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## IMPORTANT

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**If you are in doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Ping Shan Tea Group Limited, you should at once hand this circular to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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PING SHAN

### **PING SHAN TEA GROUP LIMITED**

**坪山茶業集團有限公司**

*(formerly known as Huafeng Group Holdings Limited 華豐集團控股有限公司)*

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

**(Stock Code: 364)**

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, EXTENSION OF GENERAL MANDATE TO ISSUE SHARES, REFRESHMENT OF THE GENERAL SCHEME LIMIT, RE-ELECTION OF RETIRING DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING**

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Resolutions will be proposed at the annual general meeting of Ping Shan Tea Group Limited (the “AGM”) to be held at Macau Jockey Club, Function Room, 1/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 28 May 2015 at 11:00 a.m. to approve the matters referred to in this circular. Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

27 April 2015

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

“AGM”	the annual general meeting of the Company to be held at Macau Jockey Club, Function Room, 1/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 28 May 2015 at 11:00 a.m. to consider and, if thought fit, approve the resolutions as set out in the notice of AGM;
“Articles of Association”	the existing articles of association of the Company;
“Board”	the board of Directors;
“Company”	Ping Shan Tea Group Limited;
“Director(s)”	director(s) of the Company;
“General Scheme Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme in aggregate not exceeding 10% of the Shares in issue as at the date of approval of the Share Option Scheme;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issue Mandate”	the proposed issue mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution for approving the issue mandate;
“Last Renewal Resolution”	the ordinary resolution to refresh the General Scheme Limit passed on the annual general meeting of the Company dated 16 May 2014;
“Latest Practicable Date”	21 April 2015, being the latest practicable date prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Repurchase Mandate”	the proposed repurchase mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the resolution for approving the repurchase mandate;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 24 February 2012;
“Shareholder(s)”	registered holder(s) of Shares;

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission as amended from time to time;
“Terminated Scheme”	the share option scheme adopted by the Company on 30 August 2002 and terminated on 24 February 2012; and
“%”	per cent.

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## LETTER FROM THE BOARD

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PING SHAN

### **PING SHAN TEA GROUP LIMITED**

### **坪山茶業集團有限公司**

*(formerly known as Huafeng Group Holdings Limited 華豐集團控股有限公司)*

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

**(Stock Code: 364)**

*Executive Directors:*

Mr. Cai Zhenrong (*Chairman*)  
Mr. Cai Zhenyao  
Mr. Cai Zhenying  
Mr. Cai Yangbo (*Managing Director*)  
Mr. Choi Wing Toon

*Registered office in the Cayman Islands:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Non-executive Director:*

Mr. Lam Kai Yeung

*Principal place of business in Hong Kong:*

Room 3505, West Tower  
Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

*Independent non-executive Directors:*

Mr. Lawrence Gonzaga  
Ms. Choy So Yuk, *BBS, JP*  
Mr. Yuen Chun Fai

27 April 2015

*To the Shareholders, and, for information only,  
holders of the share options of the Company*

Dear Sir/Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
EXTENSION OF GENERAL MANDATE TO ISSUE SHARES,  
REFRESHMENT OF THE GENERAL SCHEME LIMIT,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the ordinary resolutions to be proposed at the AGM for the approval of (a) the Issue Mandate; (b) the Repurchase Mandate; (c) the extension of the Issue Mandate; (d) the refreshment of the General Scheme Limit; and (e) the re-election of retiring Directors. This circular contains the explanatory statement and gives all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolutions approving the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the refreshment of the General Scheme Limit and the re-election of the retiring Directors.

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## **LETTER FROM THE BOARD**

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### **2. GENERAL MANDATE TO ISSUE SHARES**

At the annual general meeting of the Company held on 16 May 2014, an ordinary resolution was passed by the Shareholders granting the existing Issue Mandate to the Directors.

An ordinary resolution will be proposed at the AGM to revoke the existing Issue Mandate and to grant to the Directors a fresh Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with, otherwise by way of rights issue or any option scheme(s) or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of the Company and/ or any of its subsidiaries of shares or rights to acquire shares in the Company or any shares of the Company issued as scrip dividends pursuant to the Articles of Association, additional Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of such resolution. Based on 15,777,549,141 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to allot, issue and deal with for up to a total of 3,155,509,828 Shares if the Issue Mandate is granted at the AGM, which will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the Cayman Islands; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **3. GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 16 May 2014, an ordinary resolution was passed by the Shareholders granting the existing Repurchase Mandate to the Directors.

An ordinary resolution will be proposed at the AGM to revoke the existing Repurchase Mandate and to grant to the Directors a fresh Repurchase Mandate, i.e. a general and unconditional mandate to repurchase Shares subject to the maximum number of shares of up to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution. The fresh Repurchase Mandate, if granted, will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the Cayman Islands; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

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## LETTER FROM THE BOARD

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### 4. EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

Subject to conditional on the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandates of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Issue Mandate.

### 5. REFRESHMENT OF THE GENERAL SCHEME LIMIT

By a resolution passed by the Shareholders on 24 February 2012, the Company adopted the Share Option Scheme. Under the rules of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme is limited to 10% of the Company's issued share capital as at the date of adoption of the Share Option Scheme. At present, the Company does not operate any other share option scheme(s) other than this one.

Under the rules of the Share Option Scheme:

- (1) the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the issued share capital of the Company from time to time;
- (2) no options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company if it results in the General Scheme Limit being exceeded, unless the approval of Shareholders has been obtained. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the 10% limit; and
- (3) unless approved by the Shareholders at a general meeting, the total number of Shares issued and to be issued upon exercise of options granted to each eligible participant of the Share Option Scheme (including both exercised and outstanding options) in any twelve months period shall not exceed 1% of the issued share capital of the Company.

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## LETTER FROM THE BOARD

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The Company may seek approval from the Shareholders in general meeting for “refreshing” the General Scheme Limit under the Share Option Scheme and any other share option scheme(s) of the Company. However, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme as “refreshed” must not exceed 10% of the Share in issue as at the date of approval of the “refreshed” General Scheme Limit. Options previously granted under the Share Option Scheme (including options outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the General Scheme Limit as “refreshed”.

The existing 10% General Scheme Limit is 1,237,600,679 Shares, being 10% of the Shares in issue as at the date of passing of the Last Renewal Resolution. As at the Latest Practicable Date, options entitling the holders thereof to subscribe for an aggregate of 369,544,000 Shares had been granted pursuant to the authority granted under the Last Renewal Resolution and in accordance with the terms of the Share Option Scheme.

As at the Latest Practicable Date, among the options granted since the passing of the Last Renewal Resolution, 348,228,000 options have been exercised and 1,000,000 options have been lapsed or been cancelled. Unless the 10% General Scheme Limit is “refreshed”, only up to 868,056,679 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

The purposes of the Share Option Scheme are to attract and retain best available personnel, to provide additional incentive to employees, Directors, consultants and advisors of the Group. Given that the existing General Scheme Limit has been fully granted, the Share Option Scheme cannot continue to serve the intended purpose for the benefits of the Group unless the General Scheme Limit is “refreshed” in accordance with the rules of the Share Option Scheme.

If the refreshment of the General Scheme Limit is approved at the AGM based on the 15,777,549,141 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to grant options for up to a total of 1,577,754,914 Shares under the “refreshed” General Scheme Limit, representing 10% of the total number of Shares in issue as at the date of the AGM. The total number of Shares which may be issued upon exercise of the “refreshed” General Scheme Limit is 1,577,754,914 Shares.

In summary, the total outstanding options from the Share Option Scheme and the Terminated Scheme as at the Latest Practicable Date carrying the right to subscribe for 1,337,716,000 Shares, representing approximately 8.48% of the total number of Shares in issue. Assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, such percentage falls below the 30% limit as required by Rule 17.03 of the Listing Rules.

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## LETTER FROM THE BOARD

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The Directors consider that it is in the interests of the Company to “refresh” the General Scheme Limit to permit the grant of further options under the Share Option Scheme. The Directors will propose the passing of an ordinary resolution at the AGM for refreshing the General Scheme Limit.

The proposed refreshment of General Scheme Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the AGM to approve the refreshment of the General Scheme Limit; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permissions to deal in, the Shares to be issued pursuant to the exercise of options to be granted under the refreshed General Scheme Limit of the Share Option Scheme.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, any Shares, representing 10% of the issued share capital of the Company as at the date of the AGM approving the refreshed General Scheme Limit, to be issued upon the exercise of the options granted under the refreshed General Scheme Limit of the Share Option Scheme.

### **6. RE-ELECTION OF RETIRING DIRECTORS**

In relation to ordinary resolution number 2 set out in the notice of the AGM regarding the re-election of retiring Directors, namely Mr. Cai Zhenying and Mr. Cai Yangbo, the executive Directors and Mr. Lawrence Gonzaga, the independent non-executive Director shall retire as Directors by rotation at the AGM pursuant to article 108 of the Articles of Association and the Listing Rules, and, being eligible, will offer themselves for re-election.

Mr. Lam Kai Yeung and Mr. Yuen Chun Fai, the non-executive Director and the independent non-executive Director respectively, shall hold office only until the AGM pursuant to article 112 of the Articles of Association and the Listing Rules, and, being eligible, will offer themselves for re-election. Mr. Yuen has made an annual confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Yuen is independent in accordance with the independence guidelines. Hence, the Company recommends Mr. Yuen to be re-elected as an independent nonexecutive Director and Mr. Lam Kai Yeung to be re-elected as a non-executive Director.

According to code provision A.4.3 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by the shareholders and the papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be reelected. Mr. Lawrence Gonzaga, who is subject to retirement at the AGM, has served as an independent non-executive director of the Company (“INED”) for more than nine years since August 2002. Notwithstanding such a long continuous period of his holding office as an INED, given that he has confirmed in writing to the Company annually that he has met the guidelines set out in Rule 3.13 of the Listing Rules, the Board is satisfied with his independency and believes he is still independent. Furthermore, given the extensive knowledge and experience of Mr. Lawrence Gonzaga, the Board believes that his re-election is in the interests of the Company and its Shareholders and therefore he should be re-elected.

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## LETTER FROM THE BOARD

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### **Mr. Cai Zhenying**

Mr. Cai Zhenying, aged 58, is an executive Director and the marketing director of the Group. He is also a director of one of the subsidiaries of the Company. Mr. Cai Zhenying was the sales manager of Fujian Province Shishi City Huangguanba Textile Company Limited during the period from 1988 to 1992. Mr. Cai Zhenying has been responsible for the Group's sales, marketing and promotion functions since joining the Group in 1993. Mr. Cai Zhenying is principally responsible for the formulation and administration of the marketing and promotion activities of the Group as well as customers' liaison for the Group. He has accumulated in-depth knowledge in relation to the fabric processing industry, the credit standing and the needs and preferences of the Group's customers. Mr. Cai Zhenying is the brother of Mr. Cai Zhenrong and Mr. Cai Zhenyao; the uncle of Mr. Cai Yangbo; and the cousin of Mr. Choi Wing Toon.

Mr. Cai Zhenying has entered into a service agreement with the Company for a term of three years commencing from 1 August 2002, which shall continue thereafter until terminated by either party giving not less than three months' notice in writing to the other party. As at the Latest Practicable Date, Mr. Cai Zhenying is entitled to a monthly salary of HK\$25,300 which is determined upon negotiation between Mr. Cai Zhenying and the Company at arm's length on the basis of his previous experience, professional qualifications, responsibilities to be involved in the Company and the amount of time devoted to the Company's business as well as the current financial position of the Company and the prevailing market condition. In addition, Mr. Cai Zhenying is also entitled to share options to subscribe for Shares, at the discretion of the Board, and a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 5% of the combined or, as the case may be, consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.

As at the Latest Practicable Date, Mr. Cai Zhenying has beneficial interest in 15,220,000 Shares of the Company which are the share options granted to him by the Company that falls to be disclosed under Part XV of the SFO. Save as disclosed above, Mr. Cai Zhenying does not have any interests in Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Cai Zhenying has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

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## LETTER FROM THE BOARD

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### **Mr. Cai Yangbo**

Mr. Cai Yangbo, aged 40, is a managing and executive Director. Mr. Cai Yangbo was appointed as the managing Director on 16 January 2010. He is also a director of the subsidiaries of the Company. Mr. Cai Yangbo was the deputy general manager of Fujian Province Shishi City Yongningzi Yingmingfeng Knitting Factory during the period from 1993 to 1996 and was principally responsible for production and business management. Mr. Cai Yangbo has been responsible for the overall production factory management and human resources of the Group since joining the Group in 1996. Mr. Cai Yangbo is the son of Mr. Cai Zhenrong; the nephew of Mr. Cai Zhenyao and Mr. Cai Zhenying.

Mr. Cai Yangbo has entered into a service agreement with the Company for a term of three years commencing from 1 August 2002, which shall continue thereafter until terminated by either party giving not less than three months' notice in writing to the other party. As at the Latest Practicable Date, Mr. Cai Yangbo is entitled to a monthly salary of HK\$80,000 which is determined upon negotiation between Mr. Cai Yangbo and the Company at arm's length on the basis of his previous experience, professional qualifications, responsibilities to be involved in the Company and the amount of time devoted to the Company's business as well as the current financial position of the Company and the prevailing market condition. In addition, Mr. Cai Yangbo is also entitled to share options to subscribe for Shares, at the discretion of the Board, and a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 5% of the combined or, as the case may be, consolidated audited net profit of the Group (after taxation and minority interests and the payment of such bonuses but before extraordinary items) for that financial year.

As at the Latest Practicable Date, Mr. Cai Yangbo has beneficial interest in 18,770,000 Shares of the Company which include 4,500,000 share options granted to him by the Company that falls to be disclosed under Part XV of the SFO. Save as disclosed above, Mr. Cai Yangbo does not have any interests in Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Cai Yangbo has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

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## LETTER FROM THE BOARD

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### Mr. Lam Kai Yeung

Mr. Lam Kai Yeung, aged 46, is a non-executive Director. Mr. Lam was the company secretary and qualified accountant of Hunan Nonferrous Metals Corporation Limited (湖南有色金屬股份有限公司) (stock code: 2626), a company listed on the Main Board of the Stock Exchange, from July 2006 to August 2013. Mr. Lam has been an independent non-executive director of Northeast Tiger Pharmaceutical Company Limited (東北虎藥業股份有限公司) (stock code: 8197), a company listed on the Growth Enterprise Market of the Stock Exchange, since August 2008; an independent non-executive director of Silverman Holdings Limited (銀仕來控股有限公司) (stock code: 1616), a company listed on the Main Board of the Stock Exchange, since June 2012; and an independent non-executive director of Highlight China IoT International Limited (高銳中國物聯網國際有限公司) (formerly known as Ford Glory Group Holdings Limited 福源集團控股有限公司) (stock code: 1682), a company listed on the Main Board of the Stock Exchange, since August 2014. Mr. Lam is a fellow of the Association of Chartered Certified Accountants (英國特許公認會計師公會) and a fellow of the Hong Kong Institute of Certified Public Accountants (香港會計師公會). Mr. Lam obtained a bachelor degree of accounting from Xiamen University (廈門大學) in July 1990 and a master degree in business administration from Oxford Brookes University in the United Kingdom in July 2010.

Mr. Lam is entitled to a remuneration of HKD30,000 per month, which is determined upon negotiation between Mr. Lam and the Company at arm's length on the basis of his previous experience, professional qualification, responsibility to be involved in the Company and the amount of time devoted to the Company's business as well as the prevailing market conditions. The Company will enter into an appointment letter with Mr. Lam for a term of 2 years commencing from 19 December 2014. Mr. Lam will be subjected to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

As at the Latest Practicable Date, Mr. Lam has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, (i) Mr. Lam has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

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## LETTER FROM THE BOARD

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### **Mr. Lawrence Gonzaga**

Mr. Lawrence Gonzaga, aged 41, was appointed as independent non-executive Director in August 2002. He is also the chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Lawrence Gonzaga graduated from De La Salle University in the Philippines in 1993 with a bachelor of science degree in commerce majoring in business management. Mr. Lawrence Gonzaga has worked in a securities company in the Philippines for over 14 years. Mr. Lawrence Gonzaga is a member of the Market Technicians Association and holds the Chartered Market Technician designation.

Mr. Lawrence Gonzaga has re-entered into a letter of appointment with the Company for a term of two years from 16 January 2015 to 15 January 2017 and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Lawrence Gonzaga is entitled to a director's fee of HK\$120,000 per year without any bonus payment, which is determined upon negotiation between Mr. Lawrence Gonzaga and the Company at arm's length on the basis of his previous experience, professional qualifications, responsibilities to be involved in the Company and the amount of time devoted to the Company's business as well as the current financial position of the Company and the prevailing market condition.

As at the Latest Practicable Date, Mr. Lawrence Gonzaga has beneficial interest in 3,000,000 Shares of the Company which are the share options granted to him by the Company that falls to be disclosed under Part XV of the SFO.

Save as disclosed above, (i) Mr. Lawrence Gonzaga has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

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## LETTER FROM THE BOARD

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### **Mr. Yuen Chun Fai**

Mr. Yuen Chun Fai, aged 36, holds a bachelor's degree of science in accounting and finance awarded by The London School of Economics and Political Science in 2002. Mr. Yuen is a fellow of the Association of Chartered Certified Accountants and is also a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Yuen has over 12 years experiences in the field of financial reporting, financial management and audit experience in Hong Kong, China, Malaysia and Singapore. Mr. Yuen was an executive director of Cybertowers Berhad (Stock Code: 0022. KL), a company listed in the ACE Market in Malaysia, from April 2012 to June 2013, and was appointed as a non-independent non-executive director of Cybertowers Berhad, from June 2013 to February 2014.

Mr. Yuen is currently an independent non-executive director of Rui Kang Pharmaceutical Group Investments Limited (Stock Code: 8037) and the executive director of WLS Holdings Limited (Stock Code: 8021), each of the companies whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Mr. Yuen has entered into a letter of appointment with the Company for a term of two years from 31 July 2014 to 30 July 2016 and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Yuen is entitled to the director's fee of HK\$120,000 per year without any bonus payment, which is determined upon negotiation between Mr. Yuen and the Company at arm's length on the basis of his previous experience, professional qualifications, responsibilities to be involved in the Company and the amount of time devoted to the Company's business as well as the prevailing market conditions.

As at the Latest Practicable Date, Mr. Yuen does not have any interests in Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Yuen has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

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## LETTER FROM THE BOARD

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### 7. ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 18 to 22 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the granting of the Issue Mandate and Repurchase Mandate and the extension of the Issue Mandate by the addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate, the refreshment of the General Scheme Limit and the re-election of retiring Directors.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website at ([www.pingshantea.com.hk](http://www.pingshantea.com.hk)). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's Hong Kong branch share registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. The completion and return of the form of proxy will not preclude any Shareholder from attending and voting at the meeting if so wished and in such event, the instrument appointing the proxy shall be deemed to be revoked.

### 8. LISTING RULES REQUIREMENT

According to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

### 9. RECOMMENDATION

The Directors consider that the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the refreshment of the General Scheme Limit, the re-election of the retiring Directors are in the best interests of the Company and the Shareholders. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of AGM on pages 18 to 22 of this circular.

By order of the Board  
**Ping Shan Tea Group Limited**  
**Cai Zhenrong**  
*Chairman*

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## **EXPLANATORY STATEMENT OF THE SHARE REPURCHASE MANDATE**

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*The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all the Shareholders relating to the resolution to be proposed at the forthcoming AGM authorising the Repurchase Mandate.*

### **1. EXERCISE OF THE REPURCHASE MANDATE**

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 15,777,549,141 Shares. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 1,577,754,914 Shares (being 10% of the Shares in issue) during the period up to the next annual general meeting in 2016 or the expiration of the period within which the next annual general meeting of the Company is required by law to be held or the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

### **2. REASONS FOR REPURCHASE**

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings per Share.

### **3. IMPACT ON THE WORKING CAPITAL OR GEARING POSITION**

As compared with the financial position of the Company as disclosed in its most recent published audited consolidated accounts as at 31 December 2014, the Directors consider that there might be a material adverse impact on the working capital or gearing position of the Company in the event that the proposed share repurchases were to be carried out in full during the proposed purchase period. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company.

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## **EXPLANATORY STATEMENT OF THE SHARE REPURCHASE MANDATE**

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### **4. FUNDING OF REPURCHASE**

The Directors recognized that the repurchasing shares must be made of the funds legally available for such purpose in accordance with the memorandum and Articles of Association and the applicable laws of the Cayman Islands and Hong Kong and the Listing Rules. The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Laws”) provide that a share repurchase by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose or, if so authorised by the Articles of Association and subject to the provisions of the Laws, out of capital. Any premium payable on a repurchase over the par value of the Shares repurchased or conditionally or unconditionally to be purchased must be provided for out of profits of the Company or out of the Company’s share premium account or, if so authorised by the Articles of Association and subject to the provisions of the Laws, out of capital.

### **5. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention, in the event that the repurchase proposal is approved by the Shareholders, to sell Shares to the Company or its subsidiaries.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

### **6. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases of its Shares pursuant to the Repurchase Mandate and in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and Articles of Association.

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## **EXPLANATORY STATEMENT OF THE SHARE REPURCHASE MANDATE**

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### **7. EFFECT OF TAKEOVERS CODE**

If on exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such an increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The Directors are not aware of any Shareholders, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Cai Zhenrong, being the only controlling shareholder of the Company, held 6,009,410,293 Shares (Ms. Su Liyuan, the wife of Mr. Cai Zhenrong, is deemed to be interested in these 6,009,410,293 Shares under the SFO) representing approximately 38.09% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Mr. Cai Zhenrong and Ms. Su Liyuan in the Company would be increased to approximately 42.32% of the issued share capital of the Company and such an increase would give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

In any event, the Directors do not intend to exercise the Repurchase Mandate to an extent which will trigger off the mandatory offer requirement pursuant to the rules of the Takeovers Code or which will reduce the aggregate amount of the share capital of the Company in public hands to below 25%.

### **8. SHARE PURCHASE MADE BY THE COMPANY**

The Company has not repurchased any of its Shares during the six months preceding the Latest Practicable Date.

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## EXPLANATORY STATEMENT OF THE SHARE REPURCHASE MANDATE

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### 9. SHARE PRICES

During each of the previous twelve months, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:

<b>Months</b>	<b>Per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2014</b>		
April	0.159	0.110
May	0.147	0.098
June	0.145	0.105
July	0.154	0.115
August	0.158	0.118
September	0.135	0.094
October	0.096	0.070
November	0.160	0.054
December	0.149	0.069
<b>2015</b>		
January	0.088	0.066
February	0.075	0.055
March	0.068	0.048
April (up to the Latest Practicable Date)	0.067	0.045

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## NOTICE OF ANNUAL GENERAL MEETING

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PING SHAN

### PING SHAN TEA GROUP LIMITED

### 坪山茶業集團有限公司

*(formerly known as Huafeng Group Holdings Limited 華豐集團控股有限公司)*

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

**(Stock Code: 364)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Ping Shan Tea Group Limited (the “Company”) will be held at Macau Jockey Club, Function Room, 1/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 28 May 2015 at 11:00 a.m. for the following purposes:–

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors of the Company for the year ended 31 December 2014.
2. To re-elect directors of the Company and to authorize the board of directors of the Company to fix their remuneration.
3. To re-appoint auditors of the Company and to authorize the board of directors of the Company to fix their remuneration.

As special business, to consider, and if thought fit, pass the following ordinary resolutions:–

#### ORDINARY RESOLUTIONS

4. “**THAT:**–
  - (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Director(s)”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription rights under the share option scheme of the Company or (iii) an issue of shares as scrip dividends pursuant to the memorandum and Articles of Association from time to time shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:–

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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5. **“THAT:-**

- (a) the exercise by the Directors during the Relevant Period of all powers of the Company to purchase its own Shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and
- (c) for the purposes of this resolution:-

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the Shareholders in general meeting.”

6. **“THAT** conditional upon resolutions nos. 4 and 5 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 4 above.”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in shares of HK\$0.01 each in the share capital of the Company to be issued pursuant to the exercise of the options which may be granted under the Refreshed General Scheme Limit (as hereinafter defined), the refreshment of the existing general scheme limit of the share option scheme of the Company adopted on 24 February 2012 up to 10% of the number of shares of the Company in issue as at the date of passing of this resolution (the “Refreshed General Scheme Limit”) be and is hereby approved and any Director be and is hereby authorised to do all such acts and execute such document to effect the Refreshed General Scheme Limit.”

By order of the Board  
**Ping Shan Tea Group Limited**  
**Cai Zhenrong**  
*Chairman*

Hong Kong, 27 April 2015

*Registered Office:*

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place of Business in Hong Kong:*

Room 3505, West Tower, Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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Notes:–

- (1) A shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a shareholder of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the annual general meeting or any adjournment thereof, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
- (3) The register of members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 22 May 2015.
- (4) As at the date of this notice, the board of directors of the Company comprises five executive Directors, namely Mr. Cai Zhenrong (the Chairman), Mr. Cai Zhenyao, Mr. Cai Zhenying, Mr. Cai Yangbo (the Managing Director) and Mr. Choi Wing Toon; one non-executive director, namely Mr. Lam Kai Yeung; and three independent non-executive Directors, namely Mr. Lawrence Gonzaga, Ms. Choy So Yuk, *BBS, JP* and Mr. Yuen Chun Fai.