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 ALERT

This announcement is made on a voluntary basis by the board of directors (the "**Board**") of 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 Board wishes to inform the shareholders and potential investors of the Company that, according to the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 and other information currently available, the Group expects to record a loss of not more than HK$2.1 billion (2019: approximately HK$3.9 billion) for the year. Such substantial decrease in loss is mainly attributable to the combined offset effect of the followings:

1. The Group made a provision of approximately HK$3.2 billion for impairment losses on non-current assets in previous year. Due to the substantial impairment on non-current assets recorded in previous years and in light of the preliminary opinion based on by the management from a professional valuer which is an independent third party and the expectation that the operating environment will be improving in the coming years, it is therefore expected that the impairment loss for the year ended 31 December 2020 will reduce to approximately HK$1.2 billion; and

2. Since pork prices soared substantially compared with last year, demand for pork consumption dropped and therefore, the sales volume and gross profit of the principal business of the Group declined, partially offsetting the effect of decrease in impairment loss for the year.

Since the auditor of the Company is still in the progress of auditing the consolidated financial statements of the Group for the year ended 31 December 2020, the figures contained in this announcement are only based on the preliminary review by the management of the Company and not based on any data or figures that has been audited or reviewed by the auditor or the audit committee of the Company. Such figures are subject to finalization. If the final figures differ significantly from the estimation set forth in this announcement, the Company will provide updates in due course. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the year 2020, which is expected to be published by the end of March 2021.

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

By Order of the Board
Zhu Yuan
Chairman

Hong Kong, 16 March 2021

As at the date of this announcement, the executive directors of the Company are Zhu Yuan and Yang Linwei; the independent non-executive directors are Gao Hui, Chen Jianguo and Miao Yelian.

* *For identification purposes only*