



## **Announcement Regarding Termination of the Implementation of the Restricted Stock Incentive Plan for Year 2007**

The implementation of Phase One (2006-2008) of the Restricted Stock Incentive Plan (“Phase One of the Incentive Plan”) of China Vanke Co., Ltd. (“China Vanke” or “the Company”) commenced on 30 May 2006 after the plan was considered and approved at the Company’s 2005 annual general meeting. Phase One of the Incentive Plan consists of three incentive plans, each for a given year and implemented independently. The implementation of the incentive plan for year 2006 was completed on 11 September 2008, while the implementation of the incentive plan for year 2008 was terminated after the Company’s 2008 annual general meeting because the performance indicators could not be met. The performance indicators of the incentive plan for year 2007 had been met, but the vesting of the restricted stock was subject to the fulfillment of the relevant stock price indicator condition.

The average closing price of China Vanke’s A shares in 2009 based on the ex-right price backward adjustment has now been confirmed and is lower than that of 2007. Since the stock price indicator condition of the incentive plan for year 2007 cannot be met, termination of the implementation of the incentive plan for year 2007 is confirmed.

### **I. Implementation of the incentive plan for year 2007**

Pursuant to Phase One of the Incentive Plan, the Company had pre-appropriated RMB241,282,949.52 for the incentive plan for year 2007 after the 2006 annual general meeting approved the annual report and audited financial reports for year 2006. The 2007 annual general meeting, upon its approval of the annual report and audited financial reports for year 2007, confirmed that the performance indicator targets of the incentive plan for year 2007 had been achieved. Pursuant to the requirements of Phase One of the Incentive Plan and the actual performance of the Company in 2007, the Company made an additional appropriation of RMB243,140,599.90 for the incentive plan for year 2007. The aggregate amount of the incentive fund for the incentive plan for year 2007 was RMB484,423,549.42.

As authorized by the beneficiaries, the trustee had used the incentive fund to purchase A shares of China Vanke from the secondary market. As at 31 December 2009, the total number of A shares of China Vanke held by the incentive plan for year 2007 amounted to 46,551,761.

### **II. Confirmation of terminating implementation of the incentive plan for year 2007**

According to the requirements of Provisions 17 and 18 of Phase One of the Incentive Plan,

the vesting conditions, which prescribe a certain share price target, for the restricted stock held by the beneficiaries of the incentive plan for year 2007 are: at least the average closing price of China Vanke's A shares based on the ex-right price backward adjustment in one of the two years of 2008 and in 2009 is higher than that of 2007.

Taking 1 January 2007 as the base day, the average closing price of China Vanke's A shares in 2009 after ex-right price backward adjustment was RMB25.50, while the average closing price of China Vanke's A shares in 2008 after ex-right price backward adjustment was RMB25.79, both of which is lower than RMB33.66, being the average closing price of China Vanke's A shares in 2007 after ex-right price backward adjustment. The vesting conditions of the restricted stock under the incentive plan of year 2007 cannot be met. In accordance with the requirements of Provision 19 of Phase One of the Incentive Plan, the termination of the incentive plan for year 2007 is confirmed.

### **III. Subsequent events of the incentive plan for year 2007**

According to Provision 19 of Phase One of the Incentive Plan, the trustee will sell all China Vanke's A shares held by the incentive plan for year 2007 within 20 trading days during the window period from the date of publication of this announcement and transfer the proceeds from the sale of the shares to the Company within three working days after the sale in accordance with the undertaking by the beneficiaries.

### **IV. Accounting treatment of the termination of the incentive plan for year 2007 and its impacts on the operating results of the Company**

In accordance with the relevant regulations of the "Accounting Standard for Business Enterprises No. 11 – Share-based payment", the related accounting treatment of the disposal of China Vanke's A shares held by the incentive plan for year 2007 and the transfer of proceeds to the Company upon the confirmation of terminating the incentive plan for year 2007 is: to increase "bank deposit" of the Company and to increase "capital reserve".

The termination of implementation of the incentive plan for year 2007 will not affect the Company's management's diligent performance of their duties. The management of the Company will continue to fulfill their duties as professional managers and strive to create value for the shareholders.

### **V. Others**

Investors can refer to "China Vanke Co., Ltd.'s Phase One (2006-2008) of The Restricted Stock Incentive Plan (Revised Draft Proposal)" published on <http://www.cninfo.com.cn> on 28 April 2006 and the previous regular reports for details on Phase One of the Incentive Plan.

Board of Directors  
China Vanke Co., Ltd

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