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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**

*(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 Wednesday, 28 June 2017 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 in person 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.

28 April 2017

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
1. Introduction .....	3
2. General Mandate to Issue Shares .....	4
3. General Mandate to Repurchase Shares .....	4
4. Extension of General Mandate to Issue Shares .....	5
5. Refreshment of the General Scheme Limit .....	5
6. Re-election of Retiring Directors .....	7
7. Annual General Meeting .....	15
8. Listing Rules Requirement .....	15
9. Recommendation .....	15
10. Responsibility Statement .....	15
<b>Explanatory Statement of the Share Repurchase Mandate</b> .....	16
<b>Notice of Annual General Meeting</b> .....	19

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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 Wednesday, 28 June 2017 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 shares 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 30 June 2016;
“Latest Practicable Date”	18 April 2017, 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 shares 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; 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

*(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  
Mr. Zhang Lu  
Mr. Zhou Yao Bo

*Independent non-executive Directors:*

Mr. Lawrence Gonzaga  
Ms. Choy So Yuk, *BBS, JP*  
Mr. Chin Hon Siang  
Mr. Lin Hann Ruey

*Registered office in the Cayman Islands:*

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

*Principal place of business in Hong Kong:*

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

28 April 2017

*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 30 June 2016, 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 amount not exceeding 20% of the issued shares of the Company at the date of the passing of such resolution. Based on 23,325,093,070 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 4,665,018,614 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 30 June 2016, 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 issued shares 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 total number of shares 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 shares of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the total number of shares 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 shares 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 shares 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 shares 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 Shares 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”.

Since the adoption of the Share Option Scheme, 2,412,544,000 options have been granted, 1,153,228,000 options have been exercised, 5,000,000 options have been lapsed and no options have been cancelled under the Share Option Scheme; and 1,254,316,000 options are outstanding 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 Shares in issue have been enlarged, the existing General Scheme Limit 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.

The existing 10% General Scheme Limit is 2,013,432,370 Shares, being 10% of the Shares in issue as at the date of passing of the Last Renewal Resolution and since such passing no share options have been granted, exercised, lapsed and cancelled under the existing 10% General Scheme Limit. If the refreshment of the General Scheme Limit is approved at the AGM based on 23,325,093,070 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 2,332,509,307 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 2,332,509,307 Shares.

In summary, the total outstanding options from the Share Option Scheme as at the Latest Practicable Date carrying the right to subscribe for 1,254,316,000 Shares represent approximately 5.38% 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 shares 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, the executive Director, Mr. Lawrence Gonzaga and Ms. Choy So Yuk, the independent non-executive Directors, the aforesaid Directors 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. Lawrence Gonzaga and Ms. Choy So Yuk have 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. Lawrence Gonzaga and Ms. Choy So Yuk are independent in accordance with the independence guidelines. Hence, the Company recommends Mr. Lawrence Gonzaga and Ms. Choy So Yuk to be re-elected as independent non-executive Directors.

Mr. Chin Hon Siang and Mr. Lin Hann Ruey, independent non-executive Directors, 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. Chin Hon Siang and Mr. Lin Hann Ruey have 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. Chin Hon Siang and Mr. Lin Hann Ruey are independent in accordance with the independence guidelines. Hence, the Company recommends Mr. Chin Hon Siang and Mr. Lin Hann Ruey to be re-elected as independent non-executive Directors.

Mr. Zhang Lu and Mr. Zhou Yao Bo, the executive Directors, 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.

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## LETTER FROM THE BOARD

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### **Mr. Cai Zhenying**

Mr. Cai Zhenying, aged 60, 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 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. 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 5,000,000 Shares of the Company which are the share options granted to him by the Company on 24 October 2013, 20 May 2014 and 30 April 2015 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. Zhang Lu

Mr. Zhang Lu, aged 47, is an executive Director. He graduated from Shenyang No.56 Secondary School\* (瀋陽市第56中學) in 1988 and was admitted to Liaoning University with a major in Chinese in the same year. Mr. Zhang Lu worked at Bureau of materials and equipment of Shenyang\* (瀋陽物資局) in 1990. He devoted himself to the fields of finance, securities and funds since 1991. He was the vice president of Liaoning Zhongshan Group\* (遼寧中山集團), chairman of Liaoning Xianfeng Internet Technology Co., Limited\* (遼寧先鋒網絡科技有限公司), president of Dalian Jinsheng Investment Co., Limited\* (大連金聖投資擔保有限公司) and chairman of Bit Technology Holding Co., Ltd. (a listed company). Mr. Zhang Lu was the chairman of the board of China Hualian Group Investment Holdings Limited and Hualian Electric Commerce Group Co., Ltd.\* (華聯電子商務集團) in 2008 and 2013 respectively. He was involved in the M&A of Hua An Fu Investment Holdings Limited\* (華安富投資控股集團) and took the position of the chairman of the board in 2015. He was one of the foremost signature people in the equity market of China.

Mr. Zhang Lu has entered into a service agreement with the Company for a term of one year commencing from 25 August 2016, which shall be terminated by either party giving not less than one month's notice in writing to the other party. Mr. Zhang Lu is entitled to an annual remuneration of HK\$120,000, which is determined upon negotiation between Mr. Zhang Lu 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. Mr. Zhang Lu will be subjected to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the Company's Articles of Association.

Save as disclosed above, Mr. Zhang Lu has not held directorship in other listed companies in the past three years or any other positions with the Company and other members of the Company's group. Mr. Zhang Lu has no interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zhang Lu does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, (i) Mr. Zhang Lu 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. Zhou Yao Bo**

Mr. Zhou Yao Bo, aged 57, is an executive Director. He worked in Nanmu Group\* (南木集團)(a state-owned enterprise) from 1978 to 1989, and Shenyin\* (申銀), Nanjing branch, from 1990 to 1995. He worked in the Nanjing office of China Southern Securities\* (南方證券) from 1996 to 1999 and Nanjing Tian He Stone Co., Ltd.\* (南京天和石材公司) from 2000 to 2008. Since 2009, Mr. Zhou Yao Bo has held office in the management office of international engineering at Zhong Jiang International\* (中江國際).

Mr. Zhou Yao Bo has entered into a service agreement with the Company for a term of one year commencing from 25 August 2016, which shall be terminated by either party giving not less than one month's notice in writing to the other party. Mr. Zhou Yao Bo is entitled to an annual remuneration of HK\$120,000, which is determined upon negotiation between Mr. Zhou Yao Bo 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. Mr. Zhou Yao Bo will be subjected to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the Company's Articles of Association.

Save as disclosed above, Mr. Zhou Yao Bo has not held directorship in other listed companies in the past three years or any other positions with the Company and other members of the Company's group. Mr. Zhou Yao Bo has no interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zhou Yao Bo does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, (i) Mr. Zhou Yao Bo 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 43, was appointed as an 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 6,000,000 Shares of the Company which are the share options granted to him by the Company on 24 October 2013, 20 May 2014 and 30 April 2015 that falls to be disclosed under Part XV of the SFO. Save as disclosed above, Mr. Lawrence Gonzaga 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. 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; (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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### **Ms. Choy So Yuk**

Ms. Choy So Yuk, *BBS, JP*, aged 66, was appointed as an independent non-executive Director in August 2002. She is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. She obtained her Bachelor of Science and Master of Philosophy degrees from the University of Hong Kong in 1974 and 1980 respectively. Ms. Choy So Yuk was the founding managing director of SHK International Services Limited (which was subsequently acquired by Ms. Choy So Yuk and changed its name to Oriental-Western Promotions Limited). Ms. Choy So Yuk is also an independent non-executive director of Loudong General Nice Resources (China) Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 988). Ms. Choy So Yuk holds a wide variety of political, social and academic positions, such as a Deputy of the National People's Congress of China, a Member of the Eastern District Council of Hong Kong Special Administrative Region, and a director of Fujian Middle School. She was a member of the Legislative Council in Hong Kong from 1998 to 2008.

Ms. Choy So Yuk 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. Ms. Choy So Yuk is entitled to a director's fee of HK\$120,000 per year without any bonus payment, which is determined upon negotiation between Ms. Choy and the Company at arm's length on the basis of her 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, Ms. Choy So Yuk has beneficial interest in 7,700,000 Shares of the Company that falls to be disclosed under Part XV of the SFO which 6,500,000 Shares are the share options granted to her by the Company on 24 October 2013, 20 May 2014 and 30 April 2015. Save as disclosed above, Ms. Choy So Yuk 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) Ms. Choy So Yuk 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) she has not held any other positions in the Company and its subsidiaries; and (iii) she 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. Chin Hon Siang**

Mr. Chin Hon Siang, aged 47, is an independent non-executive Director. He holds a bachelor of commerce degree majoring in accounting and econometrics awarded by Monash University in 1995. Mr. Chin Hon Siang is a member of CPA Australia. Mr. Chin Hon Siang has over 10 years experiences in the fields of corporate finance, financial reporting and financial management and audit experience in the United States, Singapore, Taiwan and Malaysia. Mr. Chin Hon Siang was the chief financial officer of Asia Green Agriculture Group Limited, a company listed in the OTCBB Stock Exchange in the United States, from 2012 to 2015; the chief finance manager of Dukang Distillers Holdings Limited, a company listed in Singapore Stock Exchange and Taiwan Stock Exchange, from 2010 to 2012; and the chief financial officer of United Food Holdings Limited, a company listed in the Singapore Stock Exchange, from 2002 to 2010.

Mr. Chin Hon Siang is currently an independent non-executive director of Rentian Technology Holdings Limited (Stock Code: 885), a company listed in the Stock Exchange, since October 2015.

Mr. Chin Hon Siang has entered into an appointment letter with the Company for a term of 2 years commencing on 12 July 2016. Mr. Chin Hon Siang is entitled to an annual remuneration of HK\$120,000, which is determined upon negotiation between Mr. Chin Hon Siang 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. Mr. Chin Hon Siang 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.

Save as disclosed above, Mr. Chin Hon Siang has not held directorship in other listed companies in the past three years or any other positions with the Company and other members of the Company's group. Mr. Chin Hon Siang 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, Mr. Chin Hon Siang does not have any relationship with any other 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. Lin Hann Ruey**

Mr. Lin Hann Ruey, aged 51, is an independent non-executive Director. He graduated from National Chengchi University, Taipei, Taiwan with a major in business administration in 1988. He obtained his Master of Finance from The University of Nottingham in the UK in 1993. Mr. Lin Hann Ruey has extensive practical experience in project financing and M&A in Hong Kong and other overseas capital markets such as Northern America. With ten years of experience in investment banking in the Mainland China, he held different positions such as chief financial officer, business director and director of M&A in companies listed on Over the Counter Bulletin Board of the United State (OTCBB). Mr. Lin Hann Ruey was a director of Shenzhen RuntongJinkong Group and investment director of Shenzhen Furun Fund. He was a managing director of Financing Business of Anhui Golden Cow Group in 2013 and then joined Chinese Culture and Artwork Property Exchange Group (Hong Kong) as a director. In 2015, Mr. Lin Hann Ruey founded Dongfang Cultural Property Right Exchange Group (Hong Kong) engaging in artwork asset management in Hong Kong. Mr. Lin Hann Ruey specializes in assisting non-government enterprises to establish profit-making models and formulate strategies for industrial M&A with integrated techniques of investment banking and industrial strategies. He has professional sense in corporate grouping and case matching with overseas organizations, and possesses profound expertise and extensive fund network in the Mainland, Taiwan and Hong Kong.

Mr. Lin Hann Ruey has entered into an appointment letter with the Company for a term of two years commencing from 23 November 2016, which shall be terminated by either party giving not less than one month's notice in writing to the other party. Mr. Lin Hann Ruey is entitled to an annual remuneration of HK\$120,000, which is determined upon negotiation between Mr. Lin Hann Ruey 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. Mr. Lin Hann Ruey 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.

Save as disclosed above, Mr. Lin Hann Ruey has not held directorship in other listed companies in the past three years or any other positions with the Company and other members of the Company's group. Mr. Lin Hann Ruey has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Lin Hann Ruey does not have any relationship with any other 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 19 to 23 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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 in person 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 19 to 23 of this circular.

### 10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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

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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 23,325,093,070 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 2,332,509,307 Shares (being 10% of the Shares in issue) during the period up to the next annual general meeting in 2018 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 2016, 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.

### **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.

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

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### **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.

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

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase its Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or 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 Rule 26 of the Takeovers Code.

To the best of the knowledge, information and belief of the Directors and on the basis of the shareholding of the Company as at the Latest Practicable Date, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase of Shares made under the Repurchase Mandate, since none of the substantial Shareholders would hold 30% or more of the shareholding of the Company after the repurchase.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of passing the Repurchase Mandate and no disposal by any of the substantial Shareholders of their interests in the Shares, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than 25% of the Shares being held by the public.

### **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

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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>2016</b>		
April	0.062	0.046
May	0.053	0.045
June	0.053	0.045
July	0.049	0.034
August	0.039	0.034
September	0.047	0.033
October	0.051	0.043
November	0.058	0.045
December	0.065	0.044
<b>2017</b>		
January	0.065	0.024
February	0.037	0.025
March	0.031	0.025
April (up to the Latest Practicable Date)	0.028	0.025

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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**

*(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 Wednesday, 28 June 2017 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 2016.
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 amount of shares 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 shares 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 amount of Shares purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the amount of the shares 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 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 amount of shares 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, 28 April 2017

*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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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.
- (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 Thursday, 22 June 2017 to Wednesday, 28 June 2017, 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 21 June 2017.
- (4) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the annual general meeting, the meeting will be postponed. The Company will post an announcement on the website of Company at [www.pingshantea.com.hk](http://www.pingshantea.com.hk) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.
- (5) As at the date of this notice, the board of directors of the Company comprises seven executive Directors, namely Mr. Cai Zhenrong (the Chairman), Mr. Cai Zhenyao, Mr. Cai Zhenying, Mr. Cai Yangbo (the Managing Director), Mr. Choi Wing Toon, Mr. Zhang Lu and Mr. Zhou Yao Bo; and four independent non-executive Directors, namely Mr. Lawrence Gonzaga, Ms. Choy So Yuk, *BBS, JP*, Mr. Chin Hon Siang and Mr. Lin Hann Ruey.