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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)

ANNOUNCEMENT

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Teamway International Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

This announcement is also made by the Board pursuant to Rule 13.51B(2) of the Listing Rules in relation to the details required to be disclosed under Rule 13.51(2)(r) of the Listing Rules.

PETITION

On 8 November 2022, the Company as the 1st respondent was served with a petition dated 8 November 2022 (the “**Petition**”) by the Securities and Futures Commission (the “**SFC**”) as petitioner. Other respondents who are also named in the Petition are (i) Ng Kwok Fai (“**Ng**”) and Yang Zhihui (“**Yang**”); (ii) Liu Liangjian (“**Liu**”), He Xiaoming, Chan Chun Kau (“**Chan**”), Lam Chi Wai, Lee Chi Hwa Joshua, Xie Yan, Ling Zheng and Xu Gefei, the past Directors of the Company (collectively, the “**Past Directors**”); (iii) Choi Yee Man (the “**Past Company Secretary**”); and (iv) Ngai Mei (“**Ngai**”) and Duan Mengying (“**Duan**”), executive Directors of the Company (the “**Executive Directors**”).

The complaints by the SFC are summarised as follows:

- (1) The share purchase transaction (the “**2015 Acquisition**”) referred to in the announcements dated 21 January 2015, 27 January 2015, 11 February 2015 and 4 March 2015 of the Company in relation to 150,000,000 shares (the “**Shares**”) of the Company, representing 75% of its issued Shares, was not a genuine sale to Liu beneficially but was part of the arrangement orchestrated by Ng and Yang to acquire the Company for the benefit of another buyer (the “**True Owner**”) with new businesses to be injected and the original packaging business of the Company (the “**Packaging Business**”) be returned to Chao Pang Ieng (“**Chao**”), the then controlling shareholder of the Company.
- (2) Ng and Yang procured the Group to enter into a memorandum of understanding (the “**MOU**”) in relation to the proposed acquisition of a property development business purportedly owned by the True Owner and paid HK\$200 million cash upfront as refundable earnest money upon signing of the MOU. For details of the MOU, please refer to the announcements dated 31 March 2015 and 31 March 2016 of the Company. In connection with the MOU and the transactions contemplated therein, Ng and Yang further procured the Group to enter into a loan agreement (the “**Loan Agreement**”) for the sum of HK\$200 million (the “**Loan**”) with a lender using funds arranged by them which was secured by a share charge over the entire issued shares of Cheng Hao International Limited (the “**Mortgage**”), a wholly-owned subsidiary of the Company, representing the interests in and control over the Packaging Business. Those transactions were allegedly to facilitate the True Owner to inject his own businesses into the Company and the return of the Packaging Business to Chao.
- (3) The acquisition (the “**2016 Acquisition**”) of the business of corporate secretarial, consultancy and business valuation businesses (the “**Consultancy Business**”) at a cash consideration of HK\$250 million in November 2016 by Company as referred to in the announcements dated 10 November 2016 and 14 November 2016 was not a genuine and arm’s length transaction and the consideration paid, utilising the Loan (which had then been extended by way of supplemental agreements) and a further loan in the sum of HK\$50 million (the “**Further Loan**”) from a company controlled by Ng, was artificial or otherwise substantially overpriced. The SFC also alleged that the profitability of the Consultancy Business was artificial and generated by contracts with related parties arranged by Ng and Yang.

- (4) Payment of interest by the Company in cash on the Loan and the Further Loan and from the disposal of the then wholly-owned subsidiary of the Company namely Chuzhou Chuangce Packaging Materials Company Limited (滁州創策包裝材料有限公司) (“**Chuzhou Subsidiary**”) ultimately furthered the private purposes and/or inured to the benefit of Ng and Yang. Please refer to the announcements dated 9 December 2020 and 10 December 2020 in relation to the disposal of Chuzhou Subsidiary.
- (5) Ng and Yang procured the Company to dispose the Chuzhou Subsidiary at an undervalue purportedly in payment of the interest due on the Loan which was allegedly to be a mechanism to facilitate the return of the Packaging Business to Chao.
- (6) The announcements made by the Company on the transactions referred to in paragraphs (1) to (5) were false or misleading, as were its public statements and announcements concerning the revenue and profitability of the Consultancy Business which were (at least in part) not generated from genuine commercial transactions.

The SFC also complains that:

- (7) Ng and Yang had been shadow Directors of the Company, for that the Past Directors and the Executive Directors were accustomed to and did follow their directions and instructions, had committed serious breach of fiduciary duties vis-à-vis the Company for their private purposes and personal benefits and had procured the Company to make false or misleading statements to that end.
- (8) The Past Directors and the Executive Directors were nominated or chosen by Ng and Yang or in any event followed their instructions and directions, failed or did not attempt to discharge their duties to the Company. Save for Chan, they failed to procure the Company to disclose the inside information that Ng and Yang were shadow Directors of the Company who directed the affairs of the Company for their own private purposes and that they were the nominees of Ng and/or Yang and/or followed their instructions and Directors.
- (9) With respect to the Past Company Secretary, with knowledge of the plan of the 2015 Acquisition by Ng and Yang, assisted them in executing and implementing the transactions referred to in paragraphs (1) to (5) and failed to discharge her duties to the Company in respect of its affair.

The SFC seeks, inter alia, (i) a disqualification order against each of Ng, Yang, the Past Directors, the Past Company Secretary and the Executive Directors pursuant in section 214(2)(d) of the SFO; and (ii) a compensation order that each of Ng, Yang, the Past Directors and the Executive Director shall pay the Company loss for which they were responsible together with interest thereon on a joint and several basis pursuant to section 214(2)(e) of the SFO.

The Company has been joined in the Petition for the purpose of enabling it to benefit from orders sought in the Petition, and for it to make any representation it thinks fit in the Petition. To this end, the SFC also seeks an order that the Company shall bring in its own name or procures its subsidiaries to bring proceedings to declare that the Loan Agreement and the supplemental agreements thereof and the Mortgage are void.

An initial hearing of the Petition has been set for 2 June 2023 at the High Court of Hong Kong (the “**High Court**”). The Company is seeking legal advice on the Petition.

Until such time the High Court orders otherwise, both Ngai and Duan will remain as executive Directors of the Company. The Company does not expect its daily operations and business to be disrupted or otherwise materially and adversely affected. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in connection with the Petition. The Company will update the shareholders and investors on any further developments in accordance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Teamway International Group Holdings Limited
Chang Chi Wai Stanley
Company Secretary

Hong Kong, 16 November 2022

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.