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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)

ANNOUNCEMENT IN RESPECT OF
(1) PUBLICATION OF UNAUDITED
MANAGEMENT ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017
AND
(2) CONTINUED SUSPENSION OF TRADING

PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2017

Reference is made to the announcements of Longrun Tea Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 June 2017 and 15 August 2017 respectively (the “**Announcements**”) in relation to, among other things, the delay in publication of the annual results and despatch of the annual report for the year ended 31 March 2017 and the proposed change of auditors. Capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcements unless the context requires otherwise.

As disclosed in the Announcements and the Company's circular dated 11 September 2017, the Company will, subject to the approval of the shareholders of the Company at an extraordinary general meeting of the Company to be held on 4 October 2017, terminate the engagement of Ernst & Young (the "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 and to hold office until the conclusion of the forthcoming annual general meeting of the Company. Thereafter, the Company will work with the new auditors to finalise the consolidated financial statements of the Company for the year ended 31 March 2017 and publish the 2017 Annual Results as soon as practicable.

In order to keep the shareholders of the Company (the "**Shareholders**") and the public informed of the Group's business operation and financial position, the Board would like to provide the Shareholders and the public with the preliminary unaudited financial information of the Group for the year ended 31 March 2017 with the audited comparative figures for the same period in 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Audited)
REVENUE	123,690	217,659
Cost of sales	<u>(71,589)</u>	<u>(141,870)</u>
GROSS PROFIT	52,101	75,789
Other income and gains	4,696	8,208
Other income – loan interest income	5,863	–
Gain on disposal of items of property, plant and equipment, net	–	84
Gain on disposal of subsidiaries	–	18,811
Selling and distribution expenses	(39,763)	(59,138)
Administrative expenses	(40,026)	(32,438)
Other expenses	(6,498)	(6,501)
Share option expenses	(6,311)	–
Imputed interest on convertible bonds	(2,443)	–
Finance costs	<u>(35)</u>	<u>(16)</u>
(LOSS)/PROFIT BEFORE TAX	(32,416)	4,799
Income tax expense	<u>(194)</u>	<u>(2,385)</u>
(LOSS)/PROFIT FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>(32,610)</u>	<u>2,414</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSET		
Property, plant and equipment	<u>2,617</u>	<u>3,504</u>
CURRENT ASSETS		
Inventories	4,022	3,816
Trade and bills receivables	36,751	49,387
Prepayment, deposits and other receivables	6,055	58,145
Loan receivable	161,055	–
Tax recoverable	–	181
Time deposits with original maturity of more than three months	88,905	156,338
Cash and cash equivalents	<u>53,130</u>	<u>53,053</u>
Total current assets	<u>349,918</u>	<u>320,920</u>
CURRENT LIABILITIES		
Trade payables	22,359	28,455
Other payables and accruals	63,085	55,958
Finance lease payables	402	293
Due to related companies	1,365	644
Due to directors	3,507	7,945
Tax payable	<u>259</u>	<u>–</u>
Total current liabilities	<u>90,977</u>	<u>93,295</u>

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
NET CURRENT ASSETS	<u>258,941</u>	<u>227,625</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>261,558</u>	<u>231,129</u>
NON-CURRENT LIABILITIES		
Finance lease payables	474	456
Deferred income	4,035	4,521
Convertible bonds	<u>52,969</u>	<u>–</u>
Total non-current liabilities	<u>57,478</u>	<u>4,977</u>
NET ASSETS	<u>204,080</u>	<u>226,152</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	72,576	72,476
Reserves	<u>131,504</u>	<u>153,676</u>
TOTAL EQUITY	<u>204,080</u>	<u>226,152</u>

Shareholders and potential investors are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited management accounts of the Group for the year ended 31 March 2017, and is not based on any data or information that has been audited or reviewed by the auditors and the audit committee. The relevant financial information is pending for further review by the Company, its auditors, the audit committee and, if applicable independent professional valuers, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that might be proposed by the auditors.

Shareholders and potential investors are also cautioned not to unduly rely on the unaudited financial information disclosed above.

CONTINUED 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. 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, 13 September 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. He William (also known as Lu Pingguo)

Independent non-executive Directors:

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