

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 year ended December 31, 2023 (“**FY2023**”) and currently available information, in FY2023, it is expected to record (i) a loss attributable to the owners of the Company of approximately RMB1,030 million to RMB1,070 million (profit attributable to the owners of the Company for the year ended December 31, 2022 (“**FY2022**”): RMB415 million); and (ii) cash EBITDA<sup>Note 1</sup> of approximately RMB3,832 million to RMB3,872 million (FY2022: RMB3,591 million), representing an increase of approximately 6.7% to 7.8% as compared with FY2022.

The expected loss is mainly attributable to:

1. the expected loss arising from changes in fair value less costs to sell of biological assets of the Group of approximately RMB3,593 million to RMB3,633 million in FY2023 (FY2022: loss of RMB1,617 million), which was mainly due to the impact of the decrease in the selling price of raw milk and the decrease in the market price of beef cattle and heifers in FY2023.
2. the decrease of approximately 2.8 percentage points in the gross profit margin of the Group’s raw milk business to approximately 28.6% for FY2023 as compared to 31.4% for FY2022. The decrease in gross profit margin of raw milk was mainly attributable to the downward trend in the price of raw milk as a result of the phased imbalance in the supply and demand of raw milk, with the average selling price per kilogram of raw milk of the Group for FY2023 decreasing by approximately 6.0% as compared with that for FY2022. The impact of the decrease in gross profit margin on the profit was not fully offset by the increase in gross profit as a result of the increase in sales volume of raw milk of the Group for FY2023 as compared to FY2022.

In the face of economic conditions and industry challenges, the Group continued to optimize its herd structure and explored its operational potential through initiatives, such as technology empowerment, business innovation and lean management, in FY2023. As at December 31, 2023, the Group had a herd size of dairy cows of approximately 583,000 heads, with milkable cows accounting for approximately 48.8%, representing a year-on-year increase of 2.4 percentage points. The annualized average milk yield per milkable cow of the Group's premium raw milk dairy farms (excluding SKX<sup>Note 2</sup>) was approximately 12.3 tons in FY2023, representing an increase of approximately 5.1% as compared to FY2022. In terms of the feed business, the Group implemented product upgrades, innovation and structural optimization, resulting in a steady improvement in the gross profit margin of the feed business as compared to FY2022. The Group also took the lead in establishing county-level service centers within the industry by the end of 2023, and promoting to connect various logistics routes to solve the "last-mile" problem in the industry. In terms of the breeding business, the Group successfully bred a dairy breeding bull ranking No. 1 in the genome registered with the American National Association of Animal Breeders among all Chinese players, further enhancing its market competitiveness.

The Company is in the process of finalizing the Group's results for FY2023. 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 FY2023 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 further adjustments. Shareholders and potential investors of the Company should refer to the annual results announcement of the Company for the final annual results of the Group for FY2023, which is expected to be published in late March 2024.

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

*Note 1: Cash EBITDA represents (loss)/profit for the year after adjusting the following items: (i) other gains and losses; (ii) impairment losses under expected credit loss model, net of reversal; (iii) losses arising from changes in fair value less costs to sell of biological assets; (iv) income tax expense; (v) finance costs; (vi) interest income; and (vii) depreciation and amortization charged to profit or loss.*

*Note 2: SKX refers to Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd. (內蒙古賽科星繁育生物技術(集團)股份有限公司), a company established under the laws of the People's Republic of China whose shares are listed on the National Equities Exchange and Quotations (stock code: 834179) and which has been the Group's subsidiary since January 8, 2020.*

By order of the Board  
**China Youran Dairy Group Limited**  
**Wu Xiang**  
*Chairman and Non-executive Director*

Hong Kong, March 1, 2024

*As at the date of this announcement, the executive directors are Mr. Yuan Jun and Mr. Dong Jiping; the non-executive directors are Mr. Wu Xiang, 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.*