優然牧業
YOURAN DAIRY

China Youran Dairy Group Limited
中國優然牧業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9858)

POSITIVE PROFIT ALERT

This announcement is made by China Youran Dairy Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders (the "**Shareholders**") and potential investors of the Company that, based on the preliminary assessment of the Group's unaudited consolidated management accounts for the six months ended June 30, 2021 (the "**2021 Interim Period**") and currently available information, the Group is expected to record an increase of approximately 50% to 60% in the adjusted profit attributable to owners of the Company[1] for the 2021 Interim Period as compared to the same period in 2020, which is attributable to the advantages of the Group's all-round business in the upstream dairy market and the effective synergies between the business segments. The Group's overall business operations maintained rapid growth. As compared to the same period in 2020, there was (i) an increase in the sales volume and average selling price of premium raw milk; (ii) an increase in the sales volume of specialty raw milk; (iii) completion of the acquisition of Fonterra China Farms Group[2] on April 1, 2021; and (iv) an increase in the revenue from the comprehensive ruminant farming solutions business segment.

1 Adjusted profit attributable to owners of the Company represents profit, adding back (i) the fair value loss on convertible notes; (ii) the difference between the interest of convertible notes recognized at amortized cost and the interest calculated at 4% of the nominal interest rate; and (iii) the listing expenses. Shareholders and potential investors of the Company should note that the adjusted profit attributable to owners of the Company is not a measure required by or presented in accordance with the International Financial Reporting Standards.

2 Fonterra China Farms Group consists of Tangshan Youran Dairy Co., Ltd. (formerly known as Fonterra (Yutian) Dairy Farm Co., Ltd.) and Shanxi Youran Tianhe Dairy Co., Ltd. (formerly known as Fonterra (Ying) Dairy Farm Co., Ltd.). Please refer to the prospectus of the Company dated June 7, 2021 for further details of the acquisition of Fonterra China Farms Group.

The Company is in the process of finalizing the Group's results for the 2021 Interim Period. The information contained in this announcement is solely based on the preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Group and other currently available financial information, which have not been audited or reviewed by the Company's auditors or the audit committee of the Company. Shareholders and potential investors of the Company should refer to the interim results announcement of the Company for the final interim results of the Group for the 2021 Interim Period, which is expected to be published in late August 2021.

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

By order of the Board
China Youran Dairy Group Limited
Zhang Yujun
Chairman and Non-executive Director

Hong Kong, August 3, 2021

As at the date of this announcement, the executive directors are Mr. Zhang Xiaodong and Mr. Dong Jiping, the non-executive directors are Mr. Zhang Yujun, Mr. Xu Jun, Mr. Xu, Zhan Kevin and Mr. Qiu Zhongwei, and the independent non-executive directors are Ms. Xie Xiaoyan, Mr. Yao Feng and Mr. Shen Jianzhong.