

PART II

**PING SHAN TEA GROUP LTD:
WHICH COMPANY WOULD SIT ON
A MOUNTAIN OF \$HK3 BILLION – IN CASH ?**

**Which Company Has Enjoyed
Five Years Of Material Losses ?**

Ping Shan Tea Group Ltd () (Code: 364, Main Board, The Stock Exchange of Hongkong Ltd) has an unbroken loss-making, track-record of five Financial Years, going back to the Financial Year, ended September 30, 2012.

The aggregate Net Losses Attributable to Shareholders with regard to those five Financial Years are \$HK2,915,269,000, according to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider.

It was in the 2016 Financial Year, ended December 31, 2016, however, that this Company recorded its largest losses of any of the other four Financial Years: \$HK972,735,000, equivalent to 33.37 percent of the aggregate of the previous, track-record losses.

Shareholders' Funds, as at December 31, 2016, came in at \$HK1,971,186,000, the Net Assets, having been whittled down by about \$HK912,270,000, Year-On-Year, equivalent to a drop of about 31.64 percent.

However, Ping Shan Tea Group Ltd is far from being on skid row since, in respect of the Interim Results, stated in the Consolidated Statements of Financial Position with regard to the six months, ended June 30, 2017, the Company had cash and bank balances, amounting to \$HK3,009,255,000.

Interest income on the Company's healthy cash position came in at \$HK4.50 million, it is stated at Note Five of the Interim Announcement Accounts.

This very comfortable cash position of a little more than \$HK3 billion, the August 25, 2017 Interim Results Announcement stated, was on the back of Net Losses Attributable to Shareholders with regard to the First Half of the Current Financial Year, amounting to \$HK70,268,000 (2016: Net Loss Attributable to Shareholders of \$HK60,904,000).

Revenue for the First Half was \$HK133,990,000, off 15.80 percent, compared with the like period in 2016.

As the name of this Company implies, the business of Ping Shan Tea Group Ltd is in the sales of raw teas, refined teas and other related products.

The Company operates, exclusively, in the People's Republic of China (PRC), proper, being separate and distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC.

In the Interim Report, Mr Cai Zhen Rong (), the Executive Chairman of the Company, stated in his Financial Review, inter alia:

'Operating results for the Period were generated from tea business and deteriorated as a result of sluggish consumer market in China, especially the high-end tea products of which the customers mainly purchased for business gifts. There is a pressure on sales and selling price of the Group's tea products...'

'The Group principally met its funding requirements by cash flows from operations and financing activities. During the Period, the net cash generated from operating activities and net cash generated from (Last Period: used in) financing activities were approximately HK\$37.8 million (Last Period: approximately HK\$392.4 million) and approximately HK\$305.3 million (Last Period: approximately HK\$69.2 million), respectively. The total bank borrowings increased to approximately HK\$35.2 million (as at 31 December 2016: approximately HK\$34.3 million). The bank loans were repayable within one year with interest rate from 5.44% to 7.40% per annum. The Group's bank borrowings were denominated in RMB.'

'During the Period, the Group issued unlisted debentures of approximately HK\$656.9 million (Last Period: approximately HK\$140.2 million) at face value with issuing costs of approximately HK\$184.9 million (Last Period: approximately HK\$Nil). The debentures are interest bearing ranging from 0% to 10% of the respective face value per annum, unsecured and repayable on the first to eighth anniversary of the respective date of issue. In addition, the Group redeemed unlisted debentures with principal amounts of HK\$119.0 million (Last Period: HK\$24.0 million). As at 30 June 2017, the carrying values of the debentures were approximately HK\$1,674.7 million (as at 31 December 2016: HK\$1,293.0 million)... '.

The Chairman's Offer To The Company

On July 6, 2017, Ping Shan Tea Group Ltd announced that its Executive Chairman, Mr Cai Zhen Rong, via Leader Master International Ltd, a company, domiciled in the **British Virgin Islands (BVI)** and beneficially owned by him, was desirous of selling Wing Young International Ltd, a company, also, incorporated in BVI, to Ping Shan Health Industry Ltd (), a company ... [CLICK TO ORDER FULL ARTICLE](#)

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*