

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
龍潤

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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 2 June 2021, Yunnan Longrun Tea and Ideality Group entered into the Term Sheet in relation to the sale of the Tea Products. Principal terms of the Term Sheet as set out below:

TERM SHEET

Date: 2 June 2021

Parties: Yunnan Longrun Tea, as seller

Ideality Group, as buyer

Term: Commencing on 2 June 2021 and ending on 31 March 2022

Maximum sales amount: Less than HK\$10,000,000 equivalent in RMB

Pricing basis

Ideality Group will have the right to request for the Tea Products from time to time during the term of the Term Sheet. The price of the Tea Products will be negotiated between Yunnan Longrun Tea and Ideality Group on an arm's length basis, on normal commercial terms and with reference and comparable to the prevailing market prices of the same or similar type of products and no less favourable than those terms offered to independent third parties. The exact type, quantity, brand and quality of the Tea Products as well as the delivery and payment schedules will be set out in the purchase order after the same having been agreed between the parties.

CONTINUING CONNECTED TRANSACTIONS FOR THE YEAR ENDED 31 MARCH 2022

Background

The Company is an investment holding company and its subsidiaries are principally engaged in the distribution of Tea Products and other food products and in the distribution of pharmaceutical products. Yunnan Longrun Tea is principally engaged in the distribution of Tea Products.

Reasons for and benefits of the continuing connected transactions

Ideality Group is a company incorporated in the PRC with limited liability. It possesses a direct selling operating permit issued by the Ministry of Commerce of the PRC and is principally engaged in direct selling business in the PRC.

The Directors consider that the transactions will enable the Group to have access to the direct selling distribution channel for distribution of its products. The Directors (including the independent non-executive Directors) consider that the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for Dr. Chiu and Mr. Jiao, in view of their interests in the transactions by virtue of being shareholders of Ideality Group, and Dr. He William, who is the brother-in-law of Dr. Chiu and Mr. Jiao (all of them have abstained from voting on the Board resolution approving the transactions), none of the Directors have a material interest in the transactions.

IMPLICATIONS UNDER THE LISTING RULES

Yunnan Longrun Tea is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. The Company is owned as to 55.59% by Dr. Chiu, a controlling Shareholder and an executive Director.

Ideality Group is owned effectively as to 85.50% by Dr. Chiu and as to 14.50% by Mr. Jiao, an executive Director and the younger brother of Dr. Chiu. Therefore, Ideality Group is a connected person of the Company. The transactions between Yunnan Longrun Tea and Ideality Group under the Term Sheet are carried out on a continuing basis and will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that all the percentage ratios (other than the profit ratio) in respect of the aggregate maximum sales amount stipulated under the Term Sheet is more than 0.10% but less than 25.00% and the total consideration in aggregate is less than HK\$10,000,000, the transactions fall under Rule 14A.76(2) of the Listing Rules and are only subject to the announcement, reporting and annual review requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 June 2017 and will continue to be suspended until further notice.

DEFINITIONS

Unless the context requires otherwise, the following terms used in this announcement shall have the meanings as set out below:

“Board”	the board of Directors
“Company”	Longrun Tea Group Company Limited (龍潤茶集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Dr. Chiu”	Dr. Chiu Ka Leung, a controlling Shareholder and an executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ideality Group”	理想科技集團有限公司 (in English, for identification purpose only, Ideality Technology Group Company Limited), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Jiao”	Mr. Jiao Shaoliang, an executive Director
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of the shares of the Company
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Tea Products”	tea products and tea-related products
“Term Sheet”	a term sheet dated 2 June 2021 entered into between Yunnan Longrun Tea and Ideality Group in relation to the sales of Tea Products
“Yunnan Longrun Tea”	雲南龍潤茶科技有限公司 (in English, for identification purpose only, Yunnan Longrun Tea Technology Company Limited), a company incorporated in the PRC with limited liability

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

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

Hong Kong, 2 June 2021

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

Independent non-executive Directors:

Mr. Lam Siu Hung

Mr. Guo Guoqing

Mr. Kwok Hok Lun

Dr. Liu Zhonghua