



CHINA VANKE CO., LTD.
ANNOUNCEMENT REGARDING ADJUSTMENT OF THE EXERCISE
PRICE OF THE A-SHARE STOCK OPTION INCENTIVE SCHEME
ACCORDING TO RELEVANT RULE

The resolution regarding the adjustment of the exercise price of the A-share stock options of China Vanke Co., Ltd. (“Vanke” or “the Company”) was dispatched to all the directors of the Company by email on 12 May 2014 and was reviewed by all the directors. As the beneficiaries of the A-Share Stock Option Incentive Scheme, Wang Shi, Yu Liang and Wang Wenjin are connected directors and therefore had withdrawn from voting on the resolution.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 stock options under the A-Share Stock Option Incentive 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 passed at the first extraordinary general meeting in 2011 of the Company. The A-Share Stock Option Incentive Scheme (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 of the Company 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 should distribution of dividends, transfer of capital surplus reserve to share capital or other conditions occur within the validity period.

Rule 25 of the Measures for the Administration of the Equity Incentive Plans of Listed Companies (Provisional) requires: “Listed companies, which have to adjust the exercise price or the number of stock options due to the ex-rights, ex-dividend of the subject matter or other reasons, may make the adjustment according to the principles and methods stipulated in the stock option scheme”. Pursuant to the requirements of the relevant rule and the Scheme and after being considered by the Board, the exercise price of the stock options was adjusted to RMB8.79 after the implementation of the proposal on dividend distribution for the year 2010 on 27 May 2011, while the exercise price of the stock options was adjusted to RMB8.66 after the implementation of the proposal on dividend distribution for the year 2011 on 5 July 2012. The exercise price of the stock options was adjusted to RMB8.48 after the implementation of the proposal on dividend distribution for the year 2012 on 16 May 2013.

II. Adjustment of exercise price of the A-Share stock options

The proposal on dividend distribution of the Company for the year 2013 was approved at the 2013 annual general meeting (“2013 AGM”) of the Company. The 2013 AGM resolved that a cash dividend of RMB4.1 (including tax) would be paid to all the shareholders on the basis of every 10 existing shares held based on the Company’s total share capital on the record date for dividend entitlement.

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 and the requirements of the relevant rule and the Scheme, the Board resolved to make corresponding adjustment of the exercise price of the A-share stock options after the proposal on dividend distribution for the year 2013 had been implemented. The formula for the adjustment is as follows:

$$P = P_0 - V$$

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

According to the formula, the exercise price of the A-share stock options after the adjustment = RMB8.48 - RMB0.41 = RMB8.07

Shenzhen Branch of China Securities Depository and Clearing Corporation Limited has confirmed with the price adjustment of the Scheme.

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 adjustment of the exercise price 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, the 2011 annual general meeting, the 2012 annual general meeting, and the 2013 annual general meeting
2. The resolution regarding adjustment of the exercise price of the A-Share stock options approved by the seventeenth session of the Board
3. Guangdong Shu Jin Law Firm Legal Opinion Letter Regarding the Adjustment of the Exercise Price of the A-Share Stock Options of China Vanke Co., Ltd.

Board of Directors
China Vanke Co., Ltd.

Shenzhen, 30 May 2014