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**華潤創業有限公司**

**China Resources Enterprise, Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 291)**

## **ADOPTION OF RESTRICTED SHARE AWARD SCHEME**

The Board is pleased to announce that it resolved today to adopt the Scheme as an incentive to retain and encourage the employees for the continual operation and development of the Group, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Group and be held on trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees and disposed of in accordance with the Scheme Rules.

The maximum number of Shares which the Trustee may purchase with funds contributed by the Group shall not exceed 5% of the total issued share capital of the Company from time to time.

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For the avoidance of doubt, no new Share will be granted under the Scheme.

### **Listing Rules Implication**

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Pursuant to the Scheme, existing Shares will be purchased by the Trustee and held upon trust for the relevant Selected Employees. Employees include full-time employees of any members of the Group (including any director of any members of the Group) and the Compensation Committee will have discretion to select the Selected Employees. If the Compensation Committee selects a Director as the Selected Employee, the grant of the Restricted Shares to the Director may constitute a connected transaction. However, given the grant of Restricted Shares to a Director will form part of the remuneration of the relevant Director under his service contract, such grant of the Restricted Shares are exempted from all the reporting, announcement and independent shareholders' approval requirements under rule 14A.31(6) of the Listing Rules.

A summary of the Scheme Rules is set out below in this announcement.

## **REASONS FOR THE ADOPTION OF THE SCHEME**

The Directors strongly believe that the future success of the Company is closely tied to the commitment and efforts of the employees of the Group. The Board proposes the Scheme to increase the degree to which the employee's interests are directly tied to the fortunes of the Company and the Shareholders. The awards to be made under the Scheme enable the Selected Employees to see their fortunes more directly linked to that of the Shareholders through the mechanism under the Scheme. The Restricted Shares to be awarded will be calculated and awarded on the basis of specific pre-defined criteria that directly links to the Company's operating performance. The awards under the Scheme, if made, would have the incidental effect of allowing the Trustee to purchase the Shares at the most advantageous pricing within the allowed window.

## **SUMMARY OF THE SCHEME RULES**

### **Purposes and Objectives**

The purpose of the Scheme is to recognise and motivate the contribution of certain Employees and to provide incentives and help the Group in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

### **Administration**

The Scheme shall be subject to the administration of the Board and the Compensation Committee in accordance with the Scheme Rules.

### **Maximum Limit**

The maximum number of Shares which the Trustee may purchase during the term of the Scheme out of the funds contributed by the Group is 5% of the total number of issued share capital of the Company from time to time. No further Restricted Shares shall be allocated to a Selected Employee if such allocation would result in the relevant Selected Employee being allocated a total number of Restricted Shares during the 12-month period immediately preceding such allocation more than 1% of the issued share capital of the Company.

### **Restrictions**

No instructions and no payments to purchase Shares shall be given to the Trustee when any director of the Company is in possession of unpublished inside information in relation to the Company or where dealings in the Shares by directors of the Company or persons in possession of inside information about the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

### **Operation**

Pursuant to the Scheme Rules, the Compensation Committee may, from time to time, at its absolute discretion select the Selected Employee(s) after taking into account various factors as it deems appropriate for participation in the Scheme as a Selected Employee and determines the Reference Awarded Sum to be awarded. The Compensation Committee shall cause to pay the Trustee the purchase price. All related expenses for the purchase of the Restricted Shares shall be paid out of the Reference Award Sum. The Trustee shall purchase

from the market the maximum number of Shares and shall hold such Shares until they are vested and disposed of in accordance with the Scheme Rules and the Trust Deed. For the avoidance of doubt, all Shares purchased as aforesaid shall only be used for allocation to the Selected Employee(s) in accordance with the Scheme Rules.

The Selected Employee is not entitled to receive any income or distribution, such as dividend derived from the Restricted Shares allocated to him. The said income or distributions shall be used by the Trustee for purchase of further Shares for the Scheme or for payment of the costs incurred in the administration of the Scheme. When the Selected Employee has satisfied all vesting conditions specified by the Compensation Committee at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall, after being notified of the vesting of the Restricted Shares, dispose of such Restricted Shares in the market within initially 90 Business Days (on which the trading of Shares has not been suspended or dealings by Directors or person in possession of unpublished inside information of the Company are not prohibited under any code or the Listing Rules from time to time) and if the relevant Restricted Shares cannot be sold within the initial 90 Business Days period, the Trustee may continue to sell the Restricted Shares during the following 60 Business Days (on which the trading of Shares has not been suspended or dealings by Directors or person in possession of unpublished inside information of the Company are not prohibited under any code or the Listing Rules from time to time) upon giving prior notice to the Company. When the Trustee sells the Restricted Shares upon vesting, it has the absolute and unfettered discretion to determine the terms and conditions of such sale, including the timing and price provided that the selling price shall not be lower than (a) the average purchase price of the Restricted Shares or (b) the average of closing price per Share in the previous 90 trading days, whichever the higher.

If the Trustee is unable to dispose of all the relevant Restricted during the said 60 Business Days, the Trustee shall sell the Restricted Shares at such prevailing market price as soon as reasonably practicable.

Following the completion of the sale of the Restricted Shares, the Trustee will pay to the relevant Selected Employees their respective net proceeds from the sale of the Restricted Shares referable to them.

### **Vesting and Lapse**

Unless otherwise determined or waived by the Compensation Committee at its discretion, Restricted Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall not vest in the Selected Employee under the following circumstances:

- in the event of any failure of the Selected Employee to remain as an employee of the Group Company on the date which the Restricted Shares are supposed to be vested to him;
- in the event that the Selected Employee fails to achieve the key performance indicator or such other condition(s) as specified in the grant letter issued pursuant to the Scheme or the Selected Employee infringes any of the provisions of the or the Employees' Handbook;
- in the event of the death of Selected Employee;
- the Subsidiary employing the Selected Employee ceases to be a Subsidiary;

- an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); and
- in the event that the Selected Employee commits an act of bankruptcy or becomes insolvent or makes any arrangement or composition with his creditors generally.

Upon occurrence of any of the above events, the relevant Restricted Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares and shall be held as Returned Shares for the purposes of the Scheme.

If there occurs an event of change in control (as specified in The Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the awarded Restricted Shares shall immediately vest on the date when such change in control event becomes or is declared unconditional and such date shall be deemed the vesting date.

Where the awarded Restricted Shares do not vest in accordance with the Scheme Rules, the Trustee shall hold such Restricted Shares for the benefit of one or more employees of the Group as it determines in its discretion, after having taken into account the recommendations of the Compensation Committee.

### **Voting Rights**

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the awarded Restricted Shares, and further Shares acquired out of the income derived therefrom).

### **Duration and Termination**

Unless otherwise sooner terminated as determined by the Board, the Scheme shall be effective from the Adoption Date and shall initially continue in full force and effect for a term of three years, upon the expiration of which and subject to full compliance of the Listing Rules and other legislations, codes and/or guidelines applicable to the Company, the Scheme may be renewed by the approval of the Board for a further term of three years on the same or such other terms as the Board may decide. Termination shall not affect any subsisting rights of any Selected Employee thereunder.

Upon termination, all awarded Restricted Shares shall become vested on the Selected Employees so referable on such date of termination. Net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

### **Definition**

Unless otherwise defined, the following expressions in this announcement have the following meanings:

<b>“Adoption Date”</b>	21 March 2013, being the date on which the board of directors of the Company adopted the Scheme
<b>“Board”</b>	the board of directors of the Company, such committee or

	sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme
<b>“Business Day”</b>	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and public holidays)
<b>“Company”</b>	China Resources Enterprise, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 291)
<b>“Compensation Committee”</b>	the compensation committee set up by the Board
<b>“Employee”</b>	any full-time employee of any member of the Group (including without limitation any executive and non-executive director of any member of the Group)
<b>“Employees’ Handbook”</b>	the codes of conduct or staff handbooks adopted by the Company and its subsidiaries from time to time stipulating certain standards and rules which its employees must strictly adhere to;
<b>“Group”</b>	the Company and its Subsidiaries
<b>“Group Company”</b>	the Company or any company which is its subsidiary
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Reference Awarded Sum”</b>	such amount, as determined by the Compensation Committee from time to time, for the purchase of Restricted Shares
<b>“Restricted Shares”</b>	the Restricted Shares granted under the Scheme and has the meaning ascribed to such term in the Scheme Rules
<b>“Returned Shares”</b>	such awarded Restricted Shares which are not vested and/or forfeited in accordance with the terms of the Scheme Rules
<b>“Scheme”</b>	the Restricted Share Award Scheme of the Company adopted by the board of directors of the Company whereby awards of Shares may be made to Employees (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
<b>“Scheme Rules”</b>	the rules relating to the Scheme adopted by the board of directors of the Company
<b>“Selected Employee(s)”</b>	Employee(s) of the Group selected by the Board for participation in the Scheme pursuant to the Scheme Rules
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)

<b>“Share(s)”</b>	share(s) of HK\$1.00 each in the capital of the Company
<b>“Subsidiary(ies)”</b>	subsidiary(ies) of the Company from time to time within the meaning of the Listing Rules
<b>“Trust”</b>	the trust constituted by the Trust Deed
<b>“Trust Deed”</b>	the trust deed dated 21 March 2013 entered into between the Company as settlor and the Trustee as trustee
<b>“Trustee”</b>	BOCI-Prudential Trustee Limited (which is independent and not connected with the Company)

By order of the Board  
**China Resources Enterprise, Limited**  
**LAI Ni Hium Frank**  
*Chief Financial Officer, Executive Director  
and Company Secretary*

Hong Kong, 21 March 2013

*As at the date of this announcement, the Executive Directors of the Company are Mr. Chen Lang (Chairman), Mr. Hong Jie (Chief Executive Officer), Mr. Liu Hongji (Vice Chairman) and Mr. Lai Ni Hium, Frank (Chief Financial Officer). The Non-executive Directors are Mr. Du Wenmin, Mr. Yan Biao, Mr. Wei Bin, Mr. Huang Daoguo and Mr. Chen Ying. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.*