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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)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**IN RELATION TO THE FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2015**

Reference is made to an announcement of Longrun Tea Group Company Limited (the “**Company**”) dated 19 June 2015 (the “**Announcement**”) in respect of the Company’s final results for the year ended 31 March 2015. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Further to the information as set out under the section headed “**MANAGEMENT DISCUSSION AND ANALYSIS**” of the Announcement, the Company would like to provide additional information on page 23 of the Announcement as follows:

The Company is required to perform an annual impairment test to assess the recoverable amount of the Group’s distribution of tea and other food products cash-generating unit at the end of each financial year. The recoverable amount of the distribution of tea and other food products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the Company’s senior management. The same method was used in performing annual impairment test in 2015 and the past. The discount rate applied on the cash flow projections is 16% in 2015 (2014: 16%) and cash flows beyond the five-year period are extrapolated using a growth

rate of 3% in 2015 (2014: 3%). The impairment loss in 2015 was mainly due to the significant decrease in the budgeted turnover. Such decrease was attributable to (1) the continuous slowdown in the economic growth has been affecting the consumer market in the PRC; (2) the discouragement of excessive hospitality such as gifting, entertainment and banquets by the PRC government; and (3) the implementation of new tourist regulation which governs shopping activities of tours in the PRC.

The above additional information does not affect other information contained in the Announcement and, save as disclosed in this announcement, the contents of the Announcement remain correct and unchanged.

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

Hong Kong, 30 June 2015

*As at the date of this announcement, the Board comprises four executive directors, namely, Dr. Chiu Ka Leung, Ms. Yeh Shu Ping, Mr. Jiao Shaoliang and Dr. Lu Pingguo; and four independent non-executive directors, namely, Mr. Lam Siu Hung, Mr. Guo Guoqing, Mr. Kwok Hok Lun and Dr. Liu Zhonghua.*