

Report of the Board of Directors and Significant Events

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the “Group”) comprise the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management, and technology. There were no significant changes in the nature of the Group’s principal activities during 2020.

MAJOR CUSTOMERS

In 2020, revenue from the Group’s five largest customers accounted for less than 1% of the total revenue for the year.

IMPLEMENTATION OF CASH DIVIDEND POLICY AND PROFIT DISTRIBUTION PLANS DURING THE REPORTING PERIOD

Cash Dividend Policy

According to Article 216 of the *Articles of Association*, the Company shall attach importance to the reasonable investment returns for investors in its profit distribution. The profit distribution policy shall maintain its continuity and stability. The accumulated profit to be distributed in cash for the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years, provided that the annual distributable profit of the Company (namely the profit after tax of the Company after covering the losses and making contributions to the surplus reserve) is positive in value and such distribution is in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency margin ratios. In determining a specific cash dividend payout ratio, the Company shall consider its profit, cash flow, solvency, and operational and business development requirements. The Board of Directors is responsible for formulating and implementing a distribution plan in accordance with the provisions of the *Articles of Association*.

In preparing a profit distribution plan, the Board of Directors shall listen to views and advice from shareholders (in particular the minority shareholders), independent directors, and independent supervisors in various ways. Independent directors of the Company shall express their independent opinions on the profit distribution plan. When a specific cash dividend distribution plan is put forward for consideration at a general meeting, a variety of channels shall be provided for communication and opinion exchange with shareholders, in particular the minority shareholders, whose opinions and demands shall be fully heard, and prompt responses shall be given to any issues the minority shareholders are concerned about.

Where an adjustment to our profit distribution policy is required due to the applicable laws and regulations and new rules promulgated by the CSRC regarding profit distribution policies of listed companies or significant changes in the external business environment and/or operating situations of the Company, the adjustment shall be done for the purpose of safeguarding the shareholders’ interests and in strict compliance with the decision-making procedures. To this end, the Board of Directors shall draft an adjustment plan based on the operating situations of the Company and the relevant regulations of the CSRC, and then submit the adjustment plan to the general meeting for deliberation. Implementation of the adjustment plan is conditional upon approval by shareholders (including their proxies) holding at least two thirds of voting rights present at the general meeting.

Implementation of Profit Distribution Plans

The 2019 profit distribution plan of the Company was deliberated and approved at the 2019 annual general meeting, pursuant to which the Company paid in cash the 2019 final dividend of RMB1.30 per share (tax inclusive), totaling RMB23,673,304,989.10 (tax inclusive) based on 18,210,234,607 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account).

The 2020 interim profit distribution plan of the Company was deliberated and approved at the 16th meeting of the 11th Board of Directors held on August 27, 2020, pursuant to which the Company paid in cash the 2020 interim dividend of RMB0.80 per share (tax inclusive), totaling RMB14,568,187,685.60 (tax inclusive) based on 18,210,234,607 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account).

The decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and ratios were clear. The above profit distribution plans were in line with the *Articles of Association* and the relevant deliberation procedures, which fully protected the legitimate interests of the minority shareholders. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the above profit distribution plans. The above profit distribution plans have been implemented.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's business results for 2020 are set out in the section headed "FINANCIAL STATEMENTS."

As stated in the 2020 audited financial statements of the Group prepared under CAS and IFRS respectively, the net profit attributable to shareholders of the parent company was RMB143,099 million and the net profit of the parent company was RMB58,680 million. Pursuant to the *Articles of Association* and other relevant requirements, the Company shall make an appropriation to the statutory surplus reserve based on 10% of the net profit of the parent company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the statutory surplus reserve may cease to apply if the balance of the statutory surplus reserve has reached 50% or more of the registered capital of the Company. After making the above profit distribution and taking into account the retained profit carried forward from the previous year, in accordance with the *Articles of Association* and other applicable requirements, the profit available for distribution to shareholders of the Company based on undistributed profit in financial statements of the parent company under CAS or IFRS (whichever is lower) was RMB120,592 million.

The Company distributed the 2020 interim dividend of RMB0.80 per share (tax inclusive), which amounted to RMB14,568,187,685.60 (tax inclusive). The Board of Directors proposes to distribute the 2020 final dividend of RMB1.40 per share (tax inclusive) in cash to the shareholders of the Company. Pursuant to the *Detailed Rules for Implementation of Share Repurchase by Listed Companies* promulgated by the SSE and the applicable regulations, the Company's A shares in the Company's repurchased securities account after trading hours on the record date of A shareholders for the final dividend will not be entitled to the final dividend distribution. The total amount of the final dividend payment for 2020 is RMB25,494,328,449.80 (tax inclusive) based on the total share capital of 18,280,241,410 shares less the 70,006,803 A shares of the Company in the repurchased securities account as of December 31, 2020. The actual total amount of final dividend payment is subject to the total number of shares that will be entitled to the dividend distribution on the record date of A shareholders. The final dividend payment will have no material impact on the Group's solvency margin ratios. After the final dividend payment, the Group's solvency margin ratios will still meet the relevant regulatory requirements. The remaining undistributed profit of the Company will be carried forward to 2021. The undistributed profit of the Company is mainly for the purpose of its organic capital accumulation to maintain reasonable solvency margin ratios as well as funding for subsidiaries so that they can maintain reasonable solvency margin ratios or capital adequacy ratios.

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The above plan will be implemented upon deliberation and approval at the 2020 annual general meeting. The profit distribution plan is in line with the *Articles of Association* and the relevant deliberation procedures and fully protects the legitimate interests of the minority shareholders of the Company. All the Independent Non-executive Directors of the Company have expressed independent opinions of their agreement on the profit distribution plan.

For dividend payouts of the Company over the past three years, please refer to the section headed “Liquidity and Capital Resources.”

DISTRIBUTABLE RESERVES

As of December 31, 2020, the Company’s distributable reserves totaled RMB120,592 million. The Company has proposed to distribute the 2020 final dividend of RMB1.40 per share (tax inclusive) in cash. After deduction of the 2020 final dividend, the remaining distributable reserves will be carried forward to 2021. Moreover, the Company’s capital reserve and surplus reserve amounted to RMB140,901 million, which can be distributed in a future capital issue.

USE OF PROCEEDS

An aggregate of 594,056,000 new H Shares were successfully allotted and issued by the Company under the general mandate on December 8, 2014 and the gross proceeds raised from the placing were HKD36,831,472,000. As of December 31, 2020, HKD3,981,742,342.12 had not been used; the difference between the unutilized proceeds and the balance of the specific fund-raising account (about HKD4,423,506,111.66) came mainly as a result of interest earned on the proceeds. Details of the use of the proceeds during 2020 are as follows:

Total proceeds raised from the issue	Balance of unutilized proceeds as at January 1, 2020	Intended use of the proceeds as previously disclosed	Proceeds used during the Reporting Period	Balance of unutilized proceeds as at December 31, 2020	Utilization plan for the unutilized proceeds
HKD36,831,472,000	HKD3,981,742,342.12	To develop the Company’s main businesses and replenish its equity and working capital	-	HKD3,981,742,342.12	No concrete utilization plan currently. To be utilized in line with business development.

SHARE CAPITAL

The change in the share capital of the Company in 2020 and the share capital structure of the Company as of December 31, 2020 are set out in the section headed “Changes in the Share Capital and Shareholders’ Profile.”

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property and equipment and investment properties of the Group during 2020 are set out in Notes 33 and 32 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the *Company Law of the People’s Republic of China* or the *Articles of Association*, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The 2018 annual general meeting, the 2019 first A shareholders' class meeting and the 2019 first H shareholders' class meeting held by the Company on April 29, 2019 deliberated and approved the *Resolution regarding the A Share Repurchase Plan by Means of Centralized Bidding Transactions*. As of April 28, 2020, the Company had completed the repurchase and cumulatively repurchased 70,006,803 A shares of the Company by means of centralized bidding transactions via the trading system of the SSE, representing 0.38296% of the total share capital of the Company. Total funds paid amounted to RMB5,993,765,118.20 (excluding transaction expenses)/RMB5,994,784,083.55 (including transaction expenses). The lowest transaction price was RMB79.27 per share, the highest transaction price was RMB91.43 per share, and the average repurchase price was RMB85.62 per share. The repurchased A Shares of the Company will be reserved exclusively for the employee stock ownership plans of the Company, including but not limited to the Long-term Service Plan which has been deliberated and approved at the Company's general meeting. The monthly breakdown of A Share repurchase made by the Company during 2020 is as follows:

Month	Shares repurchased	Highest transaction price per share (RMB)	Lowest transaction price per share (RMB)	Total amount of funds paid (RMB, exclusive of transaction cost)
March 2020	12,412,196	80.49	79.27	993,764,947.11

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from January 1, 2020 to December 31, 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this Annual Report, being February 3, 2021, at all times during the year ended December 31, 2020, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATIONS

The Company entered into service contracts with all the Directors and Supervisors in office. As of December 31, 2020, no Directors or Supervisors had a service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

Details of remunerations for the Directors and Supervisors for the year ended December 31, 2020 are set out in Note 57 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

In 2020, no Director or Supervisor of the Company or entity connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

In 2020, no right to acquire benefits by means of acquisition of shares or debentures of the Company was granted to or exercised by any Directors, Supervisors or their respective spouse or minor children, and neither the Company nor any of its subsidiaries was a party to any arrangement which enables the Directors or Supervisors to acquire any such rights in any other legal entity.

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DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

As far as the Directors are aware, none of the Directors or Supervisors of the Company has any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and senior management's liabilities in respect of possible legal actions against its Directors and senior management arising out of corporate activities, which was in force during the Reporting Period and up to the date of this Annual Report.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in Note 63 to the financial statements.

AUDITORS

According to the resolution made at the 2019 Annual General Meeting of the Company, the Company continued to engage PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as auditors of the Company's financial statements under CAS and IFRS respectively, and engaged PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company's internal controls in 2020.

The service term of the current auditors will reach eight years after the audit for 2020. With reference to the *Measures for the Administration of Selection and Engagement of Accounting Firms by State-owned Financial Enterprises* issued by the Ministry of Finance of the PRC, a financial enterprise shall engage the same accounting firm for no more than eight consecutive years. To this end, the 18th meeting of the 11th Board of Directors of the Company held on October 27, 2020 deliberated and approved the *Proposal to Engage Auditors of the Company for 2021* and agreed to engage Ernst & Young Hua Ming LLP and Ernst & Young as auditors of the Company's financial statements under CAS and IFRS respectively for 2021. The proposal is yet to be submitted to the 2020 Annual General Meeting of the Company for deliberation.

GENERAL ANALYSIS OF EXTERNAL INVESTMENT

The Company is an integrated financial services group, and investment is one of its core businesses. The investment of insurance funds represents a majority of the equity investment of the Company. The investment of insurance funds is subject to applicable laws and regulations. For details of the asset allocation of the Company's investment portfolio of insurance funds, please refer to relevant section headed "Business Analysis."

Material Equity Investment

During the Reporting Period, there was no material equity investment that was required to be disclosed.

Material Non-Equity Investment

During the Reporting Period, there was no material non-equity investment that was required to be disclosed.

Financial Instruments Recorded at Fair Value

Details of financial instruments recorded at fair value of the Company are set out in Note 53 to the financial statements.

SALE OF MAJOR ASSETS AND EQUITIES

During the Reporting Period, there was no sale of major assets and equities that was required to be disclosed.

Major Acquisitions and Sales of Subsidiaries, Associates or Jointly Controlled Entities

During the Reporting Period, there were no major acquisitions and sales of relevant subsidiaries, associates or jointly controlled entities of the Company that were required to be disclosed.

MAJOR SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

Details of major subsidiaries and associates of the Company are set out in Note 4.(1) and Note 30 to the financial statements respectively.

STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Details of structured entities controlled by the Company are set out in Note 4.(2) to the financial statements.

RELATED PARTY TRANSACTIONS

Day-to-day Related Party Transactions

The 2nd meeting of the 11th Board of Directors was convened on August 21, 2018 by the Company, during which the *Resolution regarding Continuing Day-to-day Related Party Transactions between Ping An Group and Related Parties* was deliberated and approved. Pursuant to the Resolution, the Group was authorized to enter into day-to-day related party transactions at fair market price with Ping An Good Doctor, OneConnect, Ping An HealthKonnnect, Lufax Holding and the related parties under their control (the "Related Parties"), respectively, during its ordinary course of business. The annual aggregate amount of related party transactions entered into between the Group and the Related Parties shall not exceed 5% of the latest audited net assets of the Group for the year. A transaction that falls within the scope of the authorization is not required to comply with any additional approval or disclosure requirements. For details, please refer to *Continuing Day-to-day Related Party Transactions Announcement* published by the Company on *Shanghai Securities News*, *China Securities Journal*, *Securities Times*, *Securities Daily* and the website of SSE on August 22, 2018.

The above day-to-day related party transactions do not constitute connected transactions of the Company as defined under the *HKEX Listing Rules*.

Related Party Transaction of Co-investing with Shenzhen Investment Holdings Co., Ltd.

China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("China Merchants Shekou") purchased from Shenzhen Investment Holdings Co., Ltd. its 24% equity interest in Shenzhen Nanyou (Holdings) Ltd., by methods of issuing shares, convertible bonds and cash payment while raising matching funds with a non-public issuance. Ping An Life entrusted Ping An Asset Management with its funds to subscribe for the shares of China Merchants Shekou under the non-public issuance. Upon completion of the related party transaction, both Ping An Life and Shenzhen Investment Holdings Co., Ltd. shall become shareholders of China Merchants Shekou. Due to changes in the capital market environment, after friendly negotiations between Ping An Asset Management and China Merchants Shekou, both parties have agreed to terminate the above related party transaction. For more details, please refer to the announcements published by the Company on *Shanghai Securities News*, *China Securities Journal*, *Securities Times*, *Securities Daily* and the website of SSE on June 1, June 8, July 13 and September 14, 2020 respectively.

The above related party transaction does not constitute a connected transaction of the Company as defined under the *HKEX Listing Rules*.

IMPLEMENTATION OF SHARE PURCHASE PLANS OF THE COMPANY

Key Employee Share Purchase Plan

As deliberated at the 16th meeting of the 9th Board of Directors held on October 28, 2014 and approved at the 1st extraordinary general meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan of the Company has been officially implemented since 2015. For the Key Employee Share Purchase Plan of the Company, the participants are key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding are legitimate incomes and performance bonuses of the employees.

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As at the end of the Reporting Period, six phases of the Key Employee Share Purchase Plan were implemented. Among them, all shares under the two phases for 2015 and 2016 were unlocked and vested, and the four phases for 2017-2020 were implemented as follows:

Regarding the Key Employee Share Purchase Plan for 2017, there were 1,157 participants. A total of 16,419,990 A shares of the Company were purchased for a total amount of RMB603,498,822.25 (expenses inclusive), accounting for approximately 0.090% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,002 employees. As to the remaining 47 employees who did not qualify for the vesting, 234,957 shares were forfeited. Shares under the Key Employee Share Purchase Plan for this phase were unlocked.

Regarding the Key Employee Share Purchase Plan for 2018, there were 1,296 participants. A total of 9,666,900 A shares of the Company were purchased for a total amount of RMB592,698,901.19 (expenses inclusive), accounting for approximately 0.053% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,176 employees. As to the remaining 55 employees who did not qualify for the vesting, 330,834 shares were forfeited.

Regarding the Key Employee Share Purchase Plan for 2019, there were 1,267 participants. A total of 8,078,395 A shares of the Company were purchased for a total amount of RMB588,197,823.00 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, the lock-up period in respect of one third of the shares under the Key Employee Share Purchase Plan for this phase expired and all such shares were vested in batches to 1,207 employees. As to the remaining 60 employees who did not qualify for the vesting, 403,697 shares were forfeited.

Regarding the Key Employee Share Purchase Plan for 2020, there were 1,522 participants. A total of 7,955,730 A shares of the Company were purchased for a total amount of RMB638,032,305.75 (expenses inclusive), accounting for approximately 0.044% of the total share capital of the Company at that time. During the Reporting Period, there was no change in equity under the Key Employee Share Purchase Plan for 2020.

During the Reporting Period, as deliberated at the 13th meeting of the 11th Board of Directors held on April 23, 2020, the Key Employee Share Purchase Plan of the Company was extended by six years to February 4, 2027. For details, please refer to the *Announcement Regarding Extension of the Terms of Key Employee Share Purchase Plan* published by the Company on the websites of The Stock Exchange of Hong Kong Limited (“HKEX”) and the Shanghai Stock Exchange (“SSE”) on April 23, 2020 and April 24, 2020 respectively. The manager of the Key Employee Share Purchase Plan of the Company was not changed.

As at the end of the Reporting Period, the key employees held 20,199,099 A shares of the Company in total through the Key Employee Share Purchase Plan, accounting for 0.110% of the total share capital of the Company.

The Long-term Service Plan

As deliberated at the 3rd meeting of the 11th Board of Directors held on October 29, 2018 and approved at the 2nd extraordinary general meeting for 2018 held on December 14, 2018, the Company has implemented the Long-term Service Plan since 2019. For the Long-term Service Plan of the Company, the participants are employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The source of funding is the payroll payable.

As at the end of the Reporting Period, two phases of the Long-term Service Plan were implemented:

Regarding the Long-term Service Plan for 2019, there were 31,026 participants. A total of 54,294,720 A shares of the Company were purchased for a total amount of RMB4,296,112,202.60 (expenses inclusive), accounting for approximately 0.297% of the total share capital of the Company at that time. During the Reporting Period, 20 employees qualified and applied for vesting upon retirement, and their shares were vested in accordance with applicable rules. Meanwhile, 3,309 employees did not qualify for vesting and 6,780,094 shares were forfeited because the employees failed to meet the conditions specified in the Long-term Service Plan and applicable agreed rules due to reasons including their resignation or failure to meet performance targets.

Regarding the Long-term Service Plan for 2020, there were 32,022 participants. A total of 49,759,305 A shares of the Company were purchased for a total amount of RMB3,988,648,517.41 (expenses inclusive), accounting for approximately 0.272% of the total share capital of the Company at that time. During the Reporting Period, two employees qualified and applied for vesting upon retirement, and their shares were vested in accordance with applicable rules. Meanwhile, 3,036 employees did not qualify for vesting and 4,900,577 shares were forfeited because the employees failed to meet the conditions specified in the Long-term Service Plan and applicable agreed rules due to reasons including their resignation or failure to meet performance targets.

During the Reporting Period, the manager of the Long-term Service Plan was changed from China Merchants Securities Asset Management Co., Ltd. to the Company itself.

As at the end of the Reporting Period, the Long-term Service Plan held a total of 104,041,879 A shares of the Company, accounting for approximately 0.569% of the total share capital of the Company.

Since the implementation of the Key Employee Share Purchase Plan and the Long-term Service Plan, the Company has had stable, healthy operations. The shareholders, the Company, and the employees have shared benefits and risks, providing a strong foundation for further improving the Company's governance structure as well as establishing and strengthening long-term incentive and restraint mechanisms to facilitate the long-term sustainable, healthy development of the Company.

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company did not implement any share incentive scheme based on the Company's shares.

AMENDED AND RESTATED 2016 SHARE INCENTIVE PLAN OF AUTOHOME ("AUTOHOME 2016 SHARE INCENTIVE PLAN")

The general meeting held by the Company on June 16, 2017 deliberated and approved the Autohome 2016 Share Incentive Plan with respect to the grant of options ("Autohome Options") to the directors, consultants, and employees of Autohome to purchase Class A ordinary shares of Autohome ("Autohome Shares"), restricted shares or restricted stock units and share appreciation rights.

The purpose of the Autohome 2016 Share Incentive Plan is intended to provide the relevant participants with an incentive for outstanding performance to generate superior returns to Autohome's shareholders. The Autohome 2016 Share Incentive Plan is also intended to provide flexibility to Autohome in its ability to motivate, attract, and retain its directors, employees, and consultants upon whose judgment, interest, and special effort the successful conduct of Autohome's operation is largely dependent.

Pursuant to the terms of the Autohome 2016 Share Incentive Plan, Autohome's board of directors or its compensation committee authorized by the board of directors ("Autohome Committee") may grant Autohome incentive awards to eligible participants, including the employees, consultants and all the directors of Autohome, based on their past, present and expected commitment and contribution to Autohome and/or the related entities, as the Autohome Committee may determine.

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The total number of Autohome Shares which may be issued upon exercise of all Autohome Options to be granted under the Autohome 2016 Share Incentive Plan and any other share option schemes of Autohome must not in aggregate exceed 10% of the issued and outstanding Autohome Shares as of June 16, 2017, on which the shareholders of the Company approved the Autohome 2016 Share Incentive Plan, unless further shareholders' approval from the shareholders of Autohome and the Company have been obtained. According to the Autohome 2016 Share Incentive Plan, the maximum aggregate number of Autohome Shares issuable pursuant to all awards under this plan is 4,890,000, representing approximately 4.08% of the total issued and outstanding Autohome Shares as at December 31, 2020. Unless approved by the shareholders of Autohome and the Company in the manner set out in the Autohome 2016 Share Incentive Plan, the total number of Autohome Shares issued and to be issued upon the exercise of the Autohome Options granted and to be granted to any participant (including both exercised and outstanding Autohome Options) in any 12-month period up to and including the date of grant shall not exceed 1% of the issued and outstanding Autohome Shares as at the date of grant.

The exercise price per Autohome Share subject to an Autohome Option shall be determined by the Autohome Committee and set forth in the award agreement which may be a fixed or variable price related to the fair market value of the Autohome Shares, to the extent not prohibited by the applicable laws. Autohome, as a company listed on the New York Stock Exchange, files its annual financial results with the U.S. Securities and Exchange Commission under the relevant regulatory rules of the U.S. Considering the consistency of information disclosure, the Company would not herein disclose the value of the Autohome Options granted to the participants during the Reporting Period and the relevant accounting policies.

The Autohome Committee has the discretion to fix any minimum period(s) for which an Autohome Option or any part thereof has to be held before the exercise of the subscription rights attaching thereto. The Autohome 2016 Share Incentive Plan will expire on the tenth anniversary of the effective date, being March 21, 2027.

As of December 31, 2020, the Autohome Options granted pursuant to the Autohome 2016 Share Incentive Plan are as follows:

Type of grantees	Exercise period	Exercise price (per Autohome Share, US\$)	Number of Options				Balance as at December 31, 2020
			Balance as at January 1, 2020	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	
Employees	Not exceeding 10 years from the date of grant	22.19-86.94	654,965	130,548	30,929	276,022	478,562

SHARE INCENTIVE SCHEME OF SHANGHAI JAHWA OF 2018 (“SHANGHAI JAHWA SHARE INCENTIVE SCHEME”)

The general meeting held by the Company on May 23, 2018 deliberated and approved the Shanghai Jahwa Share Incentive Scheme, involving the grant of options (“Shanghai Jahwa Options”) to, or for the benefit of, specified participants to subscribe for ordinary shares of Shanghai Jahwa (“Shanghai Jahwa Shares”).

The purpose of Shanghai Jahwa Share Incentive Scheme is to further improve Shanghai Jahwa’s corporate governance structure, promote the establishment and improvement of its incentive and restraint mechanism, encourage the initiative and commitment of its directors, senior management and key employees, so as to effectively align the shareholders’ interests, Shanghai Jahwa’s interests, and operators’ individual interests, and make all parties stay focused on and strive for the long-term sustainable development of Shanghai Jahwa.

Pursuant to the terms of the Shanghai Jahwa Share Incentive Scheme, the incentive participants of the Shanghai Jahwa Share Incentive Scheme comprise the following persons, and shall exclude independent directors and supervisors, as well as shareholders individually or in aggregate holding 5% or more of the shares of Shanghai Jahwa or the de facto controlling parties and their spouses, parents or children: directors and senior management of Shanghai Jahwa, and the core management personnel and core technical personnel who have direct influence on the overall results and sustainable development of Shanghai Jahwa. Such personnel refer to those who report directly to the Chief Executive Officer and those who are independently responsible for different units and businesses of Shanghai Jahwa, including branding, research and development, supply chain, financing, human resources and strategic investment.

The total number of Shanghai Jahwa Shares which may be issued upon exercise of all Shanghai Jahwa Options to be granted under the Shanghai Jahwa Share Incentive Scheme and any other share option schemes of Shanghai Jahwa must not in aggregate exceed 10% of the issued and outstanding Shanghai Jahwa Shares as of May 23, 2018, on which the shareholders of the Company approved the Shanghai Jahwa Share Incentive Scheme. According to the Shanghai Jahwa Share Incentive Scheme, the maximum number of Shanghai Jahwa Shares to be issued is 4,250,000, representing approximately 0.63% of the total issued shares of Shanghai Jahwa as at the date of this Report. Unless otherwise approved by a special resolution at the general meeting of Shanghai Jahwa, the cumulative total number of Shanghai Jahwa Shares to be granted to any of the incentive participant under the fully effective Shanghai Jahwa Share Incentive Scheme shall not exceed 1% of the total share capital of Shanghai Jahwa.

The exercise price per Shanghai Jahwa Share of a Shanghai Jahwa Option shall be determined by the board of directors of Shanghai Jahwa. For details of the value of Shanghai Jahwa Options and related accounting policies, please refer to the announcement published by Shanghai Jahwa on the website of SSE dated July 25, 2018.

The board of directors of Shanghai Jahwa has the discretion to fix any minimum period(s) for which a Shanghai Jahwa Option or any part thereof has to be held before the exercise of the subscription rights attaching thereto. The Shanghai Jahwa Share Incentive Scheme is valid from the date of grant of Shanghai Jahwa Options and expires on the date of all Shanghai Jahwa Options granted to participants being exercised or deregistered, and not exceeding 68 months.

As of December 31, 2020, the details and movements of the Shanghai Jahwa Share Incentive Scheme in relation to the Shanghai Jahwa Options are as follows:

Type of grantees	Exercise period	Exercise price (per Shanghai Jahwa Share, RMB)	Number of Options				
			Balance as at January 1, 2020	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at December 31, 2020
Employees	Not exceeding 68 months from the date of grant	35.07	3,400,000	-	1,195,000	-	2,205,000

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MATERIAL CONTRACTS AND THEIR PERFORMANCE

Guarantee

(in RMB million)	External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period		-
Total external guarantee balance as at the end of the Reporting Period		-
Guarantee of the Company and its subsidiaries in favor of its subsidiaries		
Total guarantee in favor of its subsidiaries incurred during the Reporting Period		11,346
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period		54,790
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)		
Total guarantee		54,790
Total guarantee as a percentage of the Company's net assets (%)		7.2
Including: Direct or indirect guarantee for the companies with a total liabilities to total assets ratio over 70% (as of December 31, 2020)		53,895
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company's net assets		-

Notes: (1) The data set out in the table above does not include those arising from financial guarantee businesses conducted by Ping An Bank (the controlled subsidiary) and other subsidiaries of the Company in strict compliance with the scope of business approved by regulatory authorities.

(2) During the Reporting Period, the total guarantee incurred was the guarantee withdrawal of RMB33,415 million less the guarantee repayment of RMB22,069 million.

INDEPENDENT OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS ON EXTERNAL GUARANTEE OF THE COMPANY

According to the relevant requirements of the *Notice Concerning the Regulation on the Flow of Funds Between Listed Companies and Their Related Parties and the Provision of Guarantees by Listed Companies to External Parties* as well as the *Notice Regarding the Regulation on the Provision of External Guarantee by Listed Companies* set out by the CSRC, the Independent Non-executive Directors of the Company conducted a prudent review of the Company's external guarantees in 2020. Their specific statements and independent opinions are set out as follows:

1. During the Reporting Period, the Company did not provide any guarantee to its controlling shareholder and other related parties in which the Company holds less than 50% shares, or any non-legal entities or individuals;
2. During the Reporting Period, the total guarantee withdrawal provided by the Company and its subsidiaries amounted to RMB33,415 million. As of December 31, 2020, the total guarantee balance of the Company and its subsidiaries was RMB54,790 million, representing 7.2% of the Company's net assets. The sum did not exceed 50% of the net assets as stated in the financial statements of the latest fiscal year of the Company;
3. During the Reporting Period, the Company has strictly observed the approval procedures and internal control policies regarding external guarantee as set out in the *Articles of Association*, and there was no irregular external guarantee;
4. During the Reporting Period, the Company has fulfilled its obligation to disclose information on external guarantee and honestly provided chartered accountants with all the details about the Company's external guarantee, in strict compliance with the relevant requirements under the *SSE Listing Rules* and the *Articles of Association*.

ENTRUSTMENT, UNDERWRITING, LEASE, ENTRUSTED ASSET MANAGEMENT, ENTRUSTED LENDING AND OTHER MATERIAL CONTRACTS

No matter relating to entrustment, underwriting, lease or other material contracts of the Company was required to be disclosed during the Reporting Period.

During the Reporting Period, the Company did not engage in any entrusted asset management or entrusted lending outside its ordinary business scope. For details of the Company's entrusted asset management and entrusted lending, refer to the "Notes to Consolidated Financial Statements."

INCOME TAX AND TAX CONCESSIONS

Enterprise Income Tax of Overseas Non-Resident Enterprises

Pursuant to the tax laws and regulations of the Chinese mainland, the Company is required to withhold 10% enterprise income tax when it distributes dividend to non-resident enterprise holders of H shares as listed on the Company's register of members on the record date, including Hong Kong Securities Clearing Company Nominees Limited.

If any resident enterprise (as defined in the *Enterprise Income Tax Law of the People's Republic of China*) listed on the Company's register of members of H shares on the record date which is duly incorporated in the Chinese mainland or under the laws of an overseas country (or region) but with a Chinese mainland-based de facto management body does not want the Company to withhold the said enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited a legal opinion, at or before 4:30 p.m. one business day before closure of register of the H Shareholders for the dividend, issued by a lawyer qualified to practice law in the Chinese mainland and inscribed with the seal of the applicable law firm, that verifies its resident enterprise status. The legal opinion shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

Individual Income Tax of Overseas Individual Shareholders

Pursuant to the applicable tax laws and regulations of the Chinese mainland, the individual resident shareholders outside the Chinese mainland shall pay individual income tax upon their receipt of the distributed dividends in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by the Company on behalf of such individual shareholders at the tax rate of 10% in general. However, if the tax laws and regulations and relevant tax agreements state otherwise, the Company will withhold and pay the individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

Those individual resident shareholders outside the Chinese mainland may enjoy preferential treatments (if any) in accordance with the provisions of applicable tax agreements signed between the countries or regions where they belong by virtue of residential identification and the People's Republic of China as well as the tax arrangements made between the Chinese mainland and Hong Kong (Macau). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited a written authorization and relevant evidencing documents, at or before 4:30 p.m. one business day before closure of register of the H Shareholders for the dividend, which shall be submitted by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

The Company will withhold the enterprise income tax as well as the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the record date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of H shares of the Company shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax laws and regulations of the Chinese mainland.

Report of the Board of Directors and Significant Events

Income Tax of H Shareholders via the Hong Kong Stock Connect Program

For the Chinese mainland investors (including enterprises and individuals) investing in the Company's H Shares via the Hong Kong Stock Connect Program, China Securities Depository and Clearing Corporation Limited, as the nominee holding H Shares for investors via the Hong Kong Stock Connect Program, will receive the dividend distributed by the Company and distribute such dividend to the relevant investors through its depository and clearing system. The dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in Renminbi. Pursuant to the applicable tax laws and regulations of the People's Republic of China:

- For the Chinese mainland individual investors who invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad.
- For the Chinese mainland securities investment funds that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the dividend pursuant to the above provisions.
- For the Chinese mainland enterprise investors that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will not withhold income tax in the distribution of the dividend, and such investors shall declare and pay the tax on their own.

Income Tax of A Shareholders via the Shanghai Stock Connect Program

For Hong Kong investors (including enterprises and individuals) investing in the Company's A Shares via the Shanghai Stock Connect Program, pursuant to the applicable tax laws and regulations of the People's Republic of China, the dividend will be paid in Renminbi by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to Hong Kong Securities Clearing Company Limited, and the Company will withhold income tax at the rate of 10%.

For investors via the Shanghai Stock Connect Program who are tax residents of other countries or regions (excluding Hong Kong) which have entered into a tax treaty with the Chinese mainland stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisors for tax effects regarding their holding and disposing of the shares of the Company, involving the Chinese mainland, Hong Kong and other countries and regions.

ENVIRONMENTAL PROTECTION

The Company is not a key pollutant discharging unit announced by the environmental protection department. For more information on environmental protection, please refer to the Company's 2020 *Sustainability Report*.

CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Group during 2020 totaled RMB366 million.

SEIZURE, DISTRAINTMENT OR FREEZE OF MAJOR ASSETS

During the Reporting Period, the Company had no event of seizure, distraintment or freeze of major assets that was required to be disclosed.

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company had no failure to abide by any effective judicial ruling.

RELATIONSHIPS WITH CUSTOMERS

The Group aims to provide high-quality financial services to its customers. Adhering to the “customer-centric” business philosophy, the Group embeds the protection of consumer rights into its corporate governance, corporate culture and development strategy.

In accordance with the applicable rules of China Banking and Insurance Regulatory Commission, the Group has set up the Consumer Rights Protection Committee under the Board of Directors to oversee the protection of consumer rights. The Committee determines the responsibilities of consumer rights protection, develops a consumer rights protection framework, strengthens the implementation and oversight of decisions made on consumer rights protection, ensures the effective execution of policies and the achievement of goals of consumer rights protection, and constantly enhances consumer rights protection capabilities.

In 2020, there was no material and significant dispute between the Group and its customers.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group maintained compliance with relevant laws and regulations that have significant impacts on operations of the Group.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigations or arbitrations that were required to be disclosed.

PENALTIES AND RECTIFICATION

During the Reporting Period, neither the Company nor the Directors, the Supervisors, or the senior management of the Company were investigated by competent authorities, subjected to coercive measures by judicial authorities or disciplinary authorities, transferred to judicial authorities or held accountable for criminal liabilities, investigated or punished, barred from the market or disqualified by the CSRC, subjected to major administrative penalties by environmental protection, work safety, tax or other administrative authorities, or denounced by any stock exchanges publicly.

Report of the Board of Directors and Significant Events

FULFILLMENTS OF UNDERTAKINGS

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank

- (1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not engage in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.
- (2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute related party transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into such transactions with Shenzhen Development Bank by following the principle of “openness, fairness and justness” at fair and reasonable market prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents, and shall perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or make Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.
- (3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain its independence from Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As of December 31, 2020, the above undertakings were still being performed and there was no breach of the above undertakings.

Undertaking in Respect of the Issuance of Ping An Convertible Bonds

During the period of issuing Ping An Convertible Bonds by the Company, in terms of certain subsidiaries engaging in construction of properties for self-use purpose and retirement communities, the Company undertakes that, it complies and will strictly comply with regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied for specific property development purpose without the motive of property speculation or sale in an inappropriate form. It will not develop or sell commercial housing by means of investment in retirement communities or real estate for self-use purpose.

As of December 31, 2020, the above undertaking was still being performed and there was no breach of the above undertaking.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As far as is known to any Directors or Supervisors of the Company, as of December 31, 2020, the following persons (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO:

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A Shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
CP Group Ltd.	H	Interest of controlled corporations	(1)	1,485,855,226	Long position	19.95	8.12
		Interest of controlled corporations	(1)	50,443,713	Short position	0.67	0.27
UBS Group AG	H	Interest of controlled corporations	(2)	1,139,267,688	Long position	15.29	6.23
		Interest of controlled corporations	(2)	979,721,515	Short position	13.15	5.35
JPMorgan Chase & Co.	H	Interest of controlled corporations	(3)	535,683,284	Long position	7.19	2.93
		Investment manager		278,378,953	Long position	3.73	1.52
		Person having a security interest in shares		2,957,658	Long position	0.03	0.01
		Trustee		83,180	Long position	0.00	0.00
		Approved lending agent	(3)	270,050,310	Lending pool	3.62	1.47
		Total:	(3)	1,087,153,385		14.59	5.94
Citigroup Inc.	H	Person having a security interest in shares		41,800	Long position	0.00	0.00
		Interest of controlled corporations	(4)	72,095,969	Long position	0.96	0.39
		Approved lending agent	(4)	443,503,884	Lending pool	5.95	2.42
		Total:	(4)	515,641,653		6.92	2.82
		Interest of controlled corporations	(4)	47,246,779	Short position	0.63	0.25
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

Report of the Board of Directors and Significant Events

Notes:

- (1) According to the disclosure form filed by CP Group Ltd. on November 9, 2020, CP Group Ltd. was deemed to be interested in a total of 1,485,855,226 H shares (long position) and 50,443,713 H shares (short position) in the Company by virtue of its control over several wholly owned corporations.
The entire interests and short positions of CP Group Ltd. in the Company included 50,443,713 H shares (short position) held through unlisted derivatives which are physically settled.
- (2) According to the disclosure form filed by UBS Group AG on December 30, 2020, UBS Group AG was deemed to be interested in a total of 1,139,267,688 H shares (long position) and 979,721,515 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as a non-wholly owned corporation, UBS Hana Asset Management Company Ltd. (51% directly owned).
The entire interests and short positions of UBS Group AG in the Company included 868,805,560 H shares (long position) and 661,440,570 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	38,468,139
	Short position	37,008,505
Listed derivatives - Cash settled	Long position	87,500
	Short position	976,600
Unlisted derivatives - Physically settled	Long position	627,332,757
	Short position	426,444,700
Unlisted derivatives - Cash settled	Long position	202,917,164
	Short position	197,010,765

- (3) According to the disclosure form filed by JPMorgan Chase & Co. on December 31, 2020, JPMorgan Chase & Co. was deemed to be interested in a total of 535,683,284 H shares (long position) and 268,569,952 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as non-wholly owned corporations including JPMorgan Asset Management (Asia Pacific) Limited (99.99% indirectly owned) and China International Fund Management Co., Ltd. (49% indirectly owned).
The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 270,050,310 H shares (long position). Moreover, 519,797,834 H shares (long position) and 144,886,679 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Physically settled	Long position	26,180,500
	Short position	62,396,000
Listed derivatives - Cash settled	Long position	3,391,500
	Short position	9,157,800
Unlisted derivatives - Physically settled	Long position	443,157,070
	Short position	13,851,088
Unlisted derivatives - Cash settled	Long position	46,738,937
	Short position	29,322,017
Listed derivatives - Convertible instruments	Long position	329,827
	Short position	30,159,774

- (4) According to the disclosure form filed by Citigroup Inc. on December 1, 2020, Citigroup Inc. was deemed to be interested in a total of 72,095,969 H shares (long position) and 47,246,779 H shares (short position) in the Company by virtue of its control over several wholly owned corporations, as well as a non-wholly owned corporation, Citigroup Global Markets Holdings Bahamas Limited (99.83% indirectly owned).

The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 443,503,884 H shares (long position). In addition, 54,283,028 H shares (long position) and 35,522,554 H shares (short position) were held through derivatives as follows:

Derivatives	Nature of interest	Number of H shares
Listed derivatives - Convertible instruments	Long position	154,074
	Short position	154,074
Listed derivatives - Physically settled	Long position	26,400,500
	Short position	14,006,000
Unlisted derivatives - Physically settled	Long position	24,087,955
	Short position	18,871,031
Unlisted derivatives - Cash settled	Long position	3,640,499
	Short position	2,491,449

- (5) Figures for the percentage of H shares held have been rounded down to the nearest second decimal place, so they may not add up to the totals due to rounding. The percentage figures are based on the number of shares of the Company as of December 31, 2020.

Save as disclosed above, to the best knowledge of the Directors and Supervisors, as of December 31, 2020, no person (other than the Directors, Supervisors and chief executives of the Company) had any interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under Section 336 of the SFO.

By order of the Board of Directors

Ma Mingzhe
Chairman

Shenzhen, PRC
February 3, 2021