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**TEAMWAY**

International Group Holdings Limited

## **TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED**

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

**(Stock code: 01239)**

### **DISCLOSEABLE TRANSACTION**

## **DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY**

### **THE DISPOSAL**

On 9 December 2020 (after trading hours), the Transferor (an indirect wholly-owned subsidiary of the Company), Peace Bright (a direct wholly-owned subsidiary of the Company) entered into the Tripartite Agreement with the Transferee, pursuant to which the Transferor has agreed to sell, and the Transferee has agreed to purchase, the Target Equity Interest at a total Consideration of RMB53,968,000 (equivalent to approximately HK\$64,060,016). Upon Completion, the Company will cease to hold any equity interest in the Target Company. As the Target Company will cease to be a subsidiary of the Company, its financial statements will cease to be consolidated into the financial statements of the Company.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the entering into of the Tripartite Agreement and the Disposal contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

**As Completion of the Disposal is subject to the satisfaction of certain conditions precedent set out in the Tripartite Agreement, the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 9 December 2020 (after trading hours), the Transferor (an indirect wholly-owned subsidiary of the Company), Peace Bright (a direct wholly-owned subsidiary of the Company) entered into the Tripartite Agreement with the Transferee, pursuant to which the Transferor has agreed to sell, and the Transferee has agreed to purchase, the Target Equity Interest at a total Consideration of RMB53,968,000 (equivalent to approximately HK\$64,060,016).

## **THE TRIPARTITE AGREEMENT**

Principal terms of the Tripartite Agreement are set out below:

### **Date:**

9 December 2020

### **Parties:**

- (1) the Transferor, an indirect wholly-owned subsidiary of the Company
- (2) Peace Bright, a direct wholly-owned subsidiary of the Company
- (3) the Transferee, an Independent Third Party

### **Assets to be disposed of**

Pursuant to the Tripartite Agreement, the Transferor as legal and beneficial owner has conditionally agreed to sell, and the Transferee has conditionally agreed to purchase, the Target Equity Interest.

### **Consideration**

The total Consideration payable for the sale and purchase of the Target Equity Interest is RMB53,968,000 (equivalent to approximately HK\$64,060,016). The Consideration will be settled upon Completion by offsetting directly from part of the outstanding loan and accrued interest thereon owed by Peace Bright to the Transferee under the Loan Agreement.

The Consideration was agreed after arm's length negotiations among the parties to the Tripartite Agreement taking into account: (a) the valuation of the Target Company of RMB53,968,000 (equivalent to approximately HK\$64,060,016) as at 31 October 2020 as shown in the valuation report prepared by an independent valuer appointed by the Transferee; (b) the net asset value of the Target Company of RMB53,164,000 (equivalent to approximately HK\$63,105,668) as shown in the unaudited management account of the Target Company as at 31 October 2020; and (c) the reasons set out in the section headed "Reasons for and Benefits of the Disposal" below.

### **Conditions precedent**

Completion of the Disposal is conditional upon the satisfaction or waiver (if applicable) of the following conditions precedent:

- (a) the Transferor having provided the Transferee (or its agents or advisers) with all data, documents and information as requested by the Transferee for the purpose of conducting legal, financial and operational due diligence on the Target Company and the Transferee having in its absolute discretion satisfied with the results of such due diligence; and
- (b) the valuation of the Target Company as at 31 October 2020 as shown in the valuation report prepared by an independent valuer appointed by the Transferee being no less than the Consideration;
- (c) all necessary consent, permit, or approval under the applicable laws and regulations (including but not limited to the approval of the Stock Exchange, all applicable regulatory authorities or third parties) having been obtained in respect of the Tripartite Agreement and the transactions contemplated thereunder; and
- (d) all representations, warranties and undertakings given by the Transferor and Peace Bright under the Tripartite Agreement remain true and correct in all material aspects.

If all the conditions precedent have not been satisfied or waived (other than the condition precedent set out in paragraph (c) which cannot be waived) on or before the Long Stop Date, the Tripartite Agreement shall cease to be effective thereafter and neither party shall have any obligations and liabilities towards each other under the Tripartite Agreement save for any antecedent breaches of the terms thereof. The termination of the Tripartite Agreement does not affect the validity of the Loan Agreement and the Share Mortgage. Save and except the variations contained in the Tripartite Agreement, the Loan Agreement and all documents ancillary to the Loan Agreement and the Share Mortgage shall remain in full force and effect.

As at the date of this announcement, the condition precedent set out in paragraph (b) has been satisfied.

## **Completion**

Completion of the Disposal shall take place on the Completion Date or such later date as may be agreed in writing by the Transferor, Peace Bright and the Transferee.

## **INFORMATION ON THE PARTIES AND THE TARGET COMPANY**

### **The Company, the Transferor and Peace Bright**

The Company is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed in the Main Board of the Stock Exchange. The Company is principally engaged in design, manufacture and sale of packaging products and structural components.

The Transferor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Transferor is principally engaged in investment holding and a legal and beneficial owner of the Target Equity Interest.

Peace Bright is a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company. Peace Bright is principally engaged in investment holding.

### **Transferee**

The Transferee is a company incorporated in the BVI with limited liability and is legally and beneficially owned by Qiu Weimin. The Transferee is principally engaged in investment holding.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Transferee and its ultimate beneficial owner(s) is an Independent Third Party.

### **Target Company**

The Target Company is a company incorporated in the PRC and is legally and beneficially owned by the Transferor as at the date of this announcement. The Target Company is primarily engaged in design, manufacture and sale of packaging products and structural components.

The audited financial information of the Target Company for the two financial years ended 31 December 2018 and 31 December 2019 are set out below:

	<b>Year ended 31 December 2018 (RMB)</b>	<b>Year ended 31 December 2019 (RMB)</b>
Revenue	67,350,000	69,942,000
Net profit/(loss) before tax	29,000	(278,000)
Net loss after tax	(224,000)	(635,000)

As at 31 December 2019, the audited net asset value of the Target Company was approximately RMB53,655,000 (equivalent to approximately HK\$63,688,485). The unaudited net asset value of the Target Company as at 31 October 2020 was approximately RMB53,164,000 (equivalent to approximately HK\$63,105,668). As set out in the valuation report prepared by an independent valuer appointed by the Transferee, the value of the Target Company amounts to approximately RMB53,968,000 (equivalent to approximately HK\$64,060,016) as at 31 October 2020.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

Subject to audit, the estimated gain arising from the Disposal is expected to be RMB804,000 (equivalent to approximately HK\$954,348), which is determined with reference to the difference between the Consideration and the unaudited net assets of the Target Company as at 30 October 2020.

Shareholders should note that the financial effect set out in the above is for illustrative purpose only, which will have to be ascertained with reference to the carrying value of the Target Equity Interest and the actual costs and expenses associated with the Disposal.

Upon Completion, the Company will cease to hold any equity interest in the Target Company. As the Target Company will cease to be a subsidiary of the Company, its financial statements will cease to be consolidated into the financial statements of the Company.

The Company will use the proceeds from the Disposal to repay part of the outstanding loan and interest accrued thereon owed by Peace Bright to the Transferee under the Loan Agreement.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Board considers that the Disposal represents an appropriate opportunity for the Company to dispose of its interests in the Target Company, after taking into consideration that the general outlook of the business of the Target Company has been deteriorating and the need of the Company to dispose of its assets to increase its liquidity and cash position to enable the Company to repay part of the outstanding loan and interest accrued thereon under the Loan Agreement. The net proceeds of the Disposal will be used to partly repay the outstanding debt of the Company under the Loan Agreement which will enhance the general working capital of the Company.

The Directors, including the independent non-executive Directors, therefore consider that the Disposal is conducted through arm's length negotiation between the parties on normal commercial terms, and the terms of the Tripartite Agreement are fair and reasonable, and the entering into the Tripartite Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the entering into of the Tripartite Agreement and the Disposal contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

**As Completion of the Disposal is subject to the satisfaction of certain conditions precedent set out in the Tripartite Agreement, the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday in Hong Kong and the PRC) on which licensed banks in Hong Kong and the PRC generally are open for business
“BVI”	the British Virgin Islands
“Cheng Hao”	Cheng Hao International Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of Peace Bright
“Company”	Teamway International Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed in the Main Board of the Stock Exchange (stock code:1239)
“Completion”	completion of the sale and purchase of the Target Equity Interest by the Transferor to the Transferee pursuant to the Tripartite Agreement
“Completion Date”	fourteen (14) Business Days after satisfaction or waiver, if applicable, of the conditions precedent to Completion as set out in the Tripartite Agreement
“Consideration”	RMB53,968,000 (equivalent to approximately HK\$64,060,016), being the total consideration payable by the Transferee to the Transferor for the sale and purchase of the Target Equity Interest pursuant to the Tripartite Agreement
“Disposal”	the disposal of the Target Equity Interest by the Transferor to the Transferee under the Tripartite Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Loan Agreement”	the loan agreement entered into between Peace Bright as borrower and the Transferee as lender dated 31 March 2015 in relation to a loan facility in the sum of HK\$200,000,000 as varied, amended and supplemented by supplemental loan agreements dated 30 September 2017 and 31 December 2019
“Long Stop Date”	31 January 2021 or such later date to be agreed between the Transferor, Peace Bright and the Transferee
“Peace Bright”	Peace Bright Investment Trading Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Taiwan and Macau
“RMB”	Renminbi, the lawful currency of the PRC
“Share Mortgage”	the share mortgage dated 31 March 2015 executed by Peace Bright as mortgagor and the Transferee as mortgagee over the entire issued share capital of Cheng Hao
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Target Company”	Chuzhou Chuangce Packaging Materials Company Limited* (滁州創策包裝材料有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company legally and beneficially owned by the Transferor as at the date of this announcement
“Target Equity Interest”	100% equity interest in the Target Company
“Transferor”	Metro Master Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Transferee”	Pengtian Limited, a company incorporated in the BVI with limited liability and legally and beneficially owned by Qiu Weimin
“Tripartite Agreement”	the tripartite agreement dated 9 December 2020 entered into among the Transferor, Peace Bright and the Transferee in relation to the sale and purchase of the Target Equity Interest
“%”	per cent.

*The English translation of Chinese names or words in this announcement, where indicated by “ \* ”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*For the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.187. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

By Order of the Board  
**Teamway International Group Holdings Limited**  
**Ngai Mei**  
*Executive Director*

Hong Kong, 9 December 2020

*As at the date of this announcement, the Board comprises Ms. Ngai Mei and Ms. Duan Mengying as executive Directors; Mr. Poon Lai Yin Michael, Mr. Chow Ming Sang and Mr. Chan Ka Leung Kevin as independent non-executive Directors.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*