

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

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, 2022 (the “**2022 Interim Period**”) and currently available information, the profit attributable to the equity holders of the Company for the 2022 Interim Period is expected to be approximately RMB168.3 million to RMB233.8 million, representing a period-on-period decrease of 75% to 82% as compared with approximately RMB935.3 million for the six months ended June 30, 2021 (the “**2021 Interim Period**”) and the profit for the period (results before biological assets fair value adjustments) ^(Note) for the 2022 Interim Period is expected to remain relatively stable as compared with approximately RMB1,089.9 million for the 2021 Interim Period.

Note: Excluding the loss arising from changes in fair value less cost of sales of biological assets

As stated above, the Company is expected to record a decrease in the profit attributable to the equity holders of the Company for the 2022 Interim Period as compared to that of the 2021 Interim Period, which is mainly attributable to:

- (i) a decrease in the gross profit margin of milk for the 2022 Interim Period, which was primarily due to the general increase in the prices of protein feeds, corn, forage grass and other raw materials as well as the slight decrease in the selling price of raw milk in the PRC for the 2022 Interim Period, which was resulted from the pandemic and international situation;
- (ii) an increase of not less than RMB900 million in the loss arising from changes in fair value less cost of sales of biological assets, which was primarily due to the increase in the loss arising from changes in fair value of biological assets as a result of the reason described in (i) above; and
- (iii) an increase in finance costs, which was due to the increase in finance expenses as a result of the expansion of financing scale, which was attributable to the relatively large investment scale in the short term based on the strategic layout of the Company.

Despite the decline in profit figures of the Group, benefiting from the expansion of scale and the improvement in operational efficiency and the synergies between the business segments of the Group, the Group is expected to record (i) a revenue of approximately RMB8,385.5 million to RMB9,114.7 million for the 2022 Interim Period, representing a period-on-period increase of 15% to 25% (2021 Interim Period: RMB7,291.8 million); and (ii) cash EBITDA (being earnings before finance costs, bank interest income, income tax expense, depreciation and amortisation, loss/gain arising from changes in fair value less costs to sell of biological assets, other gains and losses, impairment loss under expected credit loss model, net of reversal and listing expenses) of approximately RMB1,783.7 million to RMB1,881.9 million for the 2022 Interim Period, representing a period-on-period increase of 9% to 15% (2021 Interim Period: RMB1,636.4 million).

The Company is in the process of finalizing the Group's results for the 2022 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 consolidated management accounts of the Group for the 2022 Interim Period and currently available information, which has not been audited or reviewed by the Company's auditors or the audit committee of the Company, and is subject to possible adjustments arising from further review. 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 2022 Interim Period, which is expected to be published in late August 2022.

The Board believes that the recent trading price of the shares of the Company (the "Shares") does not fully reflect the intrinsic value of the Shares or the business prospects of the Group. As at the date of this announcement, the Board is exploring the feasibility of carrying out a share repurchase plan and the specific implementation time of the plan, if it proceeds, is subject to further determination and announcement in compliance with the Listing Rules.

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, July 22, 2022

As at the date of this announcement, the executive Directors are Mr. Yuan Jun 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.