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CHINA YURUN FOOD GROUP LIMITED

中 國 雨 潤 食 品 集 團 有 限 公 司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 1068)

Profit Warning

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, according to the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2015 and other information currently available, the Group expects to record a significant loss for the year ended 31 December 2015 as compared to a profit recorded for the year ended 31 December 2014.

This announcement is made by China Yurun Food Group 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 (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, according to the preliminary review of the unaudited consolidated management accounts of the Group for year ended 31 December 2015 and other information currently available, the Group expects to record a significant loss for the year ended 31 December 2015 as compared to a profit recorded for the year ended 31 December 2014.

The Board considers that such significant loss was primarily attributable to: (i) increased hog prices compared to last year and the cost of production had risen. It was therefore more difficult for the Group to pass on the costs and as a result the gross profit decreased remarkably; (ii) increased operating loss due to the sluggish high-end catering and pork consumption markets; and (iii) the slowdown in economic growth and transformation of economic structure in China and the increasingly competitive economic environment, the Group reviewed the recoverable amount of assets and provision for impairment in respect of non-current assets was recognized appropriately.

Due to the uncertainties of the macro-economy, the Group anticipates that it will continue to face various challenges in 2016. The management will continue to try their best to adopt all possible measures and methods, and use their best endeavors to restore the business to normal.

The Group is still in the process of preparing and finalizing its results for the year ended 31 December 2015. The information in this announcement is only based on the Board's preliminary review of the information of the Group currently available to the Board, which includes, inter alia, the unaudited consolidated management accounts for the year ended 31 December 2015 and other information currently available and is not based on any figure or information which has been audited or reviewed by the auditors of the Company.

Shareholders and potential investors should read carefully the announcement on annual results of the Group for the year ended 31 December 2015, which is expected to be published in March 2016 pursuant to the requirements of the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Yu Zhangli
Chairman

Hong Kong, 22 March 2016

As at the date of this announcement, the executive directors of the Company are Yu Zhangli, Li Shibao, Ge Yuqi and Sun Tiexin; the independent non-executive directors are Gao Hui, Chen Jianguo and Miao Yelian.

* *For identification purposes only*