



**CHINA VANKE CO., LTD.**  
**ANNOUNCEMENT REGARDING ADJUSTMENT OF THE**  
**EXERCISE PRICE OF THE STOCK OPTIONS UNDER**  
**A-SHARE STOCK OPTION INCENTIVE SCHEME**

The resolution regarding the adjustment of the exercise price of the Company's A-share stock options was dispatched to all the directors of China Vanke Co., Ltd. ("China Vanke" or "the Company") by email on 9 July 2012 and was reviewed by all the directors. As the beneficiaries of the A-Share Stock Option Incentive Scheme ("Scheme"), Wang Shi, Yu Liang and Xiao Li are connected directors and therefore had withdrawn from voting on the resolution. The resolution was approved with 8 votes in favour, zero against and zero abstention. The adjustment of the exercise price of the A-Share Stock Options under the Scheme is as follows:-

**I. Implementation of the A-Share Stock Option Incentive Scheme**

On 8 April 2011, the A-Share Stock Option Incentive Scheme (Revised Draft) of China Vanke Co., Ltd. was approved at the first extraordinary general meeting in 2011 of the Company. The Scheme was thereby approved. On 18 April 2011, the resolution regarding matters in relation to the granting of stock options under the A-share Stock Option Incentive Scheme was approved at the second meeting of the sixteenth session of the board ("Board") of directors at which the grant date of the Scheme was confirmed to be 25 April 2011. On 9 May 2011, the registration of the grant of stock options was completed. The exercise price of the stock options was RMB8.89, which was subject to adjustment according to the relevant requirements of the Scheme should distribution of dividends, transfer of capital surplus reserve to share capital or other conditions occur within the validity period.

After being considered by the Board, the exercise price of the stock options was adjusted to RMB8.79 after the implementation of the dividend distribution scheme for the year 2010 on 27 May 2011.

**II. Adjustment of exercise price of the A-Share Stock Options**

The proposal on dividend distribution of the Company for the year 2011 was approved at the 2011 Annual General Meeting of the Company. Based on the Company's existing total share capital of 10,995,210,218 shares, a cash dividend of RMB1.3 (including tax) would be paid to all the shareholders on the basis of every 10 existing shares held.

Pursuant to the resolution regarding granting the Board the authority to handle matters relating to the Company's Stock Option Incentive Scheme approved by the first extraordinary general

meeting in 2011, the Board resolved to, according to the requirements of the Scheme, make corresponding adjustment of the exercise price of the A-share stock options after the proposal on dividend distribution for the year 2011 had been implemented. The formula for the adjustment is as follows:

$$P=P_0-V$$

whereas:  $P_0$  as the exercise price before the adjustment;  $V$  as the dividend per share;  $P$  as the exercise price after the adjustment

According to the formula, the exercise price of the A-share stock options after the adjustment = RMB8.79- RMB0.13= RMB8.66

### **III. Conclusive Opinion in The Legal Opinion Letter by Lawyer**

Guangdong Shu Jin Law Firm is of the opinion that: The authorisation and approval of the adjustment of the exercise price, as well as the methods and details of the exercise price adjustment are in compliance with the relevant requirements of the Measures for the Administration of the Equity Incentive Plans of Listed Companies (Provisional) and the “A-Share Stock Option Incentive Scheme (Revised Draft) of China Vanke Co., Ltd.”.

### **IV. Documents for inspection**

1. The resolutions approved by the 2010 Annual General Meeting, the first extraordinary general meeting in 2011 and 2011 Annual General Meeting
2. The resolution regarding adjustment of the exercise price of the A-Share stock options approved by the sixteenth session of the Board
3. Legal Opinion Letter Regarding Exercise Price Adjustment of A-Share Stock Option of China Vanke Co., Ltd

Board of Directors  
China Vanke Co., Ltd.

Shenzhen, 12 July 2012