



廣東信達律師事務所
SHU JIN LAW FIRM

Legal Opinion on

Listing and Trading of

Domestically Listed Foreign Shares of

China Vanke Co., Ltd. on the Main Board of

The Stock Exchange of Hong Kong Limited

by Way of Introduction

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Legal Opinion on Listing & Trading of Domestically Listed Foreign Shares of China Vanke Co., Ltd. on the Main Board of The Stock Exchange of Hong Kong Limited by Way of Introduction

To: China Vanke Co., Ltd.

Shu Jin Law Firm (“Shu Jin”) has accepted the appointment by China Vanke Co., Ltd. (the “Company” or “China Vanke”) as China Vanke’s designated legal counsel on listing and trading of domestically listed foreign shares of China Vanke on the main board of The Stock Exchange of Hong Kong Limited (“SEHK”) by way of introduction (the “Project”) and offers its legal opinion (“Legal Opinion”) on this matter.

Pursuant to the relevant laws, administrative rules, regulations and normative documents including Company Law of the People’s Republic of China (“PRC”) (the “Company Law”), the Securities Law of the PRC (the “Securities Law”), The Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies 《国务院关于股份有限公司境外募集股份及上市的特别规定》 promulgated and adopted by the State Council on 4 August 1994, the Regulations of the State Council Concerning Domestically Listed Foreign Shares of Joint Stock Limited Liability Companies (State Council Decree No. 189) 《国务院关

于股份有限公司境内上市外资股的规定》(国务院令第189号) promulgated by the State Council on 25 December 1995, and the Notice on Certain Issues Concerning Individual Domestic Residents' Investment in Domestically Listed Foreign Shares (Zheng Jian Fa [2001] No. 22) 《關於境內居民個人投資境內上市外資股若干問題的通知》(证监发[2001]22号) jointly issued by China Securities Regulatory Commission ("CSRC") and State Administration of Foreign Exchange on 22 February 2001, Shu Jin has conducted thorough and crucial discussion with the relevant personnel of China Vanke and CITIC Securities Company Limited ("CITIC Securities") on the Project, in accordance with the recognised business standards, ethics and due diligence requirements of the legal profession.

The presentation of this Legal Opinion is based upon the events that have occurred or existed before the date of issue of this Legal Opinion, and in accordance with the relevant requirements of existing laws, administrative rules, regulations of various government departments and normative documents of Mainland China (excluding Hong Kong special administrative region, Macau special administrative region and Taiwan), as well as Shu Jin's understanding of those events and interpretation of the relevant laws; and does not contain opinion on events that are subject to laws, regulations and listing rules of countries and regions outside Mainland China, nor does it cover legal opinion on issues that involve professional disciplines such as accounting, audit and asset appraisal.

Shu Jin has reviewed the relevant documents and information provided by the Company for the preparation of this Legal Opinion, and has examined their authenticity, accuracy and completeness. The documents and information provided by the Company to Shu Jin are complete, authentic and valid, and there are no concealments, misrepresentations, omissions or misleading statements. Information contained in documents that are duplicates and photocopies shall be considered identical to those of the originals or master copies.

For those events crucial to the preparation of this Legal Opinion but without the support of independent evidence, Shu Jin has relied on the verification document

provided by the relevant government departments, the Company or other related entities to express its legal opinion.

Shu Jin has strictly adhered to its statutory duties and upheld the principles of due diligence and integrity. Shu Jin has verified the legitimacy, compliance and validity of the Project. Shu Jin warrants that there are no misrepresentations, misleading statements and material omissions in this Legal Opinion.

This Legal Opinion is for the Company's exclusive use for the purpose of the Project, and shall not be used for any other purposes.

Based on the above, Shu Jin, in accordance with the recognised business standards, ethics and due diligence requirements of the legal profession in the PRC, issued the following legal opinion:

Main Text of the Legal Opinion

1 Overview of the proposal of the Project

According to the “Proposal for Change of Listing Location of Domestically Listed Foreign Shares of China Vanke Co., Ltd. and Listing & Trading on the Main Board of The Stock Exchange of Hong Kong Limited by Way of Introduction” (“the proposal of the Project”) prepared by China Vanke, China Vanke intends to apply for conversion of location of listing of its 1,314,955,468 issued domestically listed foreign shares (“B shares”) into overseas listed foreign shares (“H shares”) for listing and trading on the main board of SEHK by way of introduction. The highlights of the proposal of the Project are as follows:

- 1.1 China Vanke will not issue new shares in the implementation of the proposal of the Project.
- 1.2 The existing B shareholders may opt for filing for cash option execution within the specified period to transfer their B shares in part or full to the offerers of the cash option, or continue to retain their shareholding until the shares become listed on SEHK, in which case, shares in their possession will be converted from B shares to H shares.
- 1.3 During the filing period to be specified in relevant announcements, the B shareholders who intend to exercise the cash option may file for cash option execution in accordance with the stipulated manners and procedures. Among the third parties offering the cash option, China Resources (Holdings) Co., Ltd. and (or) its subsidiaries and Government of Singapore Investment Corporation Pte. Ltd., respectively hold more than 10% of the shares in the Company or its subsidiaries, thus shall be deemed as connected parties under the Listing Rules. Shares obtained, through the cash options offered, therefore, shall not be taken

into account in the calculation of the public float by the two aforementioned entities. According to the Listing Rules of SEHK, a certain proportion of a listed company's issued share capital should be held by the public. Should an excessively high percentage of cash options being exercised resulting in an extremely low liquidity and insufficient public float, the Company may not be able to meet the listing requirements of the SEHK. At present, the amount of the Company's B shares accounts for 11.96% of the Company's total share capital. The Company plans to apply to SEHK for a waiver allowing for a minimum public float of not less than 8%. China Resources (Holdings) Co., Ltd. and (or) its subsidiaries and Government of Singapore Investment Corporation Pte. Ltd. together can only acquire an amount of B shares not exceeding 3.96% of the Company's total share capital, equivalent to close to one-third of the total number of B shares. Due to the aforementioned factors, in the event that the number of shares filing for cash option execution exceeds one-third of the total number of B shares, that is more than 438,318,489 shares have been filed for cash option execution, this Proposal will not be implemented, and China Vanke B shares shall continue to be traded on the SZSE B share market.

- 1.4 If the above-mentioned situation does not occur upon expiry of the filing application period, settlement of the cash options will be effected, with consideration for B shares settled and respective shares transferred. Those B shares effectively filed for cash option execution within the filing period shall be entitled to a cash consideration to be paid at a price stipulated in the Proposal by the offerers of the cash option
- 1.5 For the B shares held by all the B shareholders after the completion of the execution of the abovementioned cash option, the Board of the Company's authorized nominal holder will open an H share account on behalf of all B shareholders in due course, after the execution of the above-mentioned cash option, at qualified Hong Kong securities firms designated by the Board of the

Company (for agency trade, registration and settlement for investors only), and will act as depository agent of the Company's H shares and to handle relevant matters.

1.6 During the implementation of the proposal of the Project, China Vanke will not raise funds overseas, and there will not be any subscription of H shares in foreign currencies by shareholders (including domestic residents). After the listing and trading of the Company's H shares on the main board of SEHK, the Company's original B shareholders may conduct transactions of H shares through the trading systems of domestic securities companies or the trading systems of overseas securities companies in accordance with their own will, but shall be in compliance with applicable legislations, regulations and trading rules. The trading manner of investors conducting transactions through the trading systems of domestic securities companies will basically remain unchanged, except for the change in stock code. However, the aforesaid investors only have the rights to hold or sell the Company's H shares. Domestic B-share holders shall only conduct transactions of H shares through the trading systems of domestic securities companies. Before domestic residents become eligible for subscription of overseas securities, or before the disposal of all of the H shares traded through the trading systems of domestic securities companies, the Company will cautiously consider the fact that certain H share accounts' trading rights are subject to restriction, and will take into full account the fairness in participation by all types of shareholders, in the handling of certain relevant significant events such as rights issue.

1.7 In the event that the number of shares filing for cash option execution exceeds one-third of the Company's total number of B shares, or in the event that the proposal of the Project is not approved by CSRC, SEHK, this proposal of the Project will not be implemented.

2 Legal analysis of the implementation of the Project

Shu Jin is of the opinion that:

- 2.1 In accordance with the requirement of the first section of Article 24, “Subject to approval of State Council Securities Committee, domestically listed foreign shares or its derivative forms may be circulated and transferred outside Mainland China,” of the Regulations of the State Council Concerning Domestically Listed Foreign Shares of Joint Stock Limited Liability Companies, the proposal of the Project is for the change of listing location of China Vanke’s B shares and listing and trading of such shares on the main board of SEHK by way of introduction, and does not constitute a matter prohibited by laws and regulations and could be implemented upon securing ratification of CSRC (State Council Securities Commission had been merged with CSRC).

- 2.2 According to the requirements of CSRC’s Regulatory Guidelines on Application Documents of Joint Stock Limited Companies’ Issuance and Listing of Shares Overseas and Approval Procedures《关于股份有限公司境外发行股票和上市申报文件及审核程序的监管指引》, “joint stock limited companies established in accordance with the Company Law can, according to their own will, apply to CSRC for issue and listing of shares outside Mainland China, provided that such companies satisfy the listing requirements of the respective overseas listing location.” In accordance with the requirement of Article 2 of The Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies, “joint stock limited companies, upon obtaining approval, can issue shares to specific or non-specific investors outside Mainland China and such shares are eligible for overseas listing. The term ‘overseas listing’ mentioned in this Article refers to the shares issued by the joint stock limited companies to overseas investors and are circulated and transferred in an open stock market overseas.” In accordance with the requirement of Article 3,

“shares issued by joint stock limited companies to overseas investors and listed overseas (“overseas listed foreign shares”) are in the form of registered shares, with the nominal value denominated in RMB and to be subscribed in foreign currency. Overseas listed foreign shares are listed overseas, and may adopt the form of overseas depository receipts or other derivative forms.” According to the proposal of the Project, the change of listing location of China Vanke’s B shares and listing and trading of such shares on the main board of SEHK by way of introduction does not involve any new issue. The Company’s total share capital and total number of shares remain unchanged. China Vanke is not involved in raising fund overseas; it is merely the conversion of its B shares to H shares. The proposal of the Project does not involve fund raising outside Mainland China, and there is no subscription by shareholders for H shares in foreign currencies. However, upon the conversion of B shares into H shares, the H shares will be listed and traded on SEHK. Thus, the proposal of the Project is subject to the approval of CSRC.

- 2.3 The legal impact following the completion of the implementation of the proposal of the Project would be the conversion of China Vanke B shares’ listing location and listing and trading on the main board of SEHK by way of introduction. Upon the implementation of the proposal of the Project, the Company’s B shares will no longer exist, and B shares held by domestic residents will be converted into H Shares, and B shareholders will authorize nominal holder authorized by the Board of the Company to open an H share account on behalf of B shareholders at designated qualified Hong Kong securities firms, and will act as depository agent of the shares and to handle relevant matters. During the implementation process of the proposal of the Project, the requirement of Article 8, “Individual domestic residents shall not deposit their B shares at securities firms outside Mainland China” of Notice on Certain Issues Concerning Individual Domestic Residents’ Investment in Domestically Listed Foreign Shares, does not apply, as there is no domestic individual resident depositing their China Vanke B shares at securities

firms outside Mainland China.

2.4 The proposal of the Project does not involve fund raising overseas, nor does it involve any subscription of H shares in foreign currencies by B shareholders. After the listing and trading of the Company's H shares on the SEHK, domestic investors shall conduct transactions of H shares through the trading systems of domestic securities companies, and shall only have the rights to hold or sell the Company's H shares. The proceeds from the aforementioned investors' disposal of the Company's H shares shall be promptly remitted into Mainland China. Foreign investors who opt for transacting H shares through the trading systems of domestic securities companies are subject to the same restrictions. For the aforesaid investors conducting transactions of H shares through the trading systems of domestic securities companies, the qualified Hong Kong securities firm(s) designated by the Board of the Company will collect and remit the proceeds from their share disposals to Mainland China. Such proceeds shall then be transferred to the settlement reserve account of the domestic securities companies by CSDCC.

2.5 In accordance with the proposal of the Project, in the event that the number of shares filed for cash option exceeds one-third of the total number of B shares, that is more than 438,318,489 shares filed for the cash option, the proposal of the Project will not be implemented. Existing laws and administrative regulations such as Company law and Securities Law does not require the Company to offer to its B shareholders cash option during the implementation of the proposal of the Project. In the proposal of the Project, the Company has accurately disclosed to all shareholders the connection between the offerers of the cash option and the Company, and in the event that the number of shares filing for the cash option exceeds one-third of the total number of B shares during the filing period, the proposal of the Project will not be implemented. Shareholders of the Company may exercise their voting rights through on-site or online voting. There are no

restrictions on the Company's shareholders' right to know and right to participate in material decision-making process in relation to the proposal of the Project. In addition, the Company's independent directors have issued their independent opinion on the proposal of the Project, and will conduct proxy solicitation. As such, the contents regarding the establishment of and filing for cash option execution as well as the exercise of the cash option under the proposal of the Project have not violated existing laws that define the obligations of the Company, nor is there any violation of shareholders' legitimate right to know and right to participate in material decision-making process.

- 2.6 This proposal of the Project is a significant event that is subject to consideration at the shareholders' meeting and affects the material interest of B shareholders. As such, the proposal of the Project is subject to consideration at China Vanke shareholders' meeting (including B shareholders), and approval by more than two-thirds of the voting rights of all shareholders and B shareholders attending the shareholders meeting respectively.

3 Conclusion

In view of the aforementioned, Shu Jin is of the opinion that the proposal of the Project does not violate the Company Law, Securities Law and other laws and regulations. The proposal of the Project is subject to consideration at China Vanke shareholders' meeting (including B shareholders), and approval by more than two-thirds of the voting rights of all shareholders and B shareholders attending the shareholders meeting respectively, as well as ratification by CSRC. There is no legal barrier for the content and implementation of the proposal of the Project under the laws of the PRC.

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Shu Jin Law Firm

Lawyers in charge: _____

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