

China Vanke Co., Ltd.

System of Independent Directors

Chapter I General Provisions

Article 1 In order to further standardize the corporate governance structure of China Vanke Co., Ltd. (the “Company” or “the Company”), give full play to the role of independent directors, and protect the legitimate rights and interests of all shareholders, especially small and medium shareholders, the Company has formulated the System pursuant to the *Company Law of the People’s Republic of China* (the “Company Law”), the *Corporate Governance Guidelines for Listed Companies*, the *Administrative Measures for Independent Directors of Listed Companies* (the “Administrative Measures”), the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* (the “Listing Rules”), the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules of The Stock Exchange”) and other relevant laws, regulations and normative documents as well as the relevant provisions under the Articles of Association of China Vanke Co., Ltd. (the “Articles of Association”).

Article 2 Independent directors represent the directors who do not have any position in the Company other than serving as a director and have no direct or indirect interest relationship with the Company and its substantial shareholders and de facto controllers, or other relationships that may affect their independent and objective judgments.

Article 3 Independent directors shall have the obligation of fidelity and diligence to the Company and all shareholders, and shall conscientiously and independently perform their duties by playing a role of participation in decision-making, supervision and balance, and professional consultation in the Board of Directors, safeguard the overall interests of the Company and protect the legal rights and interests of minority shareholders in accordance with laws, administrative regulations, the requirements of the China Securities Regulatory Commission (the “CSRC”), the Listing Rules and other business rules of Shenzhen Stock Exchange (the “SZSE”) and the Listing Rules of The Stock Exchange as well as the provisions under the Articles of Association, without being affected by the Company and its substantial shareholders, actual controller and other units or individuals. If it is found that there are circumstances affecting their independence in the matters under consideration, they shall declare to the Company and avoid accordingly. Independent directors shall notify the Company in time if their independence is obviously affected during their term of office, and resign if necessary.

Article 4 The members of the Board of Directors of the Company shall include at least one third of the independent directors, and the number of independent directors shall not be less than three, including at least one accounting professional.

Article 5 Independent directors and persons proposed to be independent directors shall continuously enhance their learning of securities laws and regulations and rules and continuously improve their ability to fulfill their duties.

Chapter II Qualification Requirements of Independent Directors and Their Independence

Article 6 To be eligible as an independent director of the Company, a person shall:

- (1) possess the qualifications for a listed company's directorships in accordance with laws, administrative regulations and other relevant provisions;
- (2) meet the independence required by Article 7 of the System;
- (3) possess basic knowledge on the operations of a listed company, and be familiar with relevant laws, regulations and rules;
- (4) possess at least five years of working experience in legal, accounting or economics fields required for his/her performance of duties as an independent director;
- (5) possess good personal integrity and no major breach of trust or other adverse records;
- (6) other conditions stipulated by laws, administrative regulations, regulations of the CSRC, business rules of the SZSE, the Listing Rules of The Stock Exchange and the Articles of Association.

Article 7 The following persons shall not serve as independent directors of the Company:

- (1) persons working for the Company or its subsidiaries, their spouses, parents, children, and major social relations (major social relations refer to siblings, spouses of siblings, parents of spouses, siblings of spouses, spouses of children, parents of children's spouses, etc.);
- (2) natural person shareholders directly or indirectly holding more than 1% of the issued shares of the Company or any of the ten largest shareholders of the Company and their spouses, parents and children;
- (3) persons who holds a position in the shareholders directly or indirectly holding more than 5% of the issued shares of the Company or any of the five largest shareholders of the Company and their spouses, parents and children;
- (4) persons serving in the subsidiaries of the Company's controlling shareholders and de facto controllers and their spouses, parents and children;
- (5) persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who serve in the units with which they have significant business dealings and the units of their controlling shareholders or de facto controllers;

- (6) persons providing financial, legal, consulting and sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including, but not limited to, all members of the project team of the intermediary institution providing the services, reviewers at all levels, persons signing on the report, partners, directors, senior management and key persons in charge;
- (7) persons who fall into the categories set out in the preceding six items within the last twelve months;
- (8) other persons who are not independent as stipulated by laws, administrative regulations, regulations of the CSRC, business rules of the SZSE, the Listing Rules of The Stock Exchange and the Articles of Association.

Independent directors shall conduct self-examination of their independence on an annual basis and submit the self-examination to the Board of Directors. The Board of Directors shall assess the independence of the incumbent independent directors on an annual basis and issue a special opinion, which shall be disclosed at the same time as the annual report.

Article 8 Independent directors shall, in principle, serve as independent directors in a maximum of three domestic listed companies and shall ensure that they have sufficient time and energy to effectively fulfill their duties as independent directors.

Chapter III Nomination, Election, Replacement and Appointment of Independent Directors

Article 9 The Board of Directors and the supervisor committee of the Company and shareholders individually or jointly holding more than 1% of the issued shares of the Company may nominate candidates for independent directors to be elected at the general meetings.

Investor protection institutions established in accordance with laws may publicly request shareholders to appoint them to exercise the rights to nominate independent directors on their behalf.

The nominator(s) under Paragraph 1 shall not nominate persons who are interested parties with him/her or other close members who have other circumstances that may affect their independent duty performance as candidates for independent directors.

Article 10 The nominator(s) of independent directors shall obtain the consent of the nominee prior to any nomination. The nominator shall acquire all the personal particulars of his/her nominee as to their profession, education, job position, detailed work experiences, all part time jobs, whether there is material discredit and other bad records, and comment on their compliance with the independence requirement and other conditions for the post of independent directors. The nominee shall make announcement on their compliance with the independence requirement and other conditions for the post of independent directors.

The remuneration and nomination committee of the Company shall review the qualifications of the nominee and form a clear review opinion.

Before a general meeting to elect independent directors is held, the Company shall disclose relevant contents of the preceding two paragraphs as regulated, and submit relevant information about all independent director candidates to the SZSE, which shall be true, accurate and complete.

The Company shall not propose any candidate to the general meeting for election if the SZSE objects to such candidate.

Article 11 Where two or more independent directors are elected at the general meeting of the Company, the cumulative voting system shall be implemented. And votes of small and medium shareholders should be counted and disclosed separately.

Article 12 The term of office of the independent directors shall be the same as the other directors of the Company for each session, and they may be re-appointed consecutively on expiration, however, they shall not be re-appointed for six years.

Article 13 An independent director may be removed by the Company in accordance with legal procedures prior to the expiry of his/her term of office. In the case of any early removal of an independent director, the Company shall make a timely disclosure of the specific reasons and evidence. In case that the independent director has an objection, the Company shall disclose in a timely manner.

Where an independent director does not comply with Item (1) or (2) of Article 6 of the System, he/she shall immediately cease to perform his/her duties and resign from his/her position. If such resignation is not tendered, the Board of Directors shall remove such independent director from office in accordance with regulations immediately when it is aware or is deemed to be aware of the occurrence of such fact.

Where an independent director resigns or is removed from his/her position as a result of involving in the circumstances stipulated above, resulting in the proportion of independent directors to the Board of Directors or the special committees thereunder not complying with the provisions of the System or the Articles of Association, or the absence of an accounting professional among the independent directors, the Company shall complete the by-election within sixty days from the occurrence date of the aforesaid fact.

Article 14 Any independent director may resign before the expiry of his/her terms. A resigning independent director shall deliver his/her written notice of resignation to the Board, and shall make a statement on any conditions related to his/her resignation or conditions which he/she considers the shareholders and creditors of the Company shall be brought to attention. The Company shall disclose the reasons for and concerns about the resignation of an independent director.

If the proportion of independent directors of the Board of Directors or the special committees thereunder does not meet the requirement as provided in the System, the Listing Rules of The Stock Exchange or the Articles of Association, or there is a shortage of accounting professional among the independent directors, as a result of the resignation of an independent director, the independent director who intends to resign shall continue to perform his/her duties until the date on which a new independent director is appointed. The Company shall complete the by-election within sixty days from the date on which the independent director tenders his/her resignation.

Article 15 More than half of the members of the Remuneration and Nomination Committee under the Board of Directors shall be independent directors and the same shall serve as conveners. Members of the Audit Committee under the Board of Directors shall be directors who are not senior management of the Company, of which more than half shall be independent directors, and accounting professionals among such independent directors shall serve as conveners.

Chapter IV Roles of Independent Directors

Article 16 Independent directors shall fulfill the following duties:

- (1) to involve in the decision-making of the Board of Directors and provide explicit opinions on the matters discussed;
- (2) to supervise matters as stated in Articles 23, 26, 27 and 28 of the Administrative Measures that indicate potential material conflict of interest between the Company and its controlling shareholders, de facto controllers, directors and senior management so as to ensure that the decisions of the Board of Directors are in line with the overall interests of the Company and to protect the legitimate interests of minority shareholders;
- (3) to provide professional and objective advice on the Company's operation and development, thereby facilitating improvement in the standard of the decisions of the Board of Directors;
- (4) other duties as stipulated by laws, administrative regulations, regulations of the CSRC, the Listing Rules of The Stock Exchange and the Articles of Association.

Article 17 Independent directors shall have the following specific authorities:

- (1) to independently engage an intermediary organization to conduct audits, consultations or verifications on specific matters of the Company;
- (2) to make proposals to the Board of Directors for holding extraordinary general meetings;

- (3) to make proposals to the Board of Directors for holding board meetings;
- (4) to collect voting rights from shareholders in a public way in accordance with the laws;
- (5) to express independent opinions on matters that may prejudice the interests of the Company or minority shareholders;
- (6) other authorities conferred by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

For performing the duties of Items (1) to (3) as provided in the preceding article, independent directors shall obtain the prior consent of more than half of all independent directors.

The Company shall make disclosures in due course when independent directors exercise the authority provided in Paragraph (1) of this article. In the case of failure to perform the duties and authorities stated above, the Company shall disclose the details and reasons.

Article 18 Prior to the convening of a board meeting, independent directors may communicate with the secretary of the Board of Directors to make inquiries, request for supplementary materials, and offer opinions and suggestions on the matters to be considered. The Board of Directors and other relevant personnel shall seriously study the questions, requests and opinions raised by the independent directors and provide timely feedback to the independent directors on the revision of the motions.

Article 19 Independent directors shall attend board meetings in person. If, for any reason, they are unable to attend the meetings in person, the independent directors shall review the materials of the meetings in advance, form a clear opinion and appoint in writing other independent directors to attend on their behalf.

An independent director who fails to attend two consecutive board meetings in person and does not appoint another independent director to attend on his/her behalf, the Board of Directors shall propose to convene a general meeting to remove him/her from his/her position as an independent director within thirty days from the date of such fact.

Article 20 Independent directors who vote against or abstain from voting on resolutions of the Board of Directors shall explain the specific reasons and basis, and the compliance requirements of the laws and regulations of the matters to be considered by the Board of Directors, potential risks and the impact on the rights and interests of the Company and the minority shareholders, etc. The dissenting opinions of the independent directors shall also be disclosed at the same time when the Company discloses the resolutions of the Board of Directors, and shall be stated in the resolutions of the Board of Directors and the minutes of the meeting.

Article 21 Independent directors shall continue to pay attention to the implementation of the resolutions of the Board of Directors in relation to the matters as stated in Articles 23, 26, 27 and 28 of the Administrative Measures, and shall report to the Board of Directors in a timely manner and may require the Company to make written explanations if they find any violation of laws, administrative regulations, regulations of the CSRC, business rules of the SZSE, the Listing Rules of The Stock Exchange and the Articles of Association, or violation of the resolutions of the general meeting and the Board of Directors. If the disclosure is involved, the Company shall disclose it in a timely manner.

If the Company fails to give an explanation or make a timely disclosure in accordance with the provisions mentioned above, the independent directors may report the failure to the CSRC and the SZSE.

Article 22 The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all independent directors of the Company:

- (1) related-party transactions that shall be disclosed;
- (2) the proposal for change or waiver of commitments by the Company and related parties;
- (3) decisions made and measures taken by the Board of Directors of the acquired company in response to the acquisition;
- (4) other matters as specified by laws, administrative regulations, regulations of the CSRC and the Articles of Association.

Article 23 The Company shall regularly or irregularly convene meetings attended by all independent directors (the “Special Meetings of Independent Directors”). Matters listed in Items (1) to (3) to Paragraph 1 of Article 17 (special powers of independent directors) and Article 22 of the System shall be considered at the Special Meetings of Independent Directors. The Special Meetings of Independent Directors may study and discuss other matters of the Company as needed.

The Special Meetings of Independent Directors shall have a convener who shall be an independent director jointly elected by more than half of the independent directors and shall be responsible for convening and presiding over such Special Meetings; and in the event that the convener is not performing or is unable to perform his/her duties, two or more independent directors may convene their own meeting and elect a representative to chair the meeting.

Three days prior to such Special Meetings of Independent Directors, all independent directors shall be notified through a written notice, which may be by means of letter, fax, e-mail or hand delivery. In case of special circumstances, it is necessary to convene a special meeting of independent directors as soon as possible, it may not be restricted by the method of notification and the time limit for notification as described above for the interests of the Company.

After issuing a written notice of the Special Meetings of Independent Directors, if there is any need to change the time, venue or other matters of the meeting, or to add, change or cancel a meeting proposal, the meeting date shall be postponed accordingly or it shall be held on schedule with the consent of all the independent directors attending the meeting.

Special Meetings of Independent Directors shall be held on site (including by video and telephone). Under the premise of ensuring that independent directors can fully express their opinions, resolutions can be made by fax or e-mail, and then signed by these independent directors attending the meeting.

When voting at the Special Meetings of Independent Directors, each independent director shall have one vote. Resolutions made at the Special Meetings of Independent Directors shall be valid only if they are passed by more than half of all independent directors (including those who did not attend the meeting).

The Company shall provide convenience and support for the convening of the Special Meetings of Independent Directors.

Article 24 Independent directors shall perform their duties in special committees of the Board of Directors of the Company in accordance with laws, administrative regulations, regulations of the CSRC, business rules of the SZSE, the Listing Rules of The Stock Exchange and the Articles of Association. Independent directors shall attend Special Meetings of Independent Directors and meetings of special committees in person. If, for any reason, they are unable to attend the meetings in person, they shall review the materials of the meetings in advance, form a clear opinion and appoint in writing other independent directors to attend on their behalf. Independent directors who are concerned about major issues of the Company within the scope of duties of the special committees may submit them to the special committees for discussion and deliberation in a timely manner in accordance with the procedures.

Article 25 The independent directors should spend not less than fifteen days a year on-site at the Company.

In addition to attending general meetings, meetings of the Board of Directors and its special committees, and the Special Meetings of Independent Directors in accordance with the requirements, the independent directors may perform their duties by various means, such as obtaining information on the Company's operations on a regular basis, receiving reports from management, communicating with the person in charge of the internal audit organization and intermediaries such as the accounting firm undertaking the Company's auditing business, conducting on-site inspections, and communicating with the minority shareholders.

Article 26 Minutes of meetings of the Board of Directors of the Company and its special committees and the Special Meetings of Independent Directors shall be prepared in accordance with the requirements, and the opinions of the independent directors shall be set out in the minutes of the meetings. The independent directors shall sign to confirm the minutes of the meetings.

Independent directors shall prepare work records to record in detail the performance of their duties. Information obtained by the independent directors in the course of performing their duties, minutes of relevant meetings, records of communications with staff of the Company and the intermediary, etc. shall form an integral part of the work records. With respect to the important contents of the work records, the independent directors may request the secretary of the Board of Directors and other relevant personnel to sign to confirm the same, and the Company and the relevant personnel shall cooperate with such request.

Work records of the independent directors and information provided by the Company to independent directors should be kept for at least ten years.

Article 27 The Company shall improve the communication mechanism between the independent directors and the minority shareholders, and the independent directors may verify the issues raised by the investors with the Company in a timely manner.

Article 28 The independent directors shall submit the annual report to the Company's annual general meeting to state the performance of their duties. The annual duty report shall include the following contents:

- (1) the number and manner of attendance in the board meetings and the votes thereof and the number of attendance in general meetings;
- (2) participation in the work of the special committees of the Board of Directors and the Special Meetings of Independent Directors;
- (3) deliberations on the matters listed in Articles 23, 26, 27 and 28 of the Administrative Measures, and the exercise of the special powers of the independent directors listed in the Paragraph 1 of Article 17 of the System;
- (4) the significant matters, manners and results of communications with the internal audit organization and the accounting firm undertaking the Company's auditing business in respect of the Company's financial and business conditions;
- (5) communications with the minority shareholders;
- (6) the time and content of on-site work in the Company;
- (7) other circumstances of fulfillment of duties.

The annual duty report of the independent directors shall be disclosed no later than the time when the Company issues the notice of the annual general meeting.

Chapter V Performance Security for Independent Directors

Article 29 In order to ensure independent directors to effectively exercise their functions and powers, the Company shall provide necessary working conditions and personnel support to the independent directors, and designate the board office, the board secretary and other dedicated departments and dedicated personnel to assist independent directors in performing their duties.

The board secretary shall ensure the unimpeded access to information between the independent directors and other directors, senior management and other relevant personnel, and ensure that the independent directors have access to adequate resources and necessary professional advice when performing their duties.

Article 30 The Company shall ensure that the independent directors have equal right to information as the other directors. In order to ensure the effective performance of their responsibilities by the independent directors, the Company shall regularly inform the independent directors of the Company's operations, provide information, organize or cooperate with the independent directors to carry out site visits and other work.

The Company may organize independent directors to participate in the research and discussion sessions before the board considers major and complicated matters, so as to fully listen to the opinions of the independent directors, and timely feedback to the independent directors on the adoption of opinions.

Article 31 The Company shall give notice of board meeting to independent directors in a timely manner, provide relevant meeting materials no later than the notice period of board meeting stipulated by laws, administrative regulations, provisions of the CSRC, the Listing Rules of The Stock Exchange or the Articles of Association, and provide effective communication channels for the independent directors; The Company shall keep the above-mentioned meeting materials for at least ten years.

If two or more independent directors consider that the meeting materials are incomplete, insufficient or not timely provided, they may submit written proposal to the board to postpone the meeting or the consideration of such matter, and the board shall adopt it.

Article 32 In the exercise of powers by the independent directors, the directors, senior management and other relevant personnel of the Company shall cooperate with them, and shall not reject, hinder or conceal relevant information, or interfere with their exercise of powers independently.

If an independent director encounters obstruction in the exercise of his/her duties and powers in accordance with the laws, he/she may explain the situation to the board, request cooperation from the directors, senior management and other relevant personnel, and record the specific circumstances of the obstruction and the resolution of the situation in his/her work records; and if the obstruction cannot be eliminated, he/she may report to the CSRC and the SZSE.

Where the performance of duties by an independent director involves information that should be disclosed, the Company shall process the disclosure in a timely manner; and where the Company does not disclose such information, the independent director may directly apply for disclosure, or report to the CSRC and the SZSE.

Article 33 The Company shall bear any necessary expenses incurred by the independent directors in engaging professional institutions and performing other duties and responsibilities.

Article 34 The Company shall give appropriate allowances to independent directors; and the standards of the said subsidies shall be proposed by the Board of Directors and approved by the general meeting and shall be disclosed in the annual report of the Company. Apart from the above mentioned allowances, the independent directors shall not acquire other interests from the Company and its substantial shareholders, actual controller or interested institutions and officers.

Article 35 The Company could establish a necessary liability insurance system for independent directors to reduce the risks that may be caused by independent directors in normal performing their duties.

Chapter VI Supplementary Provisions

Article 36 Matters not covered in the System shall be implemented in accordance with relevant laws, regulations, normative documents, business rules of the SZSE, Listing Rules of The Stock Exchange and the Articles of Association. In case of any conflict or inconsistency between the System and the newly promulgated national laws and regulations, regulatory rules of the place where stocks are listed or the Articles of Association, such relevant laws and regulations, regulatory rules of the place where stocks are listed and the Articles of Association shall prevail.

Article 37 The System shall be formulated by the Board of Directors of the Company and come into effect after being reviewed and approved by the general meeting of the Company. As of the effective date of the System, the original System of Independent Directors of the Company shall be automatically abolished.

Article 38 The Board of Directors of the Company shall have the power to interpret the System.