

*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.*



**LONGRUN TEA GROUP COMPANY LIMITED**  
**龍潤茶集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2898)**

**DELAY IN PUBLICATION OF ANNUAL RESULTS  
AND DESPATCH OF ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

**CHANGE OF AUDITORS**

**AND**

**RESUMPTION PROGRESS**

This announcement is made by Longrun Tea Group Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

**DELAY IN PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF  
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company that there will be a delay in the release of the annual results for the year ended 31 March 2017 (the “**2017 Annual Results**”) and the despatch of the annual report for the year ended 31 March 2017 (the “**2017 Annual Report**”).

## **Reasons for the delay**

During the performance of the audit work of the Company's consolidated financial statements for the year ended 31 March 2017, Ernst & Young ("EY"), the current auditors of the Company, identified certain inconsistencies in the financial information and supporting documents obtained (the "**Audit Findings**"). On 26 May 2017, EY sent a letter to each of the Board and the audit committee of the Company (the "**Audit Committee**") informing them (i) of the Audit Findings and expressing their view that the Company should engage an independent accounting firm (being one of the four largest international accounting firms) to conduct an independent forensic investigation on the Audit Findings and report the results of the investigation to the Audit Committee, and (ii) that EY had suspended the audit work for the year ended 31 March 2017 pending the receipt of the results together with the relevant supporting documents, which information EY would use as basis for making an overall assessment on how to continue with their audit work.

As soon as the Board and the Audit Committee became aware of the Audit Findings, they conducted internal discussions and considered the information available to them, including the scope of work, time required and costs for an independent investigation, the possible schedule on which the Company could publish the 2017 Annual Results and despatch of the 2017 Annual Report and the interests of the Company and its shareholders as a whole; and resolved to engage an independent professional consultancy firm to perform certain agreed-upon procedures (the "**AUP**") tailored made to address on the Audit Findings. By the letters from the Board and Audit Committee to EY both dated 9 June 2017, each of the Board and Audit Committee informed EY of their decision on the AUP. As at the date of this announcement, the Company has engaged Baker Tilly Hong Kong Risk Assurance Limited to perform the AUP to specifically address the Audit Findings. It is expected that the AUP could be completed within six weeks. Based on the circumstances disclosed above, there will be a delay in the release of the 2017 Annual Results and the despatch of the 2017 Annual Report. The Company will use its best endeavours to publish the 2017 Annual Results and despatch the 2017 Annual Report to the shareholders of the Company as soon as possible.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditors (so far as the information is available). The Board, after due and careful consideration, is of the view that it would not be appropriate for the Company to publish the unaudited management accounts of the Group for the year ended 31 March 2017 at this stage as it may not accurately reflect the financial performance and position of the Group.

## **Listing Rules implications**

Pursuant to Rules 13.49(1) and 13.46(2)(a) of the Listing Rules, the Company is required to publish the 2017 Annual Results on or before 30 June 2017, and to despatch the 2017 Annual Report to its shareholders on or before 31 July 2017. The delay in publication of the 2017 Annual Results and delay in despatch of the 2017 Annual Report will constitute non-compliance of the Listing Rules.

## **CHANGE OF AUDITORS**

As disclosed above, the Board and the Audit Committee are of the view that the Audit Findings can be addressed by AUP so that the Company, among other things, can publish the 2017 Annual Results and despatch the 2017 Annual Report as soon as possible, which is in the interests of the Company and its shareholders as a whole. As the Company is not able to reach consensus with EY on the accounting firm to be engaged and the work to be conducted on the Audit Findings, the Company proposes, subject to the approval of the shareholders of the Company at an extraordinary general meeting of the Company (the “**EGM**”), to terminate the engagement of EY as auditors of the Company before the expiration of their term of office and to appoint Moore Stephens CPA Limited as the new auditors of the Company in place of EY (the “**Proposed Change of Auditors**”) and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

A circular containing, among others, certain information on the Proposed Change of Auditors together with a notice convening the EGM will be despatched to the shareholders of the Company as soon as possible.

EY have confirmed that other than disclosed above, there is no other matter in connection with the change of auditors that needs to be brought to the attention of the shareholders of the Company.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save for matters disclosed in this announcement, there is no matter in relation to the change of auditors which needs to be brought to the attention of the shareholders of the Company. The Board wishes to take this opportunity to express its gratitude to EY for their professional services rendered to the Group in the past years.

## **SUSPENSION OF TRADING**

Trading in the shares of Company on the Stock Exchange has been suspended from 9:00 a.m. on 15 June 2017. The trading in the shares of the Company will remain suspended until further notice.

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

By Order of the Board  
**Longrun Tea Group Company Limited**  
**Chiu Ka Leung**  
*Chairman of the Board*

Hong Kong, 30 June 2017

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

Dr. Chiu Ka Leung  
Ms. Yeh Shu Ping  
Mr. Jiao Shaoliang  
Dr. Lu Pingguo

*Independent non-executive Directors:*

Mr. Lam Siu Hung  
Mr. Guo Guoqing  
Mr. Kwok Hok Lun  
Dr. Liu Zhonghua