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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).

The board (the "**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 period ended 30 September 2014 and the information currently available to the Board, the Group is expected to record an overall significant decrease in the consolidated profit and consolidated underlying profit (excluding the after-tax effect of asset revaluation and major disposals) for the three months ended 30 September 2014 and for the nine months ended 30 September 2014 as compared to that of the corresponding periods in 2013. The expected decrease in the consolidated profit and consolidated underlying profit (excluding the after-tax effect of asset revaluation and major disposals) of the Group is mainly attributable to the Group's retail segment. The Group's retail segment is expected to record: (i) a decrease of approximately HK\$810 million in the consolidated underlying profit (excluding the after-tax effect of asset revaluation and major disposals) for the three months ended 30 September 2014 and (ii) a decrease of approximately HK\$990 million in the consolidated underlying profit (excluding the after-tax effect of asset revaluation and major disposals) for the nine months ended 30 September 2014. The above figures are subject to review by the audit committee of the Company.

The expected decrease in the consolidated profit and consolidated underlying net profit (excluding the after-tax effect of asset revaluation and major disposals) of the Group's retail segment is mainly attributable to the financial impact arisen from the initial stage of the formation of the joint venture (the "**Joint Venture**") between the Group and Tesco PLC ("**Tesco**") which was completed on 28 May 2014, and the stagnant growth in the Chinese retail market due to the continuation of the Chinese government's anti-extravagance policy and the increasing competition from the e-commerce businesses.

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 integrating the Tesco stores in China with other retail businesses of the Group. The short-to-medium-term profitability of the Group will also be affected by the consolidation of the losses from the Tesco stores in China. These impacts have been reflected in the results of the Group, particularly in the results for the three months ended 30 September 2014. Further details of the Joint Venture are set out in the Company's announcements dated 2 October 2013 and 29 May 2014 respectively and the Company's circular dated 25 February 2014.

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 next 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.

It is expected that a general downward trend of the Group's financial performance will be recorded for the year ending 31 December 2014. The Board together with the management of the Group will closely monitor the Group's operational and financial performance and inform the Shareholders of any significant change in the expected profitability or performance of the Group.

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 period ended 30 September 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 financial results for the period ended 30 September 2014 and for the year ending 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, 7 November 2014

*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.*