31,		
	2011	2012	
	RMB	RMB	US\$
Rental deposits	1,842	1,948	313
Advance to suppliers	5,806	9,322	1,496
Staff advances	957	229	37
Deferred IPO costs	11,322	—	—
Other receivables	4,695	936	150
	<u>24,622</u>	<u>12,435</u>	<u>1,996</u>

Direct costs incurred by the Company attributable to its proposed IPO of ordinary shares in the United States were deferred and recorded in other current assets during the year ended December 31, 2011. During the year ended December 31, 2012, the Company expensed deferred IPO costs as the Company's IPO was postponed over 90 days due to the current U.S. stock market condition.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**6. TAXATION**

**Enterprise income tax**

*Cayman Islands*

The Company is incorporated in the Cayman Islands and conducts substantially all of its business through its PRC subsidiary and VIEs. Under the current laws of the Cayman Islands, the Company is 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 HK is incorporated in Hong Kong on March 16, 2012. Companies registered in Hong Kong are subject to Hong Kong Profits Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 16.5% in Hong Kong. For the year ended December 31, 2012, the Company did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong during this period. Under the Hong Kong tax law, Autohome HK is exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

*The PRC*

Prior to January 1, 2008, pursuant to the Provisional Regulations of the PRC on Enterprise Income Tax and the Income Tax Law of the PRC for Foreign Invested Enterprises (“FIEs”) and Foreign Enterprises, the Company’s VIEs of which Autohome WFOE is the primary beneficiary, were subject to PRC enterprise income tax (“EIT”) at a statutory rate of 33% on taxable income. On March 16, 2007, the National People’s Congress enacted the Enterprise Income Tax Law (“the New EIT Law”), effective on January 1, 2008. The New EIT Law unified the previously-existing separate income tax laws for domestic enterprises and FIEs and adopted a unified 25% enterprise income tax rate applicable to all resident enterprises in China, except for certain entities eligible for preferential tax rates and grandfather rules stipulated by the New EIT Law.

In September 2010, Autohome WFOE has been recognized as a “High-New Technology Enterprise” (“HNTE”), and is eligible for a 15% preferential tax rate effective from 2010 to 2012 and thereafter for an additional three years through an administrative renewal process if it qualifies.

The Company’s VIEs were subject to EIT at a rate of 25% for the years ended December 31, 2010, 2011 and 2012.

Under the New EIT Law, dividends paid by PRC enterprises out of profits earned post-2007 to non-PRC tax resident investors are subject to PRC withholding tax of 10%. A lower withholding tax rate may be applied based on applicable tax treaty with certain countries.

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6. TAXATION (CONTINUED)

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. As of December 31, 2012, no detailed interpretation or guidance has been issued to define “place of effective management”. Furthermore, as of December 31, 2012, the administrative practice associated with interpreting and applying the concept of “place of effective management” is unclear. 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 will continue to monitor the related development and application.

The Company had minimal operations in jurisdictions other than the PRC. Income before income tax expenses consists of:

	December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
PRC	96,279	175,691	317,844	51,017
Non PRC	—	(1,897)	(13,975)	(2,243)
	<u>96,279</u>	<u>173,794</u>	<u>303,869</u>	<u>48,774</u>

The income tax expense (benefit) is comprised of:

	December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
Current	27,906	34,615	84,851	13,619
Deferred	(12,053)	3,733	6,137	986
	<u>15,853</u>	<u>38,348</u>	<u>90,988</u>	<u>14,605</u>

The reconciliation of income tax expense for the years ended December 31, 2010, 2011 and 2012 is as follows:

	Year ended December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
Income from continuing operations before income tax expense	96,279	173,794	303,869	48,774
Income tax expense computed at applicable tax rates (25%)	24,070	43,449	75,967	12,194
Non-deductible expenses	1,279	7,106	14,571	2,339
Outside basis difference	(1,915)	7,451	30,278	4,860
Valuation allowance	85	(85)	—	—
Effect of international tax rate difference	—	474	3,494	561
Interest expense	898	—	685	110
Effect of preferential tax rate	(8,564)	(20,047)	(34,007)	(5,459)
Income tax expense	<u>15,853</u>	<u>38,348</u>	<u>90,988</u>	<u>14,605</u>

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## 6. TAXATION (CONTINUED)

*Deferred tax*

The significant components of deferred taxes are as follows:

	December 31,		
	2011	2012	
	RMB	RMB	US\$
<b>Deferred tax assets</b>			
<i>Current</i>			
Allowance for doubtful accounts	93	307	49
Accrued staff cost	4,863	10,468	1,680
Accrued expenses	4,858	11,231	1,803
Revenue recognition	580	3,621	582
Tax losses	—	1,483	237
Net current deferred tax assets	<u>10,394</u>	<u>27,110</u>	<u>4,351</u>
Total deferred tax assets	<u>10,394</u>	<u>27,110</u>	<u>4,351</u>
<b>Deferred tax liabilities</b>			
<i>Current</i>			
Outside basis difference	—	(26,629)	(4,274)
Total current deferred tax liabilities	<u>—</u>	<u>(26,629)</u>	<u>(4,274)</u>
<i>Non-current</i>			
Intangible assets	(14,615)	(12,181)	(1,955)
Outside basis difference	(458,335)	(456,657)	(73,299)
Total non-current deferred tax liabilities	<u>(472,950)</u>	<u>(468,838)</u>	<u>(75,254)</u>
Total deferred tax liabilities	<u>(472,950)</u>	<u>(495,467)</u>	<u>(79,528)</u>

As of December 31, 2012, the Group has net tax operating losses from its PRC subsidiary and its VIEs, based on its tax returns, of RMB9,218 (US\$1,480), which will begin to expire in 2017.

As of December 31, 2011, the Company intended to indefinitely reinvest the undistributed earnings of its PRC subsidiary that remained after it had made a RMB49,900 dividend distribution, for which deferred taxes of RMB4,990 were recorded as of December 31, 2011. Determination of the amount of unrecognized deferred tax liability related to the earnings that are indefinitely reinvested is not practical. The deferred tax was settled upon payment of the dividend distribution in April 2012. After considering its dividend distribution, operational funding needs and future development initiatives, the Company did not intend to indefinitely reinvest any of the earnings for the year-ended December 31, 2012. Therefore, the Company accrued deferred income tax liabilities of RMB26,629 (US\$4,274) for the associated withholding tax liability as of December 31, 2012.

**Unrecognized tax benefits**

As of December 31, 2011 and 2012, the Group has RMB5,971 and RMB17,379 (US\$2,790) of unrecognized tax benefits, which primarily represent the estimated income tax expense the Group would pay should its income tax returns have been prepared in accordance with the current PRC tax laws and regulations. The decrease in

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**6. TAXATION (CONTINUED)**

unrecognized tax benefits for the year ended December 31, 2011 was primarily related to the reversal of certain timing differences such as revenue recognition and accrued expenses, distribution to shareholders (Note 14) and the dissolution of Shijiazhuang Xin Feng Advertising Co., Ltd. It is possible that the amount of uncertain tax positions 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, 2011 and 2012, unrecognized tax benefits of RMB4,465 and RMB3,790 (US\$608) respectively, if ultimately recognized, will impact the effective tax rate.

A roll-forward of unrecognized tax benefits is as follows:

	<b>December 31.</b>		
	<u>2011</u>	<u>2012</u>	
	<u>RMB</u>	<u>RMB</u>	<u>US\$</u>
Beginning balance	41,085	5,971	958
Additions based on tax positions related to the current year	5,189	14,231	2,284
Decreases based on tax positions related to prior years	(40,303)	(2,823)	(452)
Ending balance	<u>5,971</u>	<u>17,379</u>	<u>2,790</u>

During the years ended December 31, 2010, 2011 and 2012, the Group recorded late payment interest expense related to continuing operations of RMB898, nil and RMB685 (US\$110), and penalties of nil, nil and nil, respectively, as part of income tax expense.

The tax years ended December 31, 2007 through 2012 for the Company’s PRC subsidiary and VIEs remain subject to examination by the PRC tax authorities.

**7. PROPERTY AND EQUIPMENT, NET**

Property and equipment consist of the following:

	<b>December 31,</b>		
	<u>2011</u>	<u>2012</u>	
	<u>RMB</u>	<u>RMB</u>	<u>US\$</u>
At cost:			
Electronic equipment	29,974	54,310	8,717
Office equipment	274	532	85
Motor vehicles	1,302	1,891	304
Purchased software	2,870	3,477	558
Leasehold improvements	2,310	3,181	511
	<u>36,730</u>	<u>63,391</u>	<u>10,175</u>
Less: Accumulated depreciation	(9,374)	(23,533)	(3,777)
	<u>27,356</u>	<u>39,858</u>	<u>6,398</u>

Depreciation expense for continuing operations was RMB1,875, RMB6,347 and RMB14,301 (US\$2,295) for the years ended December 31, 2010, 2011 and 2012, respectively.

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**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, 2012			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	
	RMB	RMB	RMB	US\$
Trademarks	68,310	(20,493)	47,817	7,675
Customer relationship	9,050	(8,145)	905	145
Websites	27,000	(27,000)	—	—
Domain names	1,870	(1,247)	623	100
	<u>106,230</u>	<u>(56,885)</u>	<u>49,345</u>	<u>7,920</u>

	December 31, 2011		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	RMB	RMB	RMB
Trademarks	68,310	(15,939)	52,371
Customer relationship	9,050	(6,335)	2,715
Websites	27,000	(23,625)	3,375
Domain names	1,870	(783)	1,087
	<u>106,230</u>	<u>(46,682)</u>	<u>59,548</u>

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 2 to 15 years. Amortization expense for continuing operations was RMB15,238, RMB13,768 and RMB10,203 (US\$1,638) for the years ended December 31, 2010, 2011 and 2012, respectively.

The annual estimated amortization expenses for the acquired intangible assets related to continuing operations for each of the next five years are as follows:

	2013	2014	2015	2016	2017
	RMB	RMB	RMB	RMB	RMB
Trademarks	4,554	4,554	4,554	4,554	4,554
Customer relationship	905	—	—	—	—
Domain names	468	156	—	—	—
	<u>5,927</u>	<u>4,710</u>	<u>4,554</u>	<u>4,554</u>	<u>4,554</u>

**9. GOODWILL**

At December 31, 2011 and 2012, goodwill was RMB1,504,278 and RMB1,504,278 (US\$241,453), respectively.

As part of the distribution of the distributed entities to shareholders on June 30, 2011 (Note 14), goodwill was allocated between the continuing operations and discontinued operations using a relative fair value approach in

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**9. GOODWILL (CONTINUED)**

accordance with ASC 350-20, *Goodwill and Other Intangible Assets*. The remaining goodwill allocated to the continuing operations was assessed for impairment as of December 31, 2011 and 2012. No impairment loss was recognized in any of the years presented.

**10. ACCRUED EXPENSES AND OTHER PAYABLES**

The components of accrued expenses and other payables are as follows:

	December 31,		
	2011	2012	
	RMB	RMB	US\$
Business and other taxes payable	6,832	7,296	1,171
Payroll and welfare payable	26,473	53,405	8,572
Accrued rebates	91,629	121,968	19,577
Accrued overhead expenses	8,019	2,183	350
Professional service fees	12,510	16,876	2,709
Others	4,512	11,480	1,843
	<u>149,975</u>	<u>213,208</u>	<u>34,222</u>

**11. RELATED PARTY TRANSACTIONS**Name of related parties

Telstra International HK Limited  
Beijing Cubic Information Technology Ltd.  
Beijing POP Information Technology Co., Ltd.  
Lianhe Shangqing (Beijing) Advertisement Co., Ltd.

Relationship with the Group

A wholly-owned subsidiary of the Company's major shareholder  
A company over which a director of the Company has significant influence  
A company owned by the same group of the Company's shareholders  
A company owned by the same group of the Company's shareholders

During the year ended December 31, 2011, Beijing Cubic Information Technology Ltd. provided internet-enabled mobile device development services amounting to RMB509 related to the Group, respectively. The director no longer has significant influence over Beijing Cubic Information Technology Ltd. as of December 31, 2011.

In August 2011, Cheerbright repaid RMB1,472 which was owed to Beijing POP Information Technology Co., Ltd. for payment on behalf of Cheerbright of its capital contribution to Autohome WFOE.

During the year ended December 31, 2011, Beijing POP Information Technology Co., Ltd. paid internet data center fees totaling RMB2,085 on behalf of Autohome Information and Beijing Shengtuo Hongyuan Information Technology Co., Ltd.

During the year ended December 31, 2011, Lianhe Shengqing (Beijing) Advertisement Co., Ltd. paid advertising and office rent expenses amounting to RMB1,815 and RMB755, respectively, on behalf of Autohome Information.

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**11. RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year ended December 31, 2012, Lianhe Shangqing (Beijing) Advertisement Co. Ltd. paid office rent expense amounting to RMB438 (US\$70) on behalf of Beijing Shengtuo Autohome Advertising Co., Ltd.

In April 2012, Autohome Information paid RMB2,085 (US\$335) to Beijing POP Information Technology Co., Ltd. and Beijing Shengtuo Autohome Advertising Co., Ltd. paid RMB3,008 (US\$483) to Lianhe Shangqing (Beijing) Advertisement Co. Ltd. and settled the outstanding related party balances.

During the year ended December 31, 2012, Telstra International HK Limited provided network services amounting to RMB246 (US\$39) to Autohome Information. Outstanding balance has been paid in full as of December 31, 2012.

The Group had the following related party payables outstanding as of December 31, 2011 and 2012:

	December 31,		
	2011	2012	
	RMB	RMB	US\$
Beijing POP Information Technology Co., Ltd.	2,085	—	—
Lianhe Shangqing (Beijing) Advertisement Co. Ltd.	2,570	—	—
	<u>4,655</u>	<u>—</u>	<u>—</u>

All balances with related parties were unsecured, interest-free and have no fixed terms of repayment.

**12. COMMITMENTS AND CONTINGENCIES***Operating lease commitments*

The Group leases office space and employee accommodation in the PRC under non-cancellable operating leases expiring on various dates. Payments under operating leases are expensed on a straight-line basis, after considering rent holidays, over the periods of the respective lease terms. The terms of the leases do not contain rent escalation or contingent rents for the years ended December 31, 2010, 2011 and 2012, total rental expenses for all operating leases amounted to RMB6,652, RMB8,035 and RMB12,038 (US\$1,932) respectively.

As of December 31, 2012, the Group has future minimum lease payments under non-cancellable operating leases, with initial terms in excess of one year, for office premises related to continuing operations consisting of the following:

	RMB	US\$
2013	12,583	2,020
2014	196	31
2015	12	2
2016 and thereafter	—	—
	<u>12,791</u>	<u>2,053</u>

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## 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

**Taxation**

As of December 31, 2011 and 2012, the Group has recognized liabilities of RMB5,971 and RMB16,568 (US\$2,659), respectively, related to unrecognized tax benefits (Note 6). The final outcome of the tax uncertainty is dependent upon various matters including tax examinations, interpretation of tax laws or expiration of statutes of limitation. However, due to the uncertainties associated with the status of examinations, including the protocols of finalizing audits by the relevant tax authorities, there is a high degree of uncertainty regarding the future cash outflows associated with these tax uncertainties. The Group classified the accrual for unrecognized tax benefits as a non-current liability.

With respect to display advertising services, the Company, as an industry practice in the PRC, regularly provides such services at a discount to its standard rates. These discounts are in the form of free advertising elements, of which the duration and other terms of services are specified as part of the revenue contract. The VAT pilot program replaced the business tax rules for advertising services in Beijing effective from September 1, 2012. There are uncertainties under the current VAT rules as to whether these free elements should constitute deemed services in addition to the chargeable elements rather than discounts to the overall revenue arrangements for tax purposes and thus be subject to VAT at the standard rates of services. The Company currently considers that such free elements do not give rise to deemed services for VAT purposes and the value-add tax for a revenue contract is calculated based on the contract price for the overall arrangements. The rules related to the VAT pilot program are still evolving and the timing of the promulgation of the final tax rules or related interpretation is uncertain. The estimated amount of this reasonably possible contingency as of December 31, 2012 is not determinable.

## 13. COST OF REVENUES

	Year ended December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
Content related costs	27,743	43,943	62,871	10,091
Depreciation and amortization	16,546	18,739	21,978	3,528
Bandwidth and internet data centre	8,110	11,936	15,045	2,415
VAT, business taxes and surcharges	31,498	55,947	78,346	12,575
	<u>83,897</u>	<u>130,565</u>	<u>178,240</u>	<u>28,609</u>

## 14. DISCONTINUED OPERATIONS

On June 14, 2011, the Company incorporated, under the laws of the Cayman Islands, a wholly-owned subsidiary, Sequel Media. On June 30, 2011 the Company contributed all the shares of the entities that provided online advertising services to manufacturers and retailers in the information technology industry (collectively the “Distributed Entities”) to Sequel Media. On June 30, 2011, the Company distributed all the shares of Sequel Media to its shareholders. Accordingly, pursuant to ASC 205-20, *Discontinued Operations*, the Distributed Entities have been accounted for as discontinued operations whereby the results of operations of Distributed Entities have been eliminated from the results of continuing operations and reported in discontinued operations for all years presented. The results of the discontinued operations are determined by using a combination of specific identification of revenues and certain costs as well as a reasonable allocation of the remaining costs



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**14. DISCONTINUED OPERATIONS (CONTINUED)**

using applicable cost drivers where specific identification is not determinable. Accordingly, the Group recognized a distribution to shareholders amounting to RMB325,236 for the year ended December 31, 2011, which included RMB94,069 of cash and cash equivalents of the distributed entities. The assets and liabilities distributed are as follows:

	RMB
Cash and cash equivalents	94,069
Held-to-maturity instruments	43,000
Accounts receivable	75,988
Prepaid expenses and other current assets	12,974
Deferred tax assets	18,682
Property and equipment, net	15,557
Intangible assets, net	71,540
Goodwill	185,922
Accrued expenses and other payables	(92,872)
Deferred revenue	(15,753)
Deferred tax liabilities	(70,311)
Other liabilities	(13,560)
	<u>325,236</u>

The results of the distributed entities are as follows:

	Year ended December 31,	
	2010	2011
	RMB	RMB
<b>Net revenues</b>	201,924	92,249
Cost of revenues	(113,894)	(54,567)
<b>Gross profit</b>	<b>88,030</b>	<b>37,682</b>
<b>Operating expenses:</b>		
Sales and marketing expenses	(57,380)	(33,290)
General and administrative expenses	(23,100)	(8,553)
Product development expenses	(11,872)	(8,630)
<b>Operating loss</b>	<b>(4,322)</b>	<b>(12,791)</b>
Other (expense) income	(170)	1,705
<b>Loss before income tax expenses</b>	<b>(4,492)</b>	<b>(11,086)</b>
Income tax benefit	12,104	6,904
<b>Income (loss) from discontinued operations</b>	<b><u>7,612</u></b>	<b><u>(4,182)</u></b>

**15. 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 subsidiary only out of its retained earnings, if any, as determined in accordance with PRC

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**15. RESTRICTED NET ASSETS (CONTINUED)**

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 subsidiary.

Under PRC law, the Company’s PRC subsidiary is 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 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. In addition, the registered capital of the Company’s PRC subsidiary and VIEs is also restricted.

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, 2010, 2011 and 2012, the Company’s PRC subsidiary and VIEs had appropriated RMB17,058, RMB3,987 and RMB4,850 (US\$778), 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 subsidiary and VIEs are restricted in their ability to transfer a portion of their net assets to the Company.

Foreign exchange and other regulation in the PRC may further restrict the Company’s PRC subsidiary and VIEs from transferring funds to the Company in the form of dividends, loans and advances. As of December 31, 2011 and 2012, amounts restricted are the net assets of the Company’s PRC subsidiary and VIEs, which amounted to RMB1,380,961 and RMB1,600,230 (US\$256,855), respectively.

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**16. EARNINGS PER SHARE**

Basic and diluted earnings per share for each of the years presented are calculated as follows:

	Year ended December 31,			
	2010	2011	2012	
	RMB	RMB	RMB	US\$
<b>Numerator:</b>				
Income from continuing operations	80,426	135,446	212,881	34,169
Income (loss) from discontinued operations	7,612	(4,182)	—	—
Net income	<u>88,038</u>	<u>131,264</u>	<u>212,881</u>	<u>34,169</u>
<b>Denominator:</b>				
Weighted-average number of shares outstanding-basic	100,000,000	100,000,000	100,000,000	100,000,000
Dilutive effect of stock options	—	189,928	650,652	650,652
Weighted-average number of shares outstanding- diluted	<u>100,000,000</u>	<u>100,189,928</u>	<u>100,650,652</u>	<u>100,650,652</u>
<b>Basic earnings (loss) per share:</b>				
Income from continuing operations	0.80	1.35	2.13	0.34
Income (loss) from discontinued operations	0.08	(0.04)	—	—
Net income	<u>0.88</u>	<u>1.31</u>	<u>2.13</u>	<u>0.34</u>
<b>Diluted earnings (loss) per share:</b>				
Income from continuing operations		1.35	2.12	0.34
Loss from discontinued operations		(0.04)	—	—
Net income		<u>1.31</u>	<u>2.12</u>	<u>0.34</u>

The effects of 3,131,753 and 2,048,849 stock options were excluded from the calculation of diluted earnings per share as their effect would have been anti-dilutive during the years ended December 31, 2011 and 2012, respectively. There were no dilutive instruments during the year ended December 31, 2010.

**17. 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”). Under the 2011 Plan, the Company may grant options to its employees, directors and consultants to purchase an aggregate of no more than 7,843,100 ordinary shares of the Company. The 2011 Plan was approved by the Board of Directors and shareholders of the Company on May 4, 2011. The 2011 Plan is administered by the Board of Directors or any of its committees as set forth in the 2011 Plan.

On May 6, 2011, the Company granted 4,950,000 options to employees and directors at an exercise price of US\$2.20. These options granted have a contractual term of ten years and vest over a 44-month period, with 25% of the awards vesting on January 1, 2012 and the remainder of the awards vesting on an annual basis each January 1, thereafter.

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17. SHARE-BASED COMPENSATION (CONTINUED)

On August 1, 2011, the Company granted additional 700,000 options to an employee at an exercise price of US\$2.20. These options granted have a contractual term of ten years and vest over a 41-month period, with 25% of the awards vesting on January 1, 2012 and the remainder of the awards vesting on an annual basis each January 1, thereafter.

On October 8, 2011, the Company granted additional 110,000 options to some employees at an exercise price of US\$2.20. These options granted have a contractual term of ten years and vest over a 39-month period, with 25% of the awards vesting on January 1, 2012 and the remainder of the awards vesting on an annual basis each January 1, thereafter.

On December 19, 2011, the Company granted additional 2,000,000 options to some employees at an exercise price of US\$2.20. These options granted have a contractual term of ten years and vest over a 49-month period, with 25% of the awards vesting on January 1, 2013 and the remainder of the awards vesting on an annual basis each January 1, thereafter.

On July 1, 2012, the Company granted additional 120,000 options to some employees at an exercise price of US\$2.20. These options granted have a contractual term of ten years and vest over a 48-month period, with 25% of the awards vesting on July 1, 2013 and the remainder of the awards vesting on an annual basis each July 1, thereafter.

As of December 31, 2012, options to purchase 7,675,000 of ordinary shares were outstanding and options to purchase 168,100 ordinary shares were available for future grant under the 2011 Plan.

The following table summarizes the Company’s employee share option activity under the 2011 Plan:

	<u>Number of options</u>	<u>Weighted average exercise price US\$</u>	<u>Weighted average grant date fair value US\$</u>	<u>Weighted average remaining contractual term Years</u>	<u>Aggregate intrinsic value US\$</u>
Outstanding, January 1, 2012	7,680,000	2.20	2.38	9.53	11,366
Granted on July 1, 2012	120,000	2.20	2.36	—	—
Exercised	—	—	—	—	—
Forfeited	(125,000)	2.20	2.38	—	—
Outstanding, December 31, 2012	<u>7,675,000</u>	2.20	2.38	8.54	11,513
Vested or expected to vest at December 31, 2012	<u>7,263,500</u>				
Exercisable as of December 31, 2012	<u>1,401,250</u>				

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated fair value of the underlying stock at each reporting date, for those awards that have an exercise price below the estimated fair value of the Company’s shares. As of December 31, 2012, the Company has options outstanding to purchase an aggregate of 7,675,000 shares with an exercise price below the estimated fair value of the Company’s shares, resulting in an aggregate intrinsic value of RMB71,724 (US\$11,513).

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17. SHARE-BASED COMPENSATION (CONTINUED)

The Company calculated the estimated fair value of the options on the respective grant dates using the binomial option pricing model with the following assumptions:

	May 6, 2011	August 1, 2011	October 8, 2011	December 19, 2011	July 1, 2012
Fair value of ordinary share	3.69	3.44	3.68	3.68	3.70
Risk-free interest rates	3.27%	2.90%	2.14%	1.89%	1.73%
Expected exercise multiple	2.20	2.20	2.20	2.20	2.20
Expected volatility	61.90%	60.50%	60.70%	60.80%	60.40%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Weighted average fair value per option granted	2.40	2.18	2.37	2.41	2.36

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 Company. For the exercise multiple, the Company has no historical exercise patterns as reference, thus the exercise multiple is based on management’s estimation, which the Company believes is representative of the future exercise pattern of the options. 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 estimated fair value of the ordinary shares, at the option grant dates, was determined with assistance from an independent third party valuation firm. The Company’s management is ultimately responsible for the determination of the estimated fair value of its ordinary shares.

The aggregate fair value of the outstanding options at the grant dates were determined to be RMB113,900 (US\$18,282) 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, 2012, there was RMB57,102 (US\$9,166) of total unrecognized share-based compensation expenses, net of estimated forfeitures, related to unvested options which are expected to be recognized over a weighted-average period of 2.24 years. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures.

The distribution to shareholders on June 30, 2011 (Note 14) did not result in any modification to the terms and conditions of the options granted to employees.

Share-based compensation expenses recorded in continuing operations relating to options granted to employees recognized for the year ended December 31, 2012 is as follows:

	Year ended December 31,			
	2010 RMB	2011 RMB	2012	
			RMB	US\$
Cost of revenues	—	3,247	6,553	1,052
Sales and marketing expenses	—	1,138	4,177	670
General and administration expenses	—	8,049	15,734	2,525
Product development expenses	—	541	2,678	431
	—	12,975	29,142	4,678

## AUTOHOME INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**18. ACCUMULATED OTHER COMPREHENSIVE INCOME**

The movement of accumulated other comprehensive income is as follows:

	Foreign currency translation adjustments
<b>Balance as of January 1, 2010</b>	—
Other comprehensive income	—
<b>Balance as of December 31, 2010</b>	—
Other comprehensive income	—
<b>Balance as of December 31, 2011</b>	—
Other comprehensive income	583
<b>Balance as of December 31, 2012</b>	<b>583</b>
<b>Balance as of December 31, 2012, in US\$</b>	<b>94</b>

**19. SUBSEQUENT EVENTS**

In accordance with ASC 855, *Subsequent Events*, as amended by ASU 2010-09, the Company evaluated subsequent events through June 7, 2013, which was also the date that these consolidated financial statements were issued.

On May 15, 2013, the Company entered into Sale and Purchase Agreement with Prbrownies Marketing Limited (“Prbrownies”), a company incorporated in Hong Kong. According to the agreement, the Company will purchase all of the equity interest from the shareholders of Prbrownies at a total cash consideration of RMB1,930 (US\$310).

On May 16, 2013, the Board of Directors declared a dividend of RMB249,204 (US\$40,000) to all of the Company’s shareholders.

## AUTOHOME INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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,		
	2011	2012	
	RMB	RMB	US\$
<b>ASSETS</b>			
<b>Current assets:</b>			
Prepaid expenses and other current assets	11,314	—	—
<b>Total current assets</b>	<b>11,314</b>	<b>—</b>	<b>—</b>
<b>Non-current assets:</b>			
Investment in subsidiaries	1,362,176	1,573,927	252,631
<b>Total non-current assets</b>	<b>1,362,176</b>	<b>1,573,927</b>	<b>252,631</b>
<b>Total assets</b>	<b>1,373,490</b>	<b>1,573,927</b>	<b>252,631</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accrued expenses and other payables	11,516	14,450	2,319
Due to subsidiaries	1,695	1,833	293
<b>Total current liabilities</b>	<b>13,211</b>	<b>16,283</b>	<b>2,612</b>
<b>Total liabilities</b>	<b>13,211</b>	<b>16,283</b>	<b>2,612</b>
<b>Commitments and Contingencies</b>			
<b>Shareholders' equity:</b>			
Ordinary shares (par value of US\$0.01 per share; 100,000,000,000 shares authorized; 100,000,000 shares issued and outstanding as of December 31, 2011 and 2012)	6,867	6,867	1,102
Additional paid-in capital	1,099,172	1,128,314	181,107
Accumulated other comprehensive income	—	252	41
Retained earnings	254,240	422,211	67,769
<b>Total shareholders' equity</b>	<b>1,360,279</b>	<b>1,557,664</b>	<b>250,019</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,373,490</b>	<b>1,573,927</b>	<b>252,631</b>

## AUTOHOME INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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

	Years ended December 31,			
	2010 RMB	2011 RMB	2012 RMB	US\$
<b>Operating expenses:</b>				
General and administrative expenses	—	(1,897)	(14,638)	(2,350)
<b>Operating losses</b>	—	<b>(1,897)</b>	<b>(14,638)</b>	<b>(2,350)</b>
Equity in income of subsidiaries	88,038	133,161	227,519	36,519
<b>Income before income taxes</b>	<b>88,038</b>	<b>131,264</b>	<b>212,881</b>	<b>34,169</b>
Income tax expense	—	—	—	—
<b>Net income</b>	<b>88,038</b>	<b>131,264</b>	<b>212,881</b>	<b>34,169</b>
<b>Other comprehensive income, net of tax of nil</b>				
Foreign currency translation adjustments	—	—	252	41
<b>Comprehensive income</b>	<b>88,038</b>	<b>131,264</b>	<b>213,133</b>	<b>34,210</b>

*(a) Basis of presentation*

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 share of their income as “Equity in income of subsidiaries” on the condensed statements of comprehensive income. The Company did not have any cash and cash equivalent balances as of December 31, 2011 and 2012. Therefore, there are no cash flows from operating, investing and financing activities to present. The subsidiaries and VIEs did not pay any dividends to the Company for any of the years presented.

Certain comparative amounts have been reclassified to conform to the current year’s presentation. The parent company only condensed financial statements should be read in conjunction with the Company’s consolidated financial statements.

*(b) Commitments*

The Company does not have any significant commitments or long-term obligations as of any of the years presented.



China`s leading online destination for automobile consumers



**汽车之家 AUTOHOME INC.**

## **汽车之家 AUTOHOME INC.**

Until \_\_\_\_\_, 2013 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our articles of association provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own dishonesty, wilful default or fraud.

Pursuant to the indemnification agreements the form of which is filed as Exhibit 10.2 to this Registration Statement, we will agree to indemnify our directors and officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this Registration Statement, will also provide for indemnification by the underwriters of us and our officers and directors for certain liabilities, including liabilities arising under the Securities Act, but only to the extent that such liabilities are caused by information relating to the underwriters furnished to us in writing expressly for use in this registration statement and certain other disclosure documents.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.**

During the past three years, we have issued the following securities (including options to acquire our ordinary shares).

<u>Purchasers</u>	<u>Date of Sale or Issuance</u>	<u>Number of Securities</u>	<u>Consideration</u>
Participants of our 2011 Share Incentive Plan	May 6, 2011, August 1, 2011, October 8, 2011, December 19, 2011, July 1, 2012	Options to acquire 8,440,000 ordinary shares <sup>(2)</sup>	Past and future services to our company as directors or employees <sup>(1)</sup>  Exercise price is US\$2.20 per share

(1) We recorded share-based compensation expenses of RMB13.0 million and RMB29.1 million (US\$4.7 million) in connection with the option grants for the years ended December 31, 2011 and 2012, respectively.

(2) Options to purchase 612,500 ordinary shares have been forfeited.

No underwriters were involved in the foregoing issuances of securities.

We believe that the above issuances were exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act as we are a foreign private issuer, the issuance was made in an offshore transaction and to our knowledge, none of the grantees was a U.S. person.

**ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

(a) Exhibits

See Exhibit Index beginning on page II-7 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (a) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (b) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement; (c) may apply contract standards of “materiality” that are different from “materiality” under the applicable securities laws; and (d) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

**ITEM 9. UNDERTAKINGS.**

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, China, on \_\_\_\_\_, 2013.

AUTOHOME INC.

By: \_\_\_\_\_

Name: James Zhi Qin

Title: Director and Chief Executive Officer

## POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of \_\_\_\_\_ and \_\_\_\_\_ as attorneys-in-fact with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Timothy Y. (Tim) Chen	Chairman of the Board and Director	, 2013
_____ James Zhi Qin	Director and Chief Executive Officer (Principal Executive Officer)	, 2013
_____ Andrew Penn	Director	, 2013
_____ Xiang Li	Director and President	, 2013
_____ Henry Hon	Director and Acting Chief Financial Officer (Principal Financial and Accounting Officer)	, 2013

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Jiang Lan	Director	, 2013
_____ Gabriel Li	Director	, 2013

**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Autohome Inc. has signed this registration statement or amendment thereto in New York on \_\_\_\_\_, 2013.

**Authorized U.S. Representative**

By: \_\_\_\_\_  
Name:  
Title:



**AUTOHOME INC.**

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1*	Form of Underwriting Agreement
3.1†	Third Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2*	Form of Fourth Amended and Restated Memorandum and Articles of Association of the Registrant (effective upon the closing of this offering)
4.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2*	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement, among the Registrant, the depository and holders of the American Depositary Receipts
4.4†	Amended and Restated Sequel Shareholders Agreement dated as of June 30, 2011
4.5†	Restated Exclusive Technology Consulting and Service Agreement between Autohome WFOE and Autohome Information dated June 7, 2011
4.6†	Exclusive Technology Consulting and Service Agreement between Autohome WFOE and Beijing Shengtuo Hongyuan Information Technology Co., Ltd. dated November 8, 2010
4.7†	Exclusive Technology Consulting and Service Agreement between Autohome WFOE and Beijing Shengtuo Chengshi Advertising Co., Ltd. dated November 12, 2010
4.8†	Exclusive Technology Consulting and Service Agreement between Autohome WFOE and Beijing Shengtuo Autohome Advertising Co., Ltd. dated September 21, 2010
4.9†	Restated Loan Agreement between Autohome WFOE and Zhi Qin dated June 7, 2011
4.10†	Restated Loan Agreement between Autohome WFOE and Zheng Fan dated June 7, 2011
4.11†	Restated Loan Agreement between Autohome WFOE and Xiang Li dated June 7, 2011
4.12†	Restated Equity Option Agreement among Autohome WFOE, Autohome Information and Zhi Qin dated June 7, 2011
4.13†	Restated Equity Option Agreement among Autohome WFOE, Autohome Information and Xiang Li dated June 7, 2011
4.14†	Restated Equity Option Agreement among Autohome WFOE, Autohome Information and Zheng Fan dated June 7, 2011
4.15†	Equity Option Agreement among Autohome WFOE, Autohome Information and Beijing Shengtuo Hongyuan Information Technology Co., Ltd. dated November 8, 2010
4.16†	Equity Option Agreement among Autohome WFOE, Autohome Information and Beijing Shengtuo Chengshi Advertising Co., Ltd. dated November 12, 2010
4.17†	Equity Option Agreement among Autohome WFOE, Autohome Information and Beijing Shengtuo Autohome Advertising Co., Ltd. dated September 21, 2010
4.18†	Restated Equity Interest Pledge Agreement between Autohome WFOE and Zhi Qin dated August 2011
4.19†	Restated Equity Interest Pledge Agreement between Autohome WFOE and Xiang Li dated August 2011

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.20†	Restated Equity Interest Pledge Agreement between Autohome WFOE and Zheng Fan dated August 2011
4.21†	Equity Interest Pledge Agreement between Autohome WFOE and Autohome Information dated November 8, 2010 regarding Beijing Shengtuo Hongyuan Information Technology Co., Ltd.
4.22†	Equity Interest Pledge Agreement between Autohome WFOE and Autohome Information dated November 12, 2010 regarding Beijing Shengtuo Chengshi Advertising Co., Ltd.
4.23†	Equity Interest Pledge Agreement between Autohome WFOE and Autohome Information dated September 21, 2010 regarding Beijing Shengtuo Autohome Advertising Co., Ltd.
4.24	Power of Attorney issued by Zhi Qin dated April 3, 2013 regarding Autohome Information
4.25	Power of Attorney issued by Xiang Li dated April 3, 2013 regarding Autohome Information
4.26	Power of Attorney issued by Zheng Fan dated April 3, 2013 regarding Autohome Information
4.27	Power of Attorney issued by Autohome Information dated April 3, 2013 regarding Beijing Shengtuo Hongyuan Information Technology Co., Ltd.
4.28	Power of Attorney issued by Autohome Information dated April 3, 2013 regarding Beijing Shengtuo Chengshi Advertising Co., Ltd.
4.29	Power of Attorney issued by Autohome Information dated April 3, 2013 regarding Beijing Shengtuo Autohome Advertising Co., Ltd.
4.30†	Supplementary Agreement to Exclusive Technical Consulting and Services Agreement between Autohome WFOE and Beijing Shengtuo Chengshi Advertising Co., Ltd. dated July 22, 2011
4.31†	Supplementary Agreement to Exclusive Technical Consulting and Services Agreement between Beijing Shengtuo Hongyuan Information Technology Co., Ltd. and Autohome WFOE dated July 22, 2011
4.32†	Supplementary Agreement to Exclusive Technical Consulting and Services Agreement between Beijing Shengtuo Autohome Advertising Co., Ltd. and Autohome WFOE dated July 22, 2011
4.33†	Supplementary Agreement to Restated Exclusive Technical Consulting and Services Agreement between Beijing Autohome Information Technology Co., Ltd. and Autohome WFOE dated July 22, 2011
4.34†	Exclusive Technology Consulting and Service Agreement between Autohome WFOE and Shanghai Advertising dated December 31, 2011
4.35†	Loan Agreement between Autohome WFOE and Zhi Qin dated December 31, 2011
4.36†	Loan Agreement between Autohome WFOE and Zheng Fan dated December 31, 2011
4.37†	Loan Agreement between Autohome WFOE and Xiang Li dated December 31, 2011
4.38†	Equity Option Agreement among Autohome WFOE, Shanghai Advertising and Zhi Qin dated July 2, 2012
4.39†	Equity Option Agreement among Autohome WFOE, Shanghai Advertising and Zheng Fan dated July 2, 2012
4.40†	Equity Option Agreement among Autohome WFOE, Shanghai Advertising and Xiang Li dated July 2, 2012

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.41†	Equity Interest Pledge Agreement between Autohome WFOE and Zhi Qin dated July 2, 2012
4.42†	Equity Interest Pledge Agreement between Autohome WFOE and Zheng Fan dated July 2, 2012
4.43†	Equity Interest Pledge Agreement between Autohome WFOE and Xiang Li dated July 2, 2012
4.44	Power of Attorney issued by Zhi Qin dated April 3, 2013 regarding Shanghai Advertising
4.45	Power of Attorney issued by Zheng Fan dated April 3, 2013 regarding Shanghai Advertising
4.46	Power of Attorney issued by Xiang Li dated April 3, 2013 regarding Shanghai Advertising
4.47†	Loan Agreement between Autohome WFOE and Zhi Qin dated July 2, 2012
4.48†	Loan Agreement between Autohome WFOE and Xiang Li dated July 2, 2012
4.49†	Loan Agreement between Autohome WFOE and Zheng Fan dated July 2, 2012
4.50†	Exclusive Technical Consulting and Services Agreement between Autohome WFOE and Guangzhou Advertising dated May 8, 2012
4.51†	Loan Agreement between Autohome WFOE and Zhi Qin dated May 8, 2012
4.52†	Loan Agreement between Autohome WFOE and Zheng Fan dated May 8, 2012
4.53†	Loan Agreement between Autohome WFOE and Xiang Li dated May 8, 2012
4.54†	Equity Option Agreement among Autohome WFOE, Guangzhou Advertising and Zhi Qin dated May 8, 2012
4.55†	Equity Option Agreement among Autohome WFOE, Guangzhou Advertising and Zheng Fan dated May 8, 2012
4.56†	Equity Option Agreement among Autohome WFOE, Guangzhou Advertising and Xiang Li dated May 8, 2012
4.57†	Equity Interest Pledge Agreement between Autohome WFOE and Zhi Qin dated May 8, 2012
4.58†	Equity Interest Pledge Agreement between Autohome WFOE and Zheng Fan dated May 8, 2012
4.59†	Equity Interest Pledge Agreement between Autohome WFOE and Xiang Li dated May 8, 2012
4.60	Power of Attorney issued by Zhi Qin dated April 3, 2013 regarding Guangzhou Advertising
4.61	Power of Attorney issued by Zheng Fan dated April 3, 2013 regarding Guangzhou Advertising
4.62	Power of Attorney issued by Xiang Li dated April 3, 2013 regarding Guangzhou Advertising
5.1†	Form of Opinion of Conyers Dill & Pearman
8.1†	Form of Opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding certain U.S. tax matters
8.2†	Form of Opinion of Conyers Dill & Pearman regarding certain Cayman Islands tax matters
10.1*	2011 Share Incentive Plan
10.2†	Form of Indemnification Agreement between the Registrant and its directors and officers
10.3†	Form of Employment Agreement between the Registrant and an executive officer of the Registrant
21.1†	Subsidiaries of Autohome Inc.

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<u>Exhibit Number</u>	<u>Description of Document</u>
23.1*	Consent of Ernst & Young Hua Ming LLP, independent registered public accounting firm
23.2†	Consent of Conyers Dill & Pearman (included in Exhibit 5.1 and Exhibit 8.2)
23.3†	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 8.1)
23.4†	Consent of TransAsia Lawyers (included in Exhibit 99.2)
23.5†	Consent of Nielsen-CCData Company
23.6†	Consent of iResearch
23.7†	Consent of CR-Nielsen Information Technology Co., Ltd.
23.8*	Consent of Ya-Qin Zhang
23.9*	Consent of Ted Tak-Tai Lee
24.1*	Powers of Attorney (included on signature page of this registration statement)
99.1*	Code of Business Conduct and Ethics of the Registrant
99.2*	Form of Opinion of TransAsia Lawyers regarding certain PRC law matters

\* To be filed by amendment.

† Previously submitted.

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Qin Zhi, a citizen of the People's Republic of China (**PRC**) with PRC ID number 110102197206172314, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Beijing Autohome Information Technology Co., Ltd. (北京汽车之家信息技术有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as the Company exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in the Company.

/s/ Qin Zhi

(Signature)

Qin Zhi

POWER OF ATTORNEY – QIN ZHI

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Li Xiang, a citizen of the People's Republic of China (**PRC**) with PRC ID number 130103198110051838, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Beijing Autohome Information Technology Co., Ltd. (北京汽车之家信息技术有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as the Company exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in the Company.

/s/ Li Xiang

(Signature)

Li Xiang

POWER OF ATTORNEY – LI XIANG

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Fan Zheng, a citizen of the People's Republic of China (**PRC**) with PRC ID number 130104197902251514, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Beijing Autohome Information Technology Co., Ltd. (北京汽车之家信息技术有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as the Company exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in the Company.

/s/ Fan Zheng

(Signature)

Fan Zheng

POWER OF ATTORNEY – FAN ZHENG

Dated: April 3, 2013

**POWER OF ATTORNEY**

Beijing Autohome Information Technology Co. Ltd (the **Company**) hereby irrevocably authorizes any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this Power of Attorney (**POA**):

The Company hereby assigns the Authorizee the right to vote on its behalf at the shareholders' meetings of Beijing Shengtuo Hongyuan Information Technology Co., Ltd. (北京盛拓鸿远信息技术有限公司, **Shengtuo Hongyuan**) and to exercise full voting rights as the shareholder of Shengtuo Hongyuan as granted to the Company by law and under the Articles of Association of Shengtuo Hongyuan, such voting rights including but not limited to the right to sell or transfer any or all of the Company's equity of interest of Shengtuo Hongyuan. Further, as the Company authorized representative at the shareholders' meeting of Shengtuo Hongyuan, the Company hereby assigns the Authorizee the right to designate and appoint the directors and management personnel of Shengtuo Hongyuan.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as the Shengtuo Hongyuan exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in the Shengtuo Hongyuan.

**Beijing Autohome Information Technology Co., Ltd.**  
(北京汽车之家信息技术有限公司),

By: /s/ Company Seal

Authorized Representative: \_\_\_\_\_

POWER OF ATTORNEY – Autohome Information



Dated: April 3, 2013

**POWER OF ATTORNEY**

Beijing Autohome Information Technology Co. Ltd (the **Company**) hereby irrevocably authorizes any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this Power of Attorney (**POA**):

The Company hereby assigns the Authorizee the right to vote on its behalf at the shareholders' meetings of Beijing Shengtuo Chengshi Advertisement Co., Ltd. (北京盛拓成石广告有限公司, **Shengtuo Chengshi**) and to exercise full voting rights as the shareholder of Shengtuo Chengshi as granted to the Company by law and under the Articles of Association of Shengtuo Chengshi, such voting rights including but not limited to the right to sell or transfer any or all of the Company's equity of interest of Shengtuo Chengshi. Further, as the Company authorized representative at the shareholders' meeting of Shengtuo Chengshi, the Company hereby assigns the Authorizee the right to designate and appoint the directors and management personnel of Shengtuo Chengshi.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as Shengtuo Chengshi exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in Shengtuo Chengshi.

**Beijing Autohome Information Technology Co., Ltd.**  
(北京汽车之家信息技术有限公司),

By: /s/ Company Seal

Authorized Representative:

Qin Zhi

POWER OF ATTORNEY – Autohome Information

Dated: April 3, 2013

**POWER OF ATTORNEY**

Beijing Autohome Information Technology Co. Ltd (the **Company**) hereby irrevocably authorizes any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this Power of Attorney (**POA**):

The Company hereby assigns the Authorizee the right to vote on its behalf at the shareholders' meetings of Beijing Shengtuo Autohome Advertising Co., Ltd. (北京盛拓车之家广告有限公司, **Shengtuo Autohome**) and to exercise full voting rights as the shareholder of Shengtuo Autohome as granted to the Company by law and under the Articles of Association of Shengtuo Autohome, such voting rights including but not limited to the right to sell or transfer any or all of the Company's equity of interest of Shengtuo Autohome. Further, as the Company authorized representative at the shareholders' meeting of Shengtuo Autohome, the Company hereby assigns the Authorizee the right to designate and appoint the directors and management personnel of Shengtuo Autohome.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as Shengtuo Autohome exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in Shengtuo Autohome.

**Beijing Autohome Information Technology Co., Ltd.**  
(北京车之家信息技术有限公司),

By: /s/ Company Seal

Authorized Representative: \_\_\_\_\_

POWER OF ATTORNEY – Autohome Information

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Qin Zhi, a citizen of the People's Republic of China (**PRC**) with PRC ID number 110102197206172314, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Shanghai You Che You Jia Advertising Co., Ltd. (上海有车有家广告有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

In exercising the rights and powers provided hereunder, the Authorizee shall act with due care and diligence and pursuant to this POA and applicable laws.

This POA shall become valid, binding and enforceable upon the execution hereof, will remain effective as long as the Company exists. The POA replaces any power of attorney entered into by me before the date hereof with respect to my equity interest in the Company.

/s/ Qin Zhi

(Signature)

Qin Zhi

POWER OF ATTORNEY – QIN ZHI

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Fan Zheng, a citizen of the People's Republic of China (**PRC**) with PRC ID number 130104197902251514, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Shanghai You Che You Jia Advertising Co., Ltd. (上海有车有家广告有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

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/s/ Fan Zheng

(Signature)

Fan Zheng

POWER OF ATTORNEY – FAN ZHENG

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Li Xiang, a citizen of the People's Republic of China (**PRC**) with PRC ID number 130103198110051838, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Shanghai You Che You Jia Advertising Co., Ltd. (上海有车有家广告有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

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/s/ Li Xiang

(Signature)

Li Xiang

POWER OF ATTORNEY – LI XIANG

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Qin Zhi, a citizen of the People's Republic of China (**PRC**) with PRC ID number 110102197206172314, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Guangzhou You Che You Jia Advertising Co., Ltd. (广州有车有家广告有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

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/s/ Qin Zhi

(Signature)

Qin Zhi

POWER OF ATTORNEY – QIN ZHI

Dated: April 3, 2013

**POWER OF ATTORNEY**

I, Fan Zheng, a citizen of the People's Republic of China (**PRC**) with PRC ID number 130104197902251514, hereby irrevocably authorize any individual appointed in writing by Beijing Cheerbright Technologies Co., Ltd. (北京齐尔布莱特科技有限公司), its successors or any of its designated entities (**Authorizee**) to singly exercise the following powers and rights during the term of this restated Power of Attorney (**POA**):

I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Guangzhou You Che You Jia Advertising Co., Ltd. (广州有车有家广告有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

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/s/ Fan Zheng

(Signature)

Fan Zheng

POWER OF ATTORNEY – FAN ZHENG

Dated: April 3, 2013

**POWER OF ATTORNEY**

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I hereby assign the Authorizee the right to vote on my behalf at the shareholders' meetings of Guangzhou You Che You Jia Advertising Co., Ltd. (广州有车有家广告有限公司, **Company**) and to exercise full voting rights as the shareholder of the Company as granted to me by law and under the Articles of Association of the Company, such voting rights including but not limited to the right to sell or transfer any or all of my equity of interest of the Company. Further, as my authorized representative at the shareholders' meeting of the Company, I hereby assign the Authorizee the right to designate and appoint the directors and management personnel of the Company.

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/s/ Li Xiang

(Signature)

Li Xiang

POWER OF ATTORNEY – LI XIANG