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No Shareholder receiving a copy of this circular and/or an Dividend Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to it/him/her without the Company having to comply with any prospectus, registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities.



華潤創業有限公司
China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 291)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED
31 DECEMBER 2013**

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LETTER FROM THE BOARD



華潤創業有限公司 China Resources Enterprise, Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 291)

Directors:

Executive Directors:

Mr. CHEN Lang (*Chairman*)
Mr. HONG Jie (*Chief Executive Officer*)
Mr. LIU Hongji (*Vice Chairman*)
Mr. LAI Ni Hium, Frank (*Chief Financial Officer*)

Registered Office:

39th Floor,
China Resources Building,
26 Harbour Road,
Wanchai,
Hong Kong

Non-executive Directors:

Mr. DU Wenmin
Mr. YAN Biao
Mr. WEI Bin
Mr. HUANG Daoguo
Mr. CHEN Ying

Independent Non-executive Directors:

Mr. HOUANG Tai Ninh
Dr. LI Ka Cheung, Eric
Dr. CHENG Mo Chi, Moses
Mr. Bernard Charnwut CHAN
Mr. SIU Kwing Chue, Gordon

13 June 2014

To the Shareholders,

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

On 20 March 2014, it was announced that the directors of China Resources Enterprise, Limited (the “**Company**”) resolved to recommend a final dividend for the year ended 31 December 2013 of HK\$0.14 per share (“**Final Dividend**”) to shareholders of the Company (the “**Shareholders**”) on the register of members as at 6 June 2014 (the “**Record Date**”). The Final Dividend is to be payable in cash, with an option to receive new and fully paid shares of the Company (the “**Shares**”) in lieu of cash (the “**Scrip Dividend Scheme**”). Under the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

LETTER FROM THE BOARD

effective from 3 March 2014, new Shares to be issued by the Company are of no par value. The new shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respect with the existing Shares, except for the Final Dividend, and entitle to all future dividends and distribution which may be declared, made or paid after the date of issue thereof. At the annual general meeting of the Company held on 30 May 2014, the Final Dividend was approved by the Shareholders.

The purpose of this document is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder has the choice of receiving:

- (a) cash of HK\$0.14 per Share; or
- (b) an allotment of new Shares of no par value (the “**New Shares**”) credited as fully paid and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of the Final Dividend which such Shareholder could elect to receive in cash in respect of HK\$0.14 per Share; or
- (c) partly cash and partly New Shares.

For Shareholders with a registered address outside of Hong Kong or otherwise resident outside of Hong Kong, your attention is drawn to the information set out under the section headed “**OVERSEAS SHAREHOLDERS**”. For Shareholders who resides in Australia and submits a Dividend Election Form, such Shareholders are deemed to have made an application for subscription of the New Shares and a direction to apply all or part (as applicable per the election made) of the Final Dividend in payment for the New Shares.

For the purpose of calculating the number of New Shares to be allotted, the market value of a New Share has been determined at \$21.64 per Share, which is equivalent to the average closing price of one Share on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five trading days (on which such price is available) up to and including the Record Date. Accordingly, the number of New Shares which Shareholders will receive, in respect of the existing Shares registered in their names after the close of business on 6 June 2014 will be calculated as follows:

$$\begin{array}{rclcl} \text{Number of New} & & \text{Number of existing Shares} & & \text{HK\$0.14} \\ \text{Shares to be} & & \text{held on the Record Date for} & & \\ \text{received} & = & \text{which election for New} & \times & \hline & & \text{Shares is made} & & \text{HK\$21.64} \end{array}$$

LETTER FROM THE BOARD

The last day and time on which Shareholders will be entitled to elect their desired form of the Final Dividend is 4:00 p.m. on Monday, 30 June 2014. The number of New Shares to be received will be rounded down to the nearest whole number of the New Shares. Fractional entitlements to New Shares in respect of alternatives (b) and (c) above will be disregarded and the benefit thereof will accrue to the Company and will not be refunded in cash to the relevant Shareholders because it is not cost effective. The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they shall not rank for the Final Dividend.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investment in the Company without incurring brokerage fee, stamp duty or dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders electing to receive New Shares in lieu of cash, in whole or in part, such cash as would otherwise have been paid to Shareholders will be retained for use as working capital by the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 2,404,022,120 Shares in issue as at the Record Date, if no election for New Shares is received, the total cash dividend payable by the Company would be approximately HK\$336,563,096.8.

Shareholders should note that the New Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to notification requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") for those Shareholders who may have notifiable interests in the Company. **Shareholders who are in any doubt as to how these provisions may affect them as a result of the New Shares arising from the Scrip Dividend Scheme are recommended to seek their own professional advice.**

DIVIDEND ELECTION FORM

A Dividend Election Form is enclosed with this document for use by Shareholders who wish to receive the Final Dividend wholly in New Shares, or partly in cash and partly by the issue of New Shares.

If you elect to receive the Final Dividend wholly in the form of cash, you should not complete the Dividend Election Form.

If you complete the Dividend Election Form but do not specify the number of existing Shares in respect of which you wish to receive New Shares under the Scrip Dividend Scheme, or if you elect to receive New Shares in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive New Shares in respect of all the Shares of which you were then registered as the holder.

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Any Shareholder who does not wish to receive the Final Dividend wholly in the form of cash must make an appropriate election on the Dividend Election Form in accordance with the instructions printed thereon and lodge with the Company's Share Registrar, Tricor Standard Limited ("Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 30 June 2014. No acknowledgment of receipt of the Dividend Election Form will be issued. If any Shareholder does not complete and return the Dividend Election Form by not later than 4:00 p.m. on Monday, 30 June 2014, the Shareholder will receive the Final Dividend in the form of cash.

The latest time for submission of Dividend Election Form will not be valid if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 30 June 2014. Instead the deadline for the submission of Dividend Election Form will be 5:00 p.m. on the same business day;
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 30 June 2014. Instead the deadline for the submission of the Dividend Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

OVERSEAS SHAREHOLDERS

The issue of New Shares has not been, and will not be, registered under any applicable securities legislation and/or regulation of any territory outside Hong Kong. The participation in the Scrip Dividend Scheme by Shareholders with a registered address outside Hong Kong or otherwise resident outside Hong Kong (the "**Overseas Shareholders**") may be affected by the laws of their relevant jurisdictions. No Shareholder receiving a copy of this circular and/or an Dividend Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to it/him/her without the Company having to comply with any prospectus, registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Overseas Shareholder who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to receive the Final Dividend in the form of an issue of New Shares or if any governmental or other consent is required or other formalities need to be observed, as to the taxation consequences of their decision and as to whether there are any restrictions in relation to future sale of any Shares so acquired. Overseas Shareholders residing in a jurisdiction where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this document and/or Dividend Election Form for information only. This document and the Dividend Election Form will not be registered in Hong Kong or in any other jurisdiction.

For the avoidance of doubt, this document and the Dividend Election Form do not constitute or form part of an offer or solicitation of any offer to buy securities of the Company to the public, and the Dividend Election Form is non-transferable.

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Based on the Company's register of members as at the Record Date, there were Overseas Shareholders with registered addresses in Australia, Canada, Japan, Macau, The People's Republic of China, the Philippines, Singapore, the United Kingdom, and the United States of America.

Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiry in respect of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body in those places for the Company to extend to Scrip Dividend Scheme to the Overseas Shareholders. The Directors note that there is no legal restriction (or where such legal restrictions exists, there are applicable exemptions to such legal restrictions) under the applicable legislation of Canada, Macau, the Philippines, Singapore, The People's Republic of China and the United Kingdom with respect to the offer of the New Shares to the Overseas Shareholders with registered addresses in those jurisdictions as at the Record Date pursuant to the Scrip Dividend Scheme.

Your attention is drawn to the following statements in respect of Australia, Japan, the Philippines, Singapore, United Kingdom and the United States.

Australia

This circular is not a prospectus under Australian law and Shareholders should seek their own professional advice in deciding whether to elect to receive the Final Dividend wholly or partly in the form of fully paid New Shares under the Scrip Dividend Scheme or taxation advice in respect of the Scrip Dividend Scheme. The Company is not licensed in Australia to provide financial advice in respect of the New Shares. No cooling-off period applies in respect of the offer of the New Shares under the Scrip Dividend Scheme.

If you are a Shareholder resident in Australia and you submit a Dividend Election Form you are deemed to have made:

- (a) an application for subscription for New Shares; and
- (b) a direction to apply all or part (as applicable per the election made) of the Final Dividend in payment for the New Shares.

Japan

SHAREHOLDERS WITH REGISTERED ADDRESSES IN JAPAN WILL NOT BE PERMITTED TO PARTICIPATE IN THE SCRIP DIVIDEND SCHEME AND THEY WILL RECEIVE THE DIVIDEND WHOLLY IN CASH. The Company has been advised by its legal advisers on the laws of Japan that the Company would need to take additional steps to comply with the withholding tax requirements of Japan if the Shares to be issued under the Scrip Dividend Scheme are to be delivered to such Shareholders. Having considered such advice on the relevant legal and regulatory requirements, the Directors considered such exclusion to be necessary or expedient pursuant to Rule 13.36(2) of the Listing Rules.

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Philippines

Shareholders of the Company who are residents of the Philippines on the Record Date (the “**Philippine Shareholders**”) should note that exemption from registration in respect of the offer of the New Shares pursuant to the Scrip Dividend Scheme is claimed under Section 10.1(d) of the Philippine Securities Regulation Code. No confirmation has been obtained from the Philippine Securities and Exchange Commission that the offer of the New Shares to Philippine Shareholders pursuant to the Scrip Dividend Scheme qualifies as an exempt transaction. **THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**

Singapore

This circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this circular, the Election Form and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to a Shareholder whose name appeared on the register of members of the Company on the Record Date pursuant to Section 273(1)(cd) of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) or (ii) otherwise pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

United Kingdom

This circular does not constitute a prospectus for the purposes of the United Kingdom Listing Authority Prospectus Rules, made under Part IV of the Financial Services and Markets Act 2000 pursuant to European Union Directive (2003/71/EC), by virtue of Article 4.1(d) of that Directive and has not been approved by or filed with a competent authority in the United Kingdom.

United States

SHAREHOLDERS WITH REGISTERED ADDRESSES IN THE UNITED STATES WILL NOT BE PERMITTED TO PARTICIPATE IN THE SCRIP DIVIDEND SCHEME AND THEY WILL RECEIVE THE DIVIDEND WHOLLY IN CASH. The Company has been advised by its legal advisers on the laws of the United States that the Company would need to take additional steps to comply with the regulatory requirements of the relevant regulatory authorities of the United States (and of the states where shareholders have registered addresses) if the Shares to be issued under the Scrip Dividend Scheme are to be issued to Shareholders with registered addresses in the United States. Having considered such advice on the relevant legal and regulatory requirements, the Directors considered such exclusion to be necessary or expedient pursuant to Rule 13.36(2) of the Listing Rules.

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SHAREHOLDERS IN THE UNITED STATES ARE NOT ELIGIBLE SHAREHOLDERS AND THIS CIRCULAR HAS BEEN SENT TO SUCH SHAREHOLDERS FOR INFORMATION ONLY AND NO ELECTION FORM IS BEING SENT TO SUCH SHAREHOLDERS.

Holders of the American Depositary Receipts (each representing 2 Shares), of which are listed on the NASDAQ Stock Market in the United States, are not entitled to participate in the Scrip Dividend Scheme.

LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said application being granted by the Stock Exchange, it is expected that share certificates for the New Shares and/or cheques for cash dividend will be posted by ordinary mail to those entitled thereto at their own risk on or around Thursday, 10 July 2014. Dealings of the New Shares on the Stock Exchange are expected to commence on 11 July 2014 after despatch to Shareholders of the certificates for the New Shares.

The primary listing of the existing Shares is on the Stock Exchange, and there is no official secondary listing of the existing Shares on any other stock exchange. No listing of, or permission to deal in, any of the existing Shares and/or New Shares on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the New Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

RECOMMENDATION AND ADVICE

Whether or not it is to the Shareholders' advantages to receive New Shares or cash, in whole or in part, depends upon their own individual circumstances. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

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EXPECTED TIMETABLE

The last date on which transfers were accepted for
registration for participation in the issue of New Shares 4:30 p.m. on Thursday,
5 June 2014

Latest time and date for receipt of Dividend Election
Form by the Registrar 4:00 p.m. on Monday,
30 June 2014

Despatch of share certificates for the New Shares
and/or cheques for cash dividend on or around Thursday,
10 July 2014

Commencement of dealings in the New Shares Friday, 11 July 2014

Yours faithfully,
for and on behalf of
China Resources Enterprise, Limited
CHEN Lang
Chairman