

**PING SHAN TEA GROUP LTD:  
THE SAGA CONTINUES:  
THE CHAIRMAN IS SUED, ONCE AGAIN**

Management of Great Vantage Investments Ltd appears to be extremely peeved that it has not been paid in full for the sales of its interest in 370,769,368 Ordinary Shares in the Issued and Fully Paid-Up Share Capital of Ping Shan Tea Group Ltd to a gentleman, said to be a resident of the People's Republic of China (PRC), proper, being separate and distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC.

Great Vantage Investments Ltd is a company, domiciled in the **British Virgin Islands (BVI)**, and the gentleman, who is claimed to have diddled this BVI company out of about \$HK17 million, is a Mr Cai Nai Gui ().

Great Vantage has gone to the trouble in lodging Writ of Summons, Number 3037 of 2016, Statement of Claim attached, in the HKSAR High Court, naming Mr Cai Nai Gui as the First Defendant and Smart Fujian Group Ltd, also a BVI company, as the Second Defendant.

Great Vantage alleges that, on May 8, 2014, it entered into a Sales and Purchase Agreement with the First Defendant, the Second Defendant, being the Guarantor '*of the punctual performance by the 1st Defendant (of) all of his obligations under the Agreement*', in respect of the sales of 370,769,368 Ping Shan Shares by Great Vantage (the Plaintiff) in the Issued Share Capital of Ping Shan Tea Group Ltd () (Code: 364, Main Board, The Stock Exchange of Hongkong Ltd).

The agreed purchase price of the shares of Ping Shan Tea was \$HK65,552,024.2624, it is alleged at Paragraph Five of the Statement of Claim.

Smart Fujian Group Ltd, the Second Defendant and Guarantor of the obligations of the First Defendant in respect of this share-purchase transaction, is wholly owned by Mr Cai Zhen Rong (), the current Chairman of Ping Shan Tea, according the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider.

The agreement with regard to the sales and purchase of the shares of Ping Shan Tea stipulated that the consideration would be paid in two tranches:

1. \$HK19,665,607.2787 by March 31, 2015; and,
2. \$HK45,886,416.9836 by August 31, 2015.

On the same day of the Sales and Purchase Agreement, being entered into – May 8, 2014 – the Second Defendant '*executed a Deed of Charge in favour of the Plaintiff... to pledge, charge and mortgage the 2nd Defendant's interest in the Securities Assets ... as continuing security for the payment or discharge in full of the Secured Obligations ...*'. (Paragraph Eight of the Statement of Claim)

Taking up the Statement of Claim from Paragraphs Nine through to 14, it is further alleged:

- '9. *In breach of the Agreement, the 1st Defendant has failed to pay the Second Installment Payment in full by 31 August 2015. The 2nd Defendant has also failed to pay the*

*outstanding Second Installment Payment to the Plaintiff upon demand as the principal obligor. On 7 October 2015, 30 October 2015, 3 December 2015 and 10 May 2016 respectively, the Plaintiff has received HKD2,000,000, HKD3,000,000, HKD1,000,000 and HKD10,000,000 in partial settlement of the Second Installment Payment, leaving an outstanding principal amount of HKD29,886,416.9836 as of 10 May 2016.*

- ‘10. The Plaintiff has demanded payment of the outstanding Second Installment Payment by letters to the 1st and 2nd Defendants dated 24 March 2016, 1 June 2016, 8 June 2016 (to the 1st Defendant only), 21 July 2016 (to the 2nd Defendant only) and 19 October 2016. The 1st Defendant’s failure to pay the Second Installment Payment in full constituted an Event of Default pursuant to clause 10.13 of the Agreement. In September 2016, the Plaintiff has exercised its rights under the Deed of Charge and realized proceeds of HKD12,887,560.15 by enforcing the Charge.*
- ‘11. As at the date hereof, the 1st and 2nd Defendants are liable to pay to the Plaintiff principal amount of HKD16,998,856.8336 as the outstanding Second Installment Payment under the Agreement.*
- ‘12. In or about May 2015, the Plaintiff, the 1st and 2nd Defendants (through their representative Cai Yang Bo) reached an oral agreement that in consideration of the Plaintiff to accept late settlement of the outstanding payments (including the first installment payment) under the Agreement, the 1st and 2nd Defendants shall pay a rate of 5% per annum on any outstanding principal amount until it is fully settled. Therefore, the Plaintiff is entitled to and claims interest pursuant to such oral agreement between the Plaintiff and the Defendants. As at the date hereof, the interest accruing on the outstanding Second Installment Payment amounts to HK\$2,129,281.35 and continues to accrue*
- ‘13. Pursuant to clauses 8.1 and 8.2 of the Agreement, the Plaintiff is entitled to and claims damages, payments, costs or expenses (including legal and other professional expenses) or other liabilities incurred in relation to or arising out of any breach or non-compliance by the 1st Defendant of his obligations under the Agreement (against the 1st Defendant as the principal obligor and the 2nd Defendant as the guarantor).*
- ‘14. Further or alternatively, the Plaintiff is entitled to and claims interest pursuant to Section 48 of the High Court Ordinance (Chapter 4), or at such rate and for such period as this Honourable Court thinks fit.’*

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