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CHINA VANKE CO., LTD. *

萬科企業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 2202)

**Announcement Regarding Entering into a
Memorandum of Understanding On Cooperation with
Shenzhen Metro Group Co., Ltd.**

Reference is made to the announcement of China Vanke Co., Ltd (“**the Company**”) dated 20 December 2015 in relation to the suspension of trading and the several announcements published subsequently regarding the progress of material asset restructuring and trading suspension. The contents of such announcements were in relation to the material asset restructuring being prepared by the Company.

On 12 March 2016, the Company entered into a Memorandum of Understanding (“**MOU**”) on cooperation for possible transactions with Shenzhen Metro Group Co., Ltd. (“**SZMC**”). The MOU states the initial intention of both parties regarding the transaction intended for negotiation. The MOU does not cover any obligation from either party to enter into any agreement or complete any transaction in accordance with the terms (or any terms) stipulated in the MOU, unless and until both parties enter into definitive and legal-binding documents (“**Formal Documents**”) in relation to the transaction intended for negotiation. Details of the MOU are as follows:

1. SZMC intends to dispose of, and the Company intends to acquire the entire or partial equity interests held by SZMC in the target company (“**Target Company**”). SZMC intends to inject assets of certain premium property projects above various subway stations into the Target Company upon the signing of Formal Documents by both parties.
2. The preliminary estimated transaction consideration is in the range of RMB40 billion to RMB60 billion. The precise transaction consideration will be determined through negotiation between the two parties in accordance with

their respective applicable procedures and requirements basing upon appraisal results prepared by independent third parties.

3. The Company intends to settle the consideration for the acquisition of partial or the entire equity interests held by SZMC in the Target Company mainly through the issue of new shares to SZMC, with the balance, if any, to be settled in cash. Such approach would render SZMC to become the Company's long-term important shareholder after the completion of the acquisition. Nevertheless, the overall size of the Company's new share issue, the issue price per share, the number of shares to be issued to SZMC, the ultimate shareholding in the Target Company to be acquired by the Company, transaction consideration, and transaction methods will be determined through negotiation between the two parties in accordance with laws, regulations and the parties' respective applicable procedures and requirements basing upon the results of due diligence, audit and appraisal of the Target Company. The transaction also requires: the approval from decision-making bodies including the Board and/or general meeting of both parties; the approval from supervisory authorities including the regulatory department under the State-owned Assets Supervision and Administration Commission, securities regulatory bodies, and stock exchanges.
4. The two parties will set up a coordination mechanism for the project to determine designated personnel and teams, to jointly study and determine the details in the next step of cooperation. The senior managements of both parties will set up a regular mutual visit communication mechanism to discuss and coordinate resolution of material matters in relation to the cooperation.
5. Upon the signing of the MOU, SZMC undertakes to assure the Target Company's compliance with regulations in operation and completeness of assets. Both parties agree to equally share the cost for joint appointment of an auditing firm and an appraisal agency with the qualifications to engage in securities-related business and meeting the qualification requirements of the State-owned Assets Supervision and Administration Commission of the State Council, to conduct audit and asset appraisal of the Target Company on the reference date determined by both parties through negotiation, and to issue an audit report and appraisal report accordingly.
6. The MOU shall be automatically terminated under one of the following three circumstances (whichever is earlier): (1) the supervisory authority of SZMC issues a directive, requiring SZMC to terminate the transaction intended for negotiation, (2) agreed by both parties in writing, or (3) no Formal Documents in relation to the transaction intended for negotiation have been entered into by both parties by 15 March 2017.
7. Apart from the general terms of expenses, confidentiality, termination, applicable laws and resolution of disputes, other terms in the MOU do not and will not have any legal binding impact on SZMC and the Company. The

potential transaction may or may not proceed.

In regard to the material asset restructuring currently contemplated by the Company, other than the continuing negotiation with SZMC, the Company is also negotiating and discussing with other potential parties. As there remains uncertainty regarding the material asset restructuring being prepared by the Company, shareholders of the Company and potential investors are advised to exercise caution when dealing in the Company's securities.

Should there be any further progress in realising the material asset restructuring, the Company will make further announcement in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures Ordinance.

By order of the Board
China Vanke Co., Ltd.
Tan Huajie
Company Secretary

Shenzhen, the PRC, 13 March 2016

As at the date of this announcement, the Board comprises Mr. WANG Shi, Mr. YU Liang and Mr. WANG Wenjin as executive Directors; Mr. QIAO Shibo, Mr. SUN Jianyi, Mr. WEI Bin and Mr. CHEN Ying as non-executive Directors; and Mr. ZHANG Liping, Mr. HUA Sheng, Ms. LAW Elizabeth and Mr. HAI Wen as independent non-executive Directors.

** for identification purpose only*