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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: 0291)

PROFIT WARNING

The announcement is made by China Resources Enterprise, Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the profit warning announcement ("**Announcement**") of the Company dated 7 November 2014. The negative impact of China's anti-extravagance policy on China's retail market, the competition from e-commerce businesses, and the financial impact arising from the initial stage of the formation of the Group's joint venture (the "**Joint Venture**") with Tesco PLC ("**Tesco**") on 28 May 2014 as mentioned in the Announcement continued to significantly affect the performance of the Group's retail segment for the year ended 31 December 2014.

As part of the integration process with Tesco's China operations, the Group's retail segment had made provision amounting to approximately HK\$800 million in the fourth quarter of 2014 for the closure of certain less efficient stores and stores with poor prospects, primarily comprising of assets impairment and compensations for early termination of the shop leases. The Group will continue to review the store portfolio of the retail segment during the running-in period of the Joint Venture.

The board ("**Board**") of directors of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2014 and the information currently available to the Board, the Group is expected to record consolidated loss and underlying consolidated loss (excluding the after-tax effect of asset revaluation and major disposals) for the financial year ended 31 December 2014. The expected decrease in the consolidated profit and consolidated underlying profit of the Group as compared to financial year ended 31 December 2013 is mainly attributable to the Group's retail segment because of the abovementioned reasons. The Group's retail segment is expected to record a decrease of approximately HK\$2 billion in the consolidated underlying profit (excluding the after-tax effect of asset revaluation and major

disposals) for the financial year ended 31 December 2014.

It is expected that net loss will be recorded in the running-in period of the Joint Venture during which the Group will incur additional time and costs for the integration and thus the short-to-medium-term profitability of the Group will also likely be affected. The Board takes the view that the Joint Venture will assist in the long-term development of the Group's retail segment. In particular, pursuant to the terms of the Joint Venture, Tesco is required to make an injection of HK\$4,325 million in aggregate for funding the Group's restructuring cost, of which HK\$2,325 million (which has been paid by Tesco) will be applied for general business purposes within the Joint Venture and HK\$2,000 million (HK\$1,000 million of which has also been paid by Tesco with the remaining HK\$1,000 million payable this year) will be used upon discretion of the management of the Group. The Board also takes the view that the business and operational environment in the Chinese retail industry may vary in the long-run.

Looking ahead, it is the Group's top priority to strive to improve operational efficiency and reduce losses in the retail segment through various means, including but not limited to, (i) costs saving from backoffice integration, merchandise cost efficiency from economy of scale and unified supply chain; (ii) sound development of the retail segment's global sourcing, private label products, advanced technology in the loyalty card management and Customer Relationship Management for stimulation of existing customers consumption, as well as Enterprise Resource Planning for efficiency improvement on management; (iii) gradual set up of the retail segment's e-commerce business to generate revenue from online customers by leveraging on Tesco's established omni-channels competence; and (iv) emphasis on the expansion of smaller stores, such as supermarkets, specialist stores and convenience stores as well as slowdown on the opening of new hypermarkets.

This announcement is made based on the information currently available to the Board and a preliminary assessment on the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2014 which have not been audited or reviewed by the Company's auditors and are subject to review by the audit committee of the Company. Shareholders and potential investors are advised to read carefully the announcements of the Company in relation to the Group's audited financial results for the year ended 31 December 2014 as and when they become available.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board of Directors of
CHINA RESOURCES ENTERPRISE, LIMITED

Lai Ni Hium, Frank
Chief Financial Officer, Executive Director and
Company Secretary

Hong Kong, 3 March 2015

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. Wei Bin, Mr. Yan Biao, Mr. Chen Ying and Mr. Wang Yan. The Independent Non-executive Directors are Mr. Houang Tai Ninh, Dr. Li Ka Cheung, Eric, Dr. Cheng Mo Chi, Moses, Mr. Bernard Charnwut Chan and Mr. Siu Kwing Chue, Gordon.