

CHINA VANKE CO., LTD.

Procedural Rules for the board of directors

Chapter 1 General provisions

Article 1 In order to further clarify the duties and authorities of the board of directors, standardize the internal organization and operating procedures of the board of directors, and give full play to the role of the board of directors as a business decision-making center, these Rules are formulated pursuant to the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China (the "Securities Law"), the Articles of Association of China Vanke Co., Ltd. (the "Articles of Association") and relevant regulations.

Chapter 2 Composition of the board of directors

Article 2 The Board shall consist of 11 members, including one chairman, and can have one to two vice chairmen. Directors are natural persons and are not required to hold shares of the Company. All directors of the Company shall undertake the duty of loyalty and diligence in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

Article 3 More than one-third of the Board members shall be independent directors, and at least one independent director shall be a professional accountant.

The Board shall have one director assumed by staff representative. The staff representative acting as director must have worked in the Company for more than three consecutive years, and he/she will join the Board directly after democratically elected by the staff representatives meeting.

Article 4 Non-staff representative directors shall be elected or replaced by general meeting; and any director assumed by staff representative shall be elected or replaced by staff representatives meeting of the Company.

The term of office of directors is three years, commencing from the date of approval by the general meeting or the date of approval by the staff representatives meeting up to the expiry of the current term of office of the Board. The general meeting may resolve to dismiss a non-staff representative director, and the dismissal shall take effect on the date the resolution is made. If a non-staff representative director is dismissed prior to the expiration of his/her term without just cause, the director may claim compensation from the Company.

The list of candidates for non-independent directors (staff representative directors excluded) shall be nominated by the previous Board or shareholder(s) who individually or jointly hold(s) more than 1% of the Company's total outstanding issued shares with voting rights. The election of independent directors shall be carried out in accordance with the relevant regulations.

Article 5 In the event that a director resigns due to whatever reasons, the term of office of the by-elected director will commence from the date of approval by the general meeting or the date of approval by the staff representatives meeting up to the expiry of the current term of office of the Board. In the event that the term of a director falls upon expiry whereas the new member of the Board is not re-elected in time, the existing director shall continue to perform his duties in accordance with the laws, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office.

Article 6 The Board shall establish special committees such as audit committee, investment and decision-making committee, remuneration and nomination committee in accordance with the Articles of Association. The members of the special committees shall consist of directors, of which the majority of the remuneration and nomination committee and their convenors shall be independent directors. The audit committee shall consist of three members who are directors not serving as senior management of the Company and two of them shall be independent directors with at least one independent director who is a professional accountant, and the convenor shall be a professional accountant among the independent directors.

Working groups shall be set up under each special committee and be responsible for daily work liaison and organization of meetings.

The implementation rules for the duties and procedures of the special committees of the Board shall be formulated separately by the Board.

Article 7 The Board shall have a secretary, who shall be responsible for preparing general meetings and Board meetings, keeping documents and managing the shareholders' information of the Company, handling matters relating to information disclosure, as well as investor relations work. The secretary to the Board is nominated by the chairman and appointed or dismissed by the Board.

The secretary to the Board shall abide by relevant provisions under the laws and regulations, rules of stock exchange, other normative documents and the Articles of Association.

Article 8 The secretary to the Board may organize personnel to undertake the daily work of the Board.

Chapter 3 Duties and powers of the Board and Chairman

Article 9 The Board shall exercise its duties and powers within the scope prescribed in the Company Law, the Securities Law, the Articles of Association and these Rules.

The Board shall act in strict accordance with the authorization of the general meeting and the Articles of Association, and shall not exceed its authority to form resolutions.

Article 10 The Board shall exercise the following authority and powers:

- (1) to convene general meetings and report to the meetings;
- (2) to implement resolutions passed at the general meetings;
- (3) to determine the Company's business plans and investment schemes;
- (4) to formulate the Company's profit distribution plan and loss recovery plan;
- (5) to formulate proposals for increasing or reductions of the Company's registered capital and for the issuance and listing plans of corporate bonds or other securities;

- (6) to draft plans for material acquisition, share repurchase, merger, spin-off, dissolution or change in corporate form;
- (7) to determine matters relating to the Company's external investment, asset acquisition and disposal, external guarantees, pledge of assets, entrusted financial management, related transactions and external donations within the scope stipulated in the Articles of Association and authorized by the general meeting;
- (8) to determine the establishment of the Company's internal management organs;
- (9) to appoint or dismiss the Company's manager (being "president", the same hereinafter) and the secretary to the Board; and pursuant to the manager's nomination, to appoint or dismiss senior management including vice manager (being "executive vice president", the same hereinafter) and person-in-charge of finance affairs, and to decide on their remuneration, rewards and penalties;
- (10) to formulate the Company's fundamental management system;
- (11) to formulate the proposed amendments to the Articles of Association;
- (12) to deal with information disclosures of the Company;
- (13) to propose to the general meeting for appointment or replacement of the accounting firm serving as the auditor of the Company;
- (14) to receive work report submitted by the manager of the Company and to review his performance;
- (15) to exercise other duties and powers specified in the laws, regulations, rules of the stock exchange or the provisions of the Articles of Association and authorized by the general meeting.

Article 11 The affairs of the Company which reach one of the following standards, shall be reviewed and decided by the Board in accordance with the Articles of Association:

- (1) The total assets involved in the transaction account for more than 10% of the total audited assets of the Company in the latest period, and if the total assets involved in the transaction have both book value and appraised value, the higher of which shall be used for calculation;
- (2) The business income of the transaction subject (such as equity) in the latest accounting year accounts for more than 10% of the audited business income of the Company in that year, with absolute amount exceeding RMB10 million;
- (3) The net profit related to the transaction subject (such as equity) in the latest accounting year accounts for more than 10% of the audited net profit of the Company in that year, with absolute amount exceeding RMB1 million;
- (4) The transaction amount (including liabilities and expenses incurred) accounts for more than 10% of the latest audited net assets of the Company, and the absolute amount exceeds RMB10 million;
- (5) The profits from the transaction account for more than 10% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB1 million;
- (6) Other matters that shall be decided by the Board as required by laws and regulations, rules of stock exchange and other normative documents or the Articles of Association;
- (7) Transactions that the manager deems necessary to be submitted to the Board for consideration.

Article 12 In accordance with the provisions of laws and regulations, rules of stock exchange and other normative documents or the Articles of Association, the transaction matters that should be submitted to the general meeting for consideration and approval shall be first submitted and approved by the Board.

The transactions not within the scope of consideration by the Board as specified in Article 11 of these Rules shall be approved by the manager of the Company as authorized by the Board.

Article 13 The term “transaction” mentioned in these Rules includes the following matters:

- (1) Purchase or sale of assets;
- (2) External investment (including entrusted financial management, investment in subsidiaries, etc.);
- (3) Providing financial assistance (including entrusted loans, etc.);
- (4) Providing guarantees (including guarantees for holding subsidiaries, etc.);
- (5) Leasing of assets as lessee or lessor;
- (6) Signing management contracts (including entrusted or trusted operations, etc.);
- (7) Giving or receiving assets as gift;
- (8) Restructuring of claims or debts;
- (9) Transfer of research and development projects;
- (10) Entering into license agreements;
- (11) Other transactions identified by the stock exchange where the Company’s shares are listed.

The above assets purchased or sold do not include the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations, but the assets involved in the purchase and sale of such assets in the asset swap are still included.

Article 14 The chairman shall exercise his duties and powers and undertake corresponding obligations in accordance with laws, administrative regulations, the provisions of the Articles of Association and resolutions of the general meeting and the Board.

Article 15 Where the Board authorizes the chairman to exercise part of the duties and powers of the Board when the Board meeting is not in session, in principle, such authorization shall be subject to specific events or specific amount limit, and the contents of authorization shall be clear and specific. All matters involving the Company's material interests shall be collectively determined by the Board. Where the Board authorizes the chairman or other institutions and individuals to perform other duties and powers on behalf of the Board, it shall comply with laws and regulations, rules of stock exchange, other normative documents, the relevant provisions of the Articles of Association.

Article 16 The vice chairman of the Company shall assist the chairman in his work. In the event that the chairman is unable to or fails to perform his/her duties, the vice chairman shall chair the meeting. In the event that there is no vice chairman, or the vice chairman is also unable to or fails to perform his/her duties, a director jointly elected by more than half of the directors shall chair the meeting.

Chapter 4 Convening, presiding and proposals of the Board meeting

Article 17 Board meetings are divided into regular meetings and interim meetings.

Article 18 Board meeting shall be convened and presided over by the chairman. In the event the chairman cannot or does not perform such duties and powers, the meeting shall be convened and presided over by the vice chairman. In the event there is no vice chairman, or the vice chairman cannot or does not perform such duties and powers, a director shall be elected by over half of the directors to convene and preside over the meeting.

Article 19 Regular meetings shall be held at least four times every year by the Board and convened by the chairman, all the directors shall be notified of the meeting fourteen days beforehand in writing.

Article 20 The chairman shall convene and preside over an interim meeting of the Board within ten days in any of the following circumstances:

- (1) the chairman considers necessary;
- (2) more than one-third of the directors so request jointly;
- (3) the audit committee so requests;
- (4) shareholder(s) holding more than one-tenth of the voting rights so request(s);
- (5) more than half of independent directors so request;
- (6) the manager so requests.

Article 21 Where an interim meeting is proposed in accordance with the provisions of the preceding Article, the proposer shall submit a signed (sealed) written proposal through the secretary to the Board or directly to the chairman. The written proposal shall specify:

- (1) The name of the proposer;
- (2) Proposing reasons or objective reasons on which the proposal is based;
- (3) Time or time limit, venue or form of the meeting proposed;
- (4) Well-defined and specific proposal;
- (5) Contact information of the proposer and the date of the proposal, etc..

The contents of the proposal shall be within the scope of the authority of the Board specified in the Articles of Association, and the documents relating to the proposal shall be submitted together.

Article 22 The secretary to the Board shall transfer to the chairman on the same day upon receiving the written proposal and relevant materials. Where the chairman deems the proposal is not well-defined or specific or the relevant documents are inadequate, the chairman may require the proposer to amend or supplement the proposal.

The chairman shall convene and preside over the Board meeting within 10 days upon receipt of the proposal.

Chapter 5 Notice of the Board meeting

Article 23 The secretary to the Board shall notify all the directors by written notice 14 days in advance for the convening of regular meetings and 3 business days in advance for the convening of interim meetings of the Board.

Under special circumstances that require the Board to make decision immediately, the convening of an interim Board meeting shall not be subject to the requirements for the form of notice and notification period set out in the preceding paragraph for the sake of the Company's interests, provided that the convenor shall make an explanation at the meeting.

Article 24 Notice of the Board meeting shall set out at least the following information:

- (1) Date and venue of the meeting;
- (2) Duration of the meeting;
- (3) Reason to convene such meeting and topics to be discussed;
- (4) Date of the despatching of the notice.

Article 25 If, after the written notice of a regular Board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or cancel proposals, a written notice of change shall be sent 3 days before the original designated date for convening the meeting, explaining why and providing contents and documents relating to the new proposals. Where the notice of change is sent in less than 3 days in advance, the date of meeting shall be postponed accordingly or convene the meeting pursuant to the original designated date upon the approval of attending directors.

If, after the notice of an interim Board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or cancel proposals, then it shall be necessary to seek the prior consent of all attending directors and make relevant records.

Chapter 6 Convening of the Board meeting

Article 26 The Board meeting shall be held only when more than half of the directors are present, except as otherwise provided by the laws and regulations, rules of stock exchange, other normative documents and the Articles of Association.

Article 27 The manager and the secretary to the Board shall be present at the Board meeting, and other relevant persons may also be notified to attend the meeting if the chairman of the meeting deems necessary.

Those who attend at the meeting shall have the right to express their opinions on the relevant issues, but do not have the right to vote.

Article 28 Directors shall attend the Board meetings in person. If for any reason a director cannot attend the meeting, he should review the meeting materials in advance to form a clear opinion, and entrust other directors to attend the meeting in writing.

The power of attorney shall state:

- (1) The names of the director and his/her proxy(ies);
- (2) The Reason which the director cannot attend the meeting;
- (3) Brief comments of the director on each proposal (if any);
- (4) The authorized scope of the director and instructions on the voting intention for the proposals;
- (5) Signature of the director and date.

The proxy shall submit the written power of attorney to the chairman of the meeting.

Article 29 The Proxy attending the Board meeting shall comply with the following principles:

- (1) When considering related party transactions, a non-related director may not entrust a related director to attend on his/her behalf, nor shall a related director accept the entrustment of another related director;
- (2) the independent director shall not entrust a non-independent directors to vote on his/her behalf.

Article 30 A director authorized to attend the meeting shall exercise his rights within the scope of authorization. If a director fails to attend a Board meeting in person or by proxy, he shall be deemed to have waived his rights to vote at the meeting.

Article 31 Regular meetings of the Board shall be held on site (including by way of video conference and teleconference, etc.). As long as all the directors can fully express their opinions, an interim Board meeting may be held by way of fax or email, and resolutions passed shall be signed by all attending directors.

Where a Board meeting is held by fax or email, the number of attending directors shall be counted according to the valid votes such as faxes or emails received within the prescribed period.

Article 32 The Board meeting shall not vote on any proposal not included in the notice of the meeting unless with the unanimous consent of the attending directors.

Article 33 The directors shall carefully read the documents relating to the meeting and shall express well-informed, independent and discreet opinions.

Article 34 The directors may, before the meeting, learn and inquire about information needed for decision making from relevant persons or institutions such as the secretary to the Board, the convener of the meeting, manager and other senior management, special committees, accounting firm and law firm, or may, while the meeting is underway, suggest to the presider that the aforesaid persons or institutions appear at the meeting to make relevant explanations.

Chapter 7 Voting at the Board meeting

Article 35 When voting on a resolution of the Board, one director shall have one vote. Except for the resolutions made by the Board shall be approved by more directors in accordance with laws, administrative regulations and the Articles of Association, such resolution shall be passed by more than half of all directors.

Article 36 Resolutions of the Board meeting may be voted by a show of hands, a poll, fax or email.

Article 37 Directors' voting include affirmative, dissenting and abstaining votes. All directors present at the meeting shall make one of the above options, and where any director does not make any option or makes two or more options, he shall be deemed as having abstained from voting.

Article 38 Where the Board meeting is held on site, the presider shall announce the results of voting on site; where the Board meeting is convened with voting by fax or email, the secretary to the Board shall announce the voting results within one working day after the prescribed voting deadline.

Article 39 In any of the following circumstances, a director shall abstain from voting on the relevant proposal:

- (1) In circumstances stipulated in the Articles of Association under which the director shall abstain from voting as he/she is related with the matter proposed at the meeting;
- (2) In circumstances where other laws and regulations stipulate that the director shall abstain from voting.

When such director(s) abstain(s) from voting, the Board meeting shall be convened with more than half of the directors who are not related, and the decision made by the Board meeting shall be passed by more than half of the directors who are not related; If the number of directors attending the Board meeting is less than three, no voting should be conducted on the proposal, and such matter shall be submitted to the general meeting for consideration.

Article 40 Where more than half of the attending directors or more than two independent directors think they cannot make judgment on the relevant issue because the proposal is not clear or specific or the meeting documents are inadequate, they may request the convenor of the meeting to suspend voting on the said proposal.

The directors proposing suspension of voting shall provide definite requirements for the conditions to be met for resubmitting the said proposal for deliberation.

Article 41 Directors shall sign on Board resolutions and shall be accountable for the Board resolutions. If a Board resolution violates the laws, administrative regulations, the Articles of Association or the general meetings' resolution and causing losses to the Company, the directors participating in the resolution shall be liable to compensate the Company for the losses. However, if it is verified that a director had stated his/her objection when voting and the same was recorded in the minutes, such director may be exempted from such liability.

Article 42 The secretary to the Board shall arrange staff to take minutes of the Board meeting. The minutes of the Board meeting shall include the following:

- (1) date and venue of the meeting and the name of the convener;
- (2) names of the attending directors and names of the directors (proxies) appointed by others to attend the Board meeting;
- (3) agenda of the meeting;
- (4) main points of the statements of directors;
- (5) the method and results of voting for each resolution (the voting results shall clearly state the number of votes for or against the resolution or abstention).

Article 43 The attending directors, the secretary to the Board and the recorder shall sign the minutes of the meeting. The attending directors shall have the right to request an explanatory record for their speeches at the meeting. The minutes of the Board meeting shall be kept as the archives of the Company for 10 years.

Where a director neither signs as per the preceding paragraph nor provides his different opinions in writing, the said director shall be deemed as agreeing with the minutes of the meeting or the records of the resolutions.

Article 44 Resolutions made by the Board shall be announced by the secretary to the Board pursuant to the Listing Rules of Shenzhen Stock Exchange and other relevant provisions. Before announcement of the resolutions, the attending directors, other attendants, and the recording and other relevant staff shall fulfill the confidentiality obligation.

Article 45 During the implementation of the resolutions of the Board, the chairman (or relevant departments and personnel entrusted) may follow up and inspect the progress of the implementation of the resolutions, and may request and urge the manager to rectify any violations during the inspection.

Chapter 8 Supplementary provisions

Article 46 Where any matter is not covered by these Rules, the relevant laws and regulations of the State and the provisions of the Articles of Association shall prevail.

Article 47 All references to “over”, “within”, “at least” in these Rules shall be inclusive of the stated figure; all references to “exceed”, “more than” shall be exclusive of the stated figure.

Article 48 These Rules and any amendments hereto are formulated by the Board and shall come into effect from the date of approval at the general meeting of shareholders.

Article 49 These Rules shall be interpreted by the Board.