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CHINA YURUN FOOD GROUP LIMITED

中國雨潤食品集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1068)

**BUSINESS OPERATION PERFORMANCE OF THE GROUP
IN THE THIRD QUARTER OF 2011**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of China Yurun Food Group Limited (the “Company”, together with its subsidiaries, the “Group”) published on 26 September 2011 in relation to the Group’s business operation performance. The draft of the Group’s unaudited management accounts for the third quarter of 2011 was made available to the board of directors (the “Board”) and the Board hereby reports to the shareholders and potential investors on the Group’s business operation performance in the third quarter of 2011.

Based on the draft of the Group’s unaudited management accounts for the third quarter of 2011, the Group’s slaughtering volume and the sales of processed meat products decreased by approximately 4% and 18%, respectively, as compared with those of the same period of last year. Profit of the Group in the third quarter decreased by approximately 25% as compared with that of the same period of last year. The Board believes that such decreases were caused by: the continual publication of negative media reports in the past few months which have an impact on market confidence; the substantial increase in raw material costs (in particular hog price) as well as the increasing difficulty in transferring the Group’s increased operation costs to its customers. The Board expects that the business environment for the Group will continue to be difficult in the fourth quarter and the Group’s profitability will remain challenging.

Information contained in this announcement is made after the Board's preliminary review of the draft of the unaudited management accounts for the third quarter of 2011 and other operational data of the Group and is not based on any figures and information which have been audited or reviewed by the Company's auditors. As at the date of this announcement, the Group's management accounts for the month of October 2011 are yet to be completed and the performance of the Group for the fourth quarter of year 2011 are yet to be quantified and determined. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Zhu Yicai
Chairman

Hong Kong, 31 October 2011

As at the date of this announcement, the executive directors of the Company are Zhu Yicai, Zhu Yiliang, Feng Kuande, Ge Yuqi and Yu Zhangli; the non-executive directors are Jiao Shuge (alias Jiao Zhen), Wang Kaitian and Li Chenghua; and the independent non-executive directors are Gao Hui, Qiao Jun and Chen Jianguo.

** For identification purposes only*