



TEAMWAY

International Group Holdings Limited

TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01239)

Executive Directors:

Mr. Zeng Wenyou

Ms. Ngai Mei *(duties suspended)*

Ms. Duan Mengying *(duties suspended)*

Non-executive Director

Mr. Lee Hung Yuen

Independent Non-executive Directors

Mr. Chow Ming Sang

Mr. Chow Wai Hung Enzo

Mr. Tsang Hing Bun

Registered office:

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

PO Box 1350

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Cayman Islands

Headquarter and principal place

of business in Hong Kong:

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The Gateway, Harbour City

Tsim Sha Tsui

Kowloon

Hong Kong

16 April 2024

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Circular.

At the EGM, the resolutions for approving, among other things, the Rights Issue and the transactions contemplated thereunder, were duly passed by the Independent Shareholders by way of poll. (i) Mr. Zeng Wenyong (“**Mr. Zeng**”), who is an executive Director and is beneficially interested in 19,565,212 Shares; and (ii) Mr. Lee Hung Yuen (“**Mr. Lee**”), who is a non-executive Director and is beneficially interested in 13,043,483 Shares, were abstained from voting in favour of the proposed resolutions to approve the Rights Issue the transactions contemplated thereunder.

The purpose of this Prospectus is to provide you with, among other things, (i) further information on the Rights Issue; and (ii) other certain financial and other general information of the Group as required under the Listing Rules.

1. RIGHTS ISSUE

The terms of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders as the close of business on the Record Date
Subscription Price:	HK\$0.08 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	197,282,636 Shares
Number of Rights Shares:	Up to 197,282,636 Rights Shares (assuming there is no change to the total issued share capital of the Company on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	Up to 394,565,272 Shares (assuming that no new Shares (other than the Rights Issue) will be allotted and issued on or before the completion of the Rights Issue)
Gross proceeds from the Rights Issue:	Up to approximately HK\$15.78 million before expenses (assuming there is no change to the total issued share capital of the Company on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

Assuming there is no change to the total issued capital of the Company on or before the Record Date, 197,282,636 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 50% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon Completion.

As at the Latest Practicable Date, the Company has no outstanding share options, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

Undertakings

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the Latest Practicable Date.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only and the Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date be registered on the registers of members of the Company, and not be the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Closure of register of members

The register of members of the Company were closed from Tuesday, 9 April 2024 to Monday, 15 April 2024 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares were registered during this period.

Subscription Price

The Subscription Price of HK\$0.08 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 27.93% to the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 32.77% to the closing price of HK\$0.119 per Share as quoted on Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 32.77% to the average closing price of approximately HK\$0.119 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 43.78% to the average closing price of approximately HK\$ 0.1423 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 19.60% to the theoretical ex-rights price of approximately HK\$0.0995 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.119 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 16.39%, which is calculated based on the theoretical diluted price of approximately HK\$0.119 per Share (as defined under Rule 7.27B of the Listing Rules, taking account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day).

As at 31 December 2023 and 31 December 2022, the Group recorded a net liabilities position of approximately RMB198,422,000 and RMB145,325,000, respectively.

The Subscription Price was arrived at after arm's length negotiation with reference to, among other things, the prevailing market price of the Shares and the financial conditions of the Group.

As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue.

According to the register of members of the Company as at the Latest Practicable Date, the Company had a total of 6 Overseas Shareholders holding an aggregate of 72,455,212 Shares, representing approximately 36.73% of the total number of the issued Shares, of which such Overseas Shareholder had his/her addresses registered in the PRC.

In compliance with to Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses in the jurisdictions set out above.

The Company has obtained advices from legal advisers in the PRC and has been advised that under the applicable legislations of these jurisdictions, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the relevant jurisdictions.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

Based upon such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered address in the PRC, who are therefore Qualifying Shareholders. As such, based upon the register of members of the Company as at the Record Date, there was no Non-Qualifying Shareholder.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The

proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

No fractional entitlement

On the basis of the entitlement to subscribe one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 20,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy and (iv) any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Tuesday, 4 June 2024.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched on or before Tuesday, 4 June 2024 by ordinary post at the respective Shareholders' own risk.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 30 April 2024 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed "Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" on the Latest Time of Acceptance in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a

licensed bank in Hong Kong and made payable to “**TEAMWAY INTL GROUP HOLDINGS LIMITED — RIGHTS ISSUE ACCOUNT**” and crossed “**ACCOUNT PAYEE ONLY**”. Such payment will constitute acceptance of the provisional allotment of Rights Shares on the terms of the Prospectus Documents and subject to the memorandum and articles of association of the Company. Any payments for the Rights Shares should be rounded up to nearest cent.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 30 April 2024 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed “Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” on the Latest Time of Acceptance in this Prospectus), whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer all or part of their rights to more than one person (not as joint holders), the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Monday, 22 April 2024 to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company is not obliged to but may (at its sole and absolute discretion) treat PAL(s) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete such incomplete PAL(s) at a later stage.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. Qualifying Shareholders must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to such applicant only if the overpaid amount is HK\$100 or above.

No receipt will be given in respect of any PAL and/or relevant application monies received. If any of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — The Rights Issue — Conditions of the Rights Issue" is not fulfilled at or before 5:00 p.m. on Tuesday, 28 May 2024 (or such later date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, on or before Tuesday, 4 June 2024.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

On 10 January 2024, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 22 May 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

The Placing Agreement

Principal terms of the Placing Agreement are summarized as below:

Date : 10 January 2024

Issuer : The Company

Placing Agent : Orient Securities Limited

As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period : The period from Thursday, 9 May 2024 up to 4:00 p.m. on Wednesday, 22 May 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements.

- Placing Price : The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process.
- Placing Commission : Subject to the completion of the Placing, the Company shall pay the Placing Agent a placing commission, being 0.5% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent
- Placees : The Placing Agent shall procure that not less than six placees will take up the Placing Shares. The placees shall be professional, institutional and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.
- In any event if the number of placee(s) is less than six, the Company shall complete the Placing and disclose the identity of such placee(s) in accordance with the applicable Listing Rules.
- Ranking of the Unsubscribed Rights Shares : The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of completion of the Placing.

- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:
- i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
 - ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
 - iii) Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

or the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use its best endeavour to procure the fulfilment of the conditions to the Placing and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to the attention of it and indicating that any of such conditions being unable or fail to fulfil. If any of such conditions have not been fulfilled by the Placing Long Stop Date (as defined below) or become incapable of being fulfilled (unless extended by mutual consent of the Company and the Placing Agent), then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement and none of the parties thereto shall have any claim against any other in respect of the Placing.

Termination : If any of the following events occur at any time prior to 6:00 p.m. on the third Business Day after the last day of the Placing Period (the “**Placing Long Stop Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of completion of the Placing provided that such notice is received by the Company prior to 6:00 p.m. on the Placing Long Stop Date, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The Unsubscribed Arrangements are in compliance with the requirements under Rule 7.21(1)(b) under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Placing Agent confirms that it is an Independent Third Party. The terms of the Placing Agreement, including the Placing Commission, were determined after an arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Unsubscribed Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (i) the Capital Reorganisation becoming effective;
- (ii) the passing of the necessary resolutions by the Shareholders (or as the case may be, the Independent Shareholders) at the EGM approving, among other things, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Posting Date of a certificate authorising registration of the Prospectus with Hong Kong Companies Registry;

- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar in Hong Kong respectively one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having being approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (v) the grant of listing of the Rights Shares by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights and the Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked);
- (vi) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (vii) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 5:00 p.m. on Tuesday, 28 May 2024 (or such later date as the Company may determine), the Rights Issue will not proceed.

As at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Assuming that there will be no change to the total issued share capital of the Company on or before the Record Date and full acceptance of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$14.91 million (equivalent to a net price of approximately HK\$0.08 per Rights Share).

In the event that the maximum net proceeds of approximately HK\$14.91 million is raised, (i) approximately HK\$10.44 million (or 70% of the maximum net proceeds) will be used to repay the current liabilities of the Group, specifically those debts, liabilities, or other payables that are expected to be due and payable; and (ii) the remaining portion of approximately HK\$4.47 million (or 30% of the maximum net proceeds) will be used for the Group's general working capital, including payment of staff salaries, Directors' remuneration, audit fee, and other legal and professional fees, all of which are expected to be settled in year 2024.

As of 29 February 2024, the following current debts, liabilities or other payables of the Group are expected to be due and payable in the near future:

- (i) secured bank loans of RMB8,000,000 at an interest rate ranging from 3.45% to 3.65% per annum as secured by the Group's buildings and rights of use assets, which will mature in year 2024 and 2025;
- (ii) unsecured bank loan of RMB3,000,000 at an interest rate 4.05% per annum, which will mature in year 2024;
- (iii) an unsecured loan with an outstanding amount (including accrued interest) of approximately HK\$25,680,000 advanced by an Independent Third Party to the Company at an interest rate of 6.5% per annum, which is repayable on demand; and
- (iv) a secured loan with an outstanding amount (including accrued interest) of approximately HK\$251,000,000 advanced by an Independent Third Party to the Company at an interest rate of 16.5% per annum as secured by the share charge over the entire issued share capital of Cheng Hao International Limited (being a wholly owned subsidiary of the Company), which is repayable on demand (the "**Pengtian Loan**").

The Directors intend to use the funds raised from the Rights Issue to repay a portion of the above outstanding debts. Also, The Directors plan to clear the remaining current liabilities through internally generated funds. However, if the internally generated funds are insufficient to meet their

needs, the Directors will further look to obtain debt financing, such as bank borrowings or bond issuance, or other equity financing from substantial shareholders, banks, financial institutions or other third-party investors by placing shares or convertible securities under general or specific mandate.

The Directors consider fund-raising for additional working capital is key although, on 15 May 2023, a total of 130,434,783 new Shares were successfully allotted and issued at the subscription price of HK\$0.092 per subscription share (the “**Subscription**”) and the net proceeds from Subscription, after deducting commission and other expenses incidental to the placing, amounted to approximately HK\$12 million which was intended to be used for general working capital of the Group. As at the Latest Practicable Date, all of the proceeds had been fully utilised.

As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately RMB19.29 million (equivalent to approximately HK\$21.27 million) and the interest-bearing bank and other borrowings of the Group amounted to approximately RMB451.72 million (equivalent to approximately HK\$498.16 million).

The Directors noticed that the Group continued to experience a challenging operating environment in view of the impact from the severe political tension between the United States of America and the PRC which still continue creating a significant impact on the PRC economy. Since the Group’s revenue was mostly derived from customers based in the PRC, these factors in aggregate led to a certain extent of impact on the overall business performance of the Group.

The above challenging operational environment had led to ongoing cash net outflow of the Group since 2022. Taking into account that the proceeds from Subscription has already been used by the Group for its general working capital, the Directors consider it is prudent and in the interests of the Company and the Shareholders as a whole to raise additional fund of approximately HK\$14.91 million, for repayment of loans and general working capital, so that the Group has financial resources to meet the financial obligations when they fall due. The Directors have reviewed the Group’s financial resources and prepared a forecast for the year 2024. It is assumed that (i) there will be a cash inflow as a result of the disposal of the Group’s investment property in Singapore, which is set to happen in 2024 (as of the Latest Practicable Date, no agreement relating to such disposal has been entered into or signed by the Company); (ii) after considering the legal opinion provided by the Company’s legal adviser, the repayment of the Pengtian Loan will be extended due to pending court proceedings; and (iii) there will be a cash inflow from the Group’s existing business operation and potential funding raising activities, including the Rights Issue. After considering all these factors, the Directors concluded that the Group has sufficient financial resources to meet its working capital needs and its financial obligations when they fall due during the year 2024.

In the event that the proceeds raised by the Rights Issue or Placing is less than the aforesaid estimated net proceeds of approximately HK\$14.91 million, the Company will allocate the use of proceeds proportionately and will further evaluate options including amongst others, reducing the proposed amount of repayment of loans and other payables, renewing and/or refinancing existing loans or exploring other financing, and/or fund-raising alternatives. The Group's is minded improving its profitability and alleviate the repayment pressure by, among other things, lowering liabilities and finance costs.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of the Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of relevant announcements	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at Latest Practicable Date
26 April 2023 and 15 May 2023	Subscription of new shares under general mandate	HK\$12 million	General working capital of the Group	fully utilised as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the proposed Rights Issue which are for illustrative purpose only.

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full (Note 2)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Zeng Wenyong	19,565,212	9.92	39,130,424	9.92	19,565,212	4.96
Mr. Wang Yang	15,535,000	7.87	31,070,000	7.87	15,535,000	3.94
Mr. Xu Gefei (Note 1)	14,665,000	7.43	29,330,000	7.43	14,665,000	3.72
Ms. Cao Junying	13,907,500	7.05	27,815,000	7.05	13,907,500	3.52
Mr. Lee Hung Yuen	13,043,483	6.61	26,086,966	6.61	13,043,483	3.31
Placees	—	—	—	—	197,282,636	50.00
Other public Shareholders	120,566,441	61.12	241,132,882	61.12	120,566,441	30.55
Total	197,282,636	100.00	394,565,272	100.00	394,565,272	100.00

Notes:

1. As at the Latest Practicable Date, these 14,665,000 Shares were held by Grand Luxe Limited, which was in turn wholly owned by Mr. Xu Gefei. Accordingly, Mr. Xu Gefei was deemed to be interested in such 14,665,000 Shares held by Grand Luxe Limited pursuant to Part XV of the SFO.
2. This scenario is for illustrative purpose only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The Company will take all appropriate steps to ensure that sufficient public float be maintained in compliance with Rule 8.08 of the Listing Rules. In the event that the Rights Issue would result in public float could not be maintained, the Company and/or the Placing Agent will take necessary action to place down the Shares such that sufficient public float could be maintained in compliance with Rule 8.08 of the Listing Rules.

2. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

3. WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES IN NIL-PAID FORM

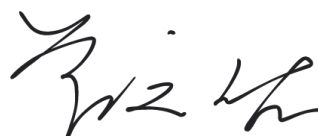
The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this letter.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the date of the Announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

By Order of the Board
Teamway International Group Holdings Limited



Zeng Wenyou
Executive Director