



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- II

### Adjudication Division

ORDER							
Name of Company:	M/s. Gateway Games (Private) Limited						
Show Cause Notice No. & Date:	No. Adj-II/26,172/IAN-297,298/Onsite/2024-25/395 dated March 28, 2025						
Respondents:	M/s. Gateway Games (Private) Limited and its directors						
Date(s) of Hearing(s):	<table border="1"><thead><tr><th>Dates</th><th>Attended by</th></tr></thead><tbody><tr><td>April 16, 2025</td><td>No one appeared to attend the hearing</td></tr><tr><td>April 28, 2025</td><td>No one appeared to attend the hearing</td></tr></tbody></table>	Dates	Attended by	April 16, 2025	No one appeared to attend the hearing	April 28, 2025	No one appeared to attend the hearing
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April 16, 2025	No one appeared to attend the hearing						
April 28, 2025	No one appeared to attend the hearing						
Case represented by:	None of the Respondents						
Provision of law involved:	Sections 500, 502 and 172 for violations under section 26(2) of the Companies Act, 2017						

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the '*Commission*') vide Show Cause Notice No. Adj-II/26,172/IAN-297,298/Onsite/2024-25/395 dated March 28, 2025 (the '*SCN*') issued to M/s. Gateway Games (Private) Limited (the '*Company*') and its Board of Directors namely, Mr. Zhu Bei, Chief Executive Officer/ Director and Ms. Rabia Naveed, Director (collectively referred to as the '*Respondents*') under sections 500, 502 and 172 under section 26 of the Companies Act, 2017 (the '*Act*') by carrying on lending activities i.e., offering Nano-loans to the general public without obtaining requisite license required for this purpose under the applicable law.

2. The Company was incorporated with the Commission under the Act on September 16, 2022 as a private limited company. As per Incorporation Form-II dated September 14, 2022, the authorized and paid-up share capital of the Company is Rs. 1,000,000/- divided into 10,000 ordinary shares of Rs. 100/- each. The shares held by the directors of the Company are as following:

S.No.	Name of Director	CNIC/ Passport	Designation	No. of shares held / %age
1	Mr. Zhu Bei	EJ4557731	CEO/ Director	9,900 (99%)
2	Ms. Rabia Naveed	35201-3523872-8	Director	100 (1%)

3. The principal line of business of the Company as mentioned under clause 3(i) of its Memorandum of Association ('*MOA*') is as under:

*"The principal line of business is to provide training for sports and organize sports related activities including but not limited to cricket, football (soccer ball), Volley ball, basketball, net ball, hand ball, hockey, tennis, badminton, squash and to arrange/organize sports tournaments, video games, arcade games, sports games, puzzle games, subject to approval of the relevant authorities/boards/departments/Federations."*

4. In terms of clause 3(iii) of the MOA, the Respondents are restricted from undertaking/indulging *inter alia* in the business of a Banking Company or a Non-Banking Finance Company, including microfinance or microcredit business, as follows:

*"Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission."*



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5. Moreover, the Respondents under clause 3(iv) of the MOA, have undertaken not to engage in the following business:

- “(a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;  
(b) .....  
(c) engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.”

6. The facts leading to issuance of the SCN are that an investigation was carried out in pursuance of the Investigation Order dated March 31, 2023 passed by the Commission under section 257 of the Act to ascertain the factual position of the Company, as during social media surveillance conducted by the Supervision Division of the Commission, the Company was suspected to be involved in providing loans to the general public through its digital app without obtaining license for the said activity. The Investigation Report dated August 29, 2023 concluded that the Respondents were engaged in lending activities and offering Nano-loans to the general public, *prima facie*, without obtaining a license from the State Bank of Pakistan (**SBP**) or the Commission, under the respective laws. Moreover, the investigation also revealed that the Respondents threatened and blackmailed the general public for recovery of the outstanding amounts by accessing private/sensitive data from their mobile phones.

7. Since the above activities are not covered in the Company’s MOA and are not aligned with the law, a SCN was issued to the Respondents calling them to show cause in writing within fourteen (14) days of the date of the SCN, as to why:

- i. Penalty may not be imposed on the Company and its CEO/ Directors under section 502, 500 and section 26 of the Act; and
- ii. Disqualification Order may not be issued against the CEO/ Directors of the Company under section 172(1)(k)(o) of the Act.

8. Furthermore, in order to provide an opportunity for personal representation, a hearing on the matter was scheduled through the SCN for April 16, 2025, at 12:30 P.M. before the undersigned. The Respondents neither submitted any written response to the SCN nor appeared on the hearing. To provide another opportunity of hearing, a second hearing was fixed on April 28, 2025, at 11:00 A.M. before the undersigned, vide hearing notice dated April 22, 2025 and through email on April 24, 2025. The Respondents were also directed to provide written response to the SCN within 5 days of the date of hearing notice. However, the Respondents neither attended the scheduled hearing nor submitted any written reply to the SCN till date.

9. With regards to delivery status of the SCN and the hearing notice, it is stated that in light of the provisions of section 53 of the Act, the SCN dated March 28, 2025 as well as the hearing notice dated April 22, 2025 were issued at the registered office address of the Company and the residential addresses of the CEO/directors as per the latest returns filed by the Company with Registrar concerned. Further these notices were also delivered at the email addresses as provided in the latest Forms filed by the Company and records available i.e., [gatewaygamespvtltd@gmail.com](mailto:gatewaygamespvtltd@gmail.com); and [icerevier666123@gmail.com](mailto:icerevier666123@gmail.com).

10. It is evident from the foregoing that the Respondents were provided sufficient time and opportunities to explain their position with regards to allegedly carrying on lending activities and offering micro/nano loans to the general public without having obtained the requisite license, since lending is a licensed activity. However, the Respondents opted not to explain/ defend their position despite service/ delivery of SCN and hearing notices. Accordingly, the show cause proceedings initiated against the Respondents are being concluded, considering the information available on record.

11. In order to decide the matter, it is essential to analyze the issues at hand and the conclusions drawn during the adjudication proceedings, considering the facts of the case, the Company’s records, any submissions

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made by the Respondents (if applicable), the documents available with the Commission including the findings of the investigation team and the relevant provisions of law:

(i) In terms of section 26(2) of the Act, a company shall not engage in a business which is (a) prohibited by any law for the time being in force in Pakistan; or (b) restricted by any law, rules or regulations, unless necessary license, registration, permission or approval has been obtained or compliance with any other condition has been made. Section 26(2) of the Act is reproduced below for reference:

**“26. Business and objects of a company. —**

**(2) A company shall not engage in a business which is—**

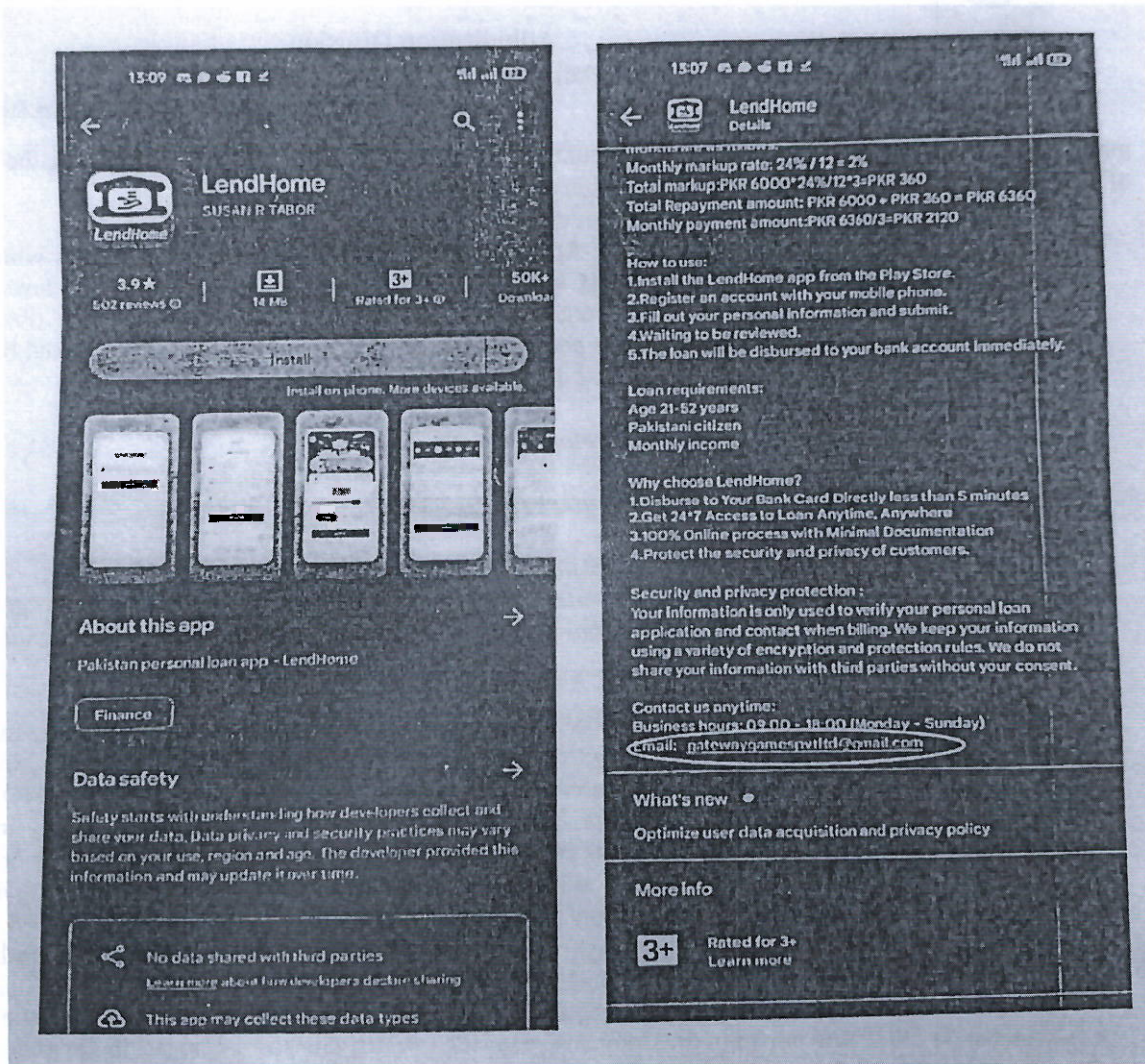
- (a) *prohibited by any law for the time being in force in Pakistan; or*  
(b) *restricted by any law, rules or regulations, unless necessary licence, registration, permission or approval has been obtained or compliance with any other condition has been made.”*

(ii) In terms of clause 3(iii) of the MOA, the Respondents are restricted from undertaking/indulging *inter alia* in the business of a Banking Company or a Non-Banking Finance Company, including microfinance or microcredit business. Moreover, the Respondents under clause 3(iv) of the MOA, have undertaken not to engage in any business mentioned in clause 3(iii) of the MOA or any unlawful operation, and in any permissible business unless the requisite approval, permission, consent or license is obtained from the competent authority as may be required under any law for the time being in force. Social media surveillance conducted by the Supervision Division of the Commission revealed various apps on Google play store, being operated by unlicensed entities, which were offering Nano-loans to the general public. One of such apps namely “LendHome” in its privacy policy mentioned an email address of the Company i.e., [gatewaygamespvtltd@gmail.com](mailto:gatewaygamespvtltd@gmail.com). Subsequently, a query letter dated October 31, 2022 was issued to the Company requiring to clarify its position regarding involvement in a licensed activity i.e., extending loans to general public, without having the requisite license and in response, directors of the Company submitted a reply vide letter dated November 05, 2022, through their legal counsel namely M/s. Sheikh Law Associates along with affidavits of the directors stating therein the following:

*“In this regard it is stated that, we are writing this letter to accept our mistake, (that we have offering instant loans Micro-Credit Via Smartphone App by the name of “Land Home” by mistake, wrongly “Land Home” App from smartphone app store publicly, we have no idea for registration of NBFC and SCB). We tried by mistake and apologize for being so irresponsible. We will surely change our working strategy and will definitely keep everything noted for future references. Please forgive us and provide us another chance to prove our self. We shall be very grateful to you for your kindness and consideration, affidavit of both the directors attached herewith.”*

(iii) As per Investigation Report, LendHome was available on the Google Play Store with 100K downloads and 2K reviews. The app was designed for personal loans wherein users could apply for loans of up to Rs. 50,000/- after fulfilling the requirements, including providing information and allowing certain permissions during the application process. However, according to some online reviews by the general public, it appeared that the app was designed to collect personal data from the users’ mobile phones, which was later used to blackmail and threaten them. Evidence of the app mentioning the Company’s email address may be referred below:

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(iv) Based on information provided by banks to the Investigation team, a business account was opened on October 05, 2022, with Meezan Bank Limited, Garden Town Branch, Lahore, details of which are tabulated below:

Account #	Account Title	Bank	Account Opening date	Aggregate Credits (Rs.)	Aggregate Debits (Rs.)	Account Status
107238251	Gateway Games (Pvt) Ltd	Meezan Bank Limited	05-Oct-22	121,380,795	110,381,828	Active

The aforesaid account was reported suspicious due to transactions inconsistent with the entity's profile. The observed irregularities included high turnovers, numerous account IBFTs, funds deposited in small denominations, identical series of payments and inconsistent occupations of counterparties such as garments business, Agri farm, self-employed persons, spare parts business, Karyana store, IT Technologies, etc.

During the period from Oct-2022 till Dec-2022, credit turnover of the aforesaid account was Rs. 121.4 million, which comprised of online cash deposits of Rs. 86.1 million, IBFTs of Rs. 22.3 million and Internet fund transfers of Rs. 11.3 million. Out of the funds so credited, Rs. 107.9 million were debited through IBFT and Rs. 2.3 million were withdrawn through transfer mode. More than 22,000 IBFT transactions were routed into the account within a short period of time, out of which 572 one-off

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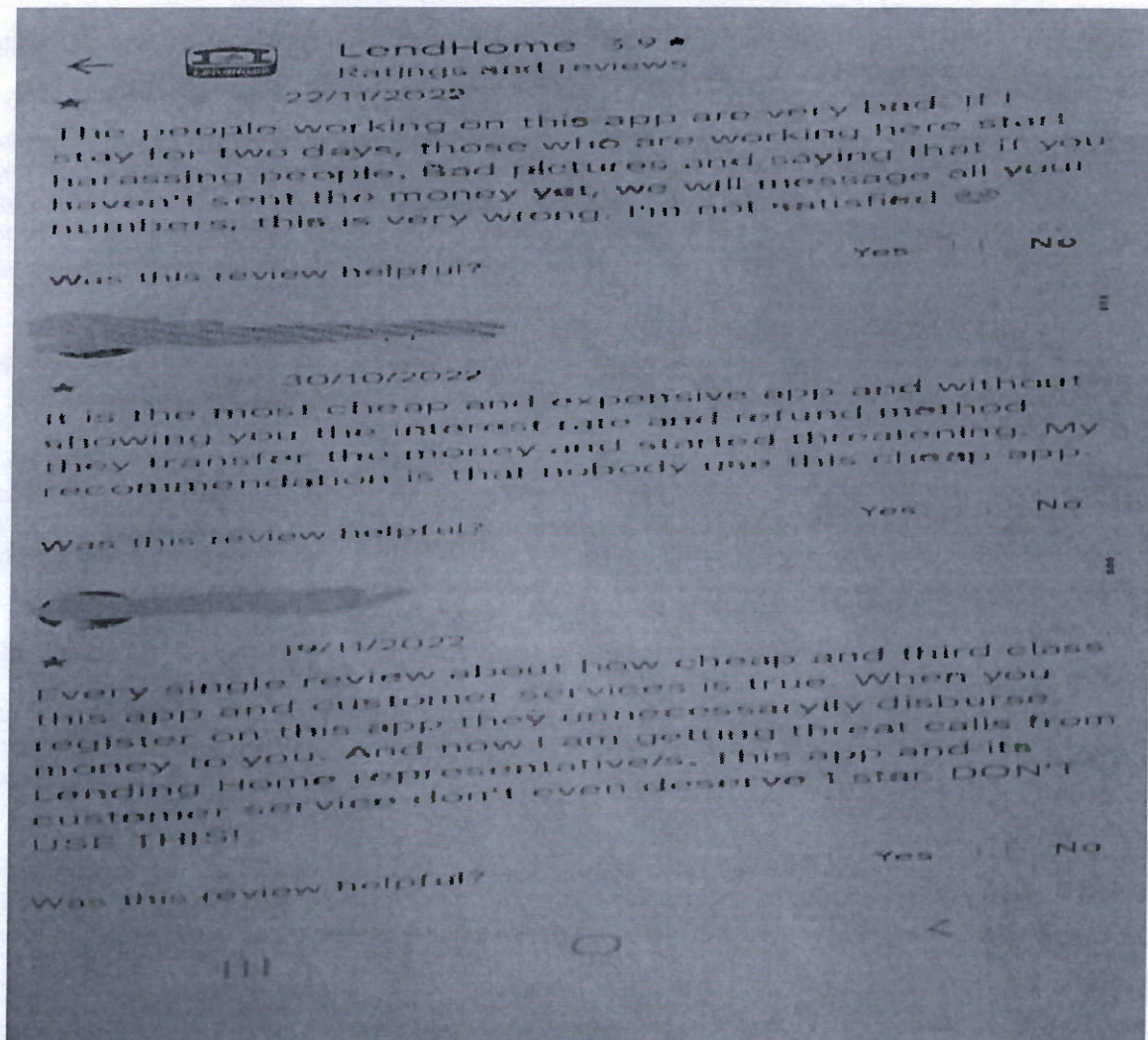
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transactions were conducted with individuals who were maintaining accounts in different banks, Easy-paisa and Jazz-cash.

(v) While the Company was authorized to undertake sports-related activities as per its MOA, the transaction patterns observed in the reported bank account and linkage with the app "LendHome" suggest that the directors of the Company were engaged in unauthorized activities i.e., extending loans without having license. Furthermore, as per the Investigation Report, online reviews of the aforementioned app posted by the general public indicated that after disbursing loans, the directors of the Company managed to recover full amount of loans extended along with interest payments thereon, even before their due dates through blackmailing/threatening the public/borrowers about their confidential/private data.

(vi) The investigation team obtained complaints data regarding the Company's alleged illegal activities from the relevant department of the Commission. Analysis of these complaints, along with statements recorded from both the complainants and counterparties to the Company's bank account, revealed that the Company was engaged in providing small-denomination loans to the public at large through a mobile application named "LendHome" (available on Google Play Store). The loan terms required repayment within seven days, including interest payments. Notably, through the loan application, the Company also gained access to the client/customers' private data such as pictures and phone book records. The Company allegedly used this sensitive information to blackmail borrowers into repaying the loan amounts. Some of the screenshots are given as under:



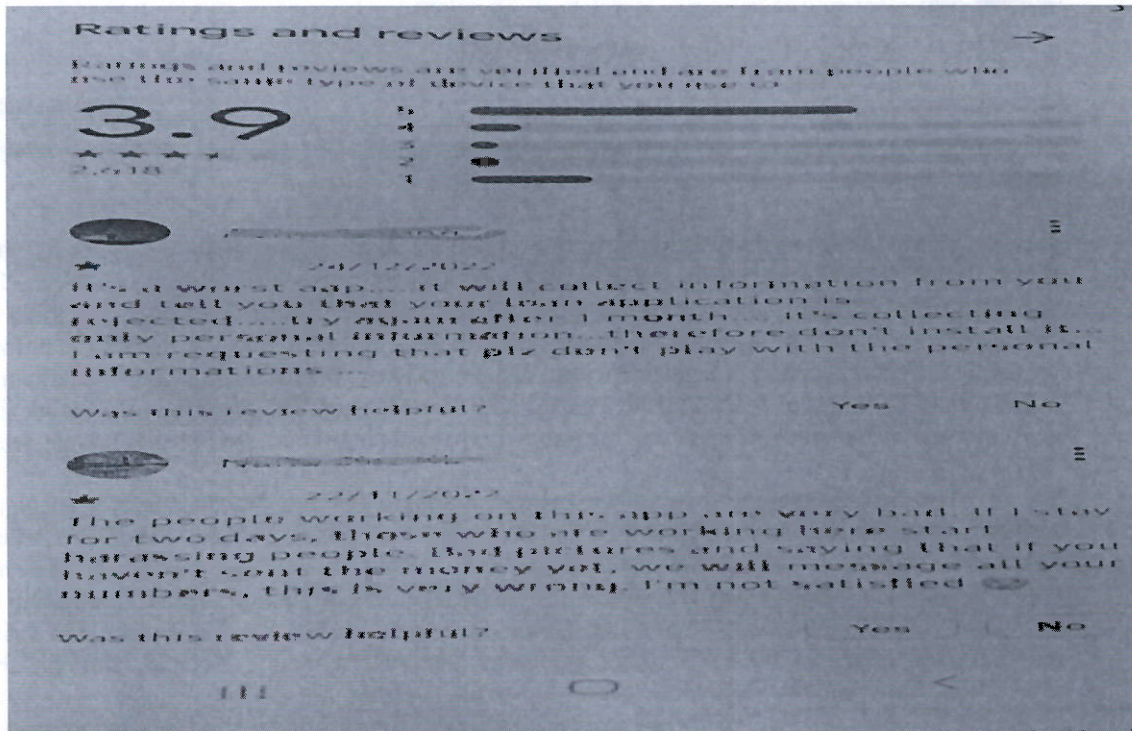
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(vii) Ms. Rabia Naveed appeared before the Investigation Team on May 25, 2023 and her statement is summarized below:

*"...that she is a freelancer and one of her references who was working in China contacted her and told her that Mr. Zhu Bei required someone for work. She was then interviewed via WhatsApp and was provided a salary of Rs. 50,000/- for five months. She further stated that she is currently working for Kqumps Beijing Jixiangtiandi Science and Technology and is drawing a salary of Rs. 25,000. She further told the team that Mr. Zhu Bei had removed her from We Chat app and other communication platforms after receiving notices from FIA and SECP.*

*With respect to query regarding receipt of money in her personal bank account, she stated that these funds were received from her employer, freelance projects and remittances from her brother..."*

(viii) Lending activities and offering Nano-loans to the general public is a licensed activity for which a license must be obtained from the SBP as a banking company or the Commission as a Non-Banking Finance Company (NBFC). The incorporation of an NBFC is governed by section 282C of the Companies Ordinance, 1984, which provides that an NBFC shall not carry on business unless it holds a license issued in that behalf. Relevant provisions are reproduced below for ready reference:

**"282C. Incorporation of NBFC. - (1) A NBFC shall not be incorporated without prior approval of the Commission.**

**(2) Notwithstanding anything contained in any other provision of this Ordinance, a NBFC shall not carry on business unless it holds a license issued in that behalf by the Commission, and any such license may be issued subject to such conditions, [and payment of such fees] as the Commission may deem fit to impose."**

(ix) The Investigation team, after considering its findings, concluded that the Respondents were engaged in lending activities and offering Nano-loans to the general public, without obtaining a license from the SBP or the Commission. Additionally, the Company's involvement in such activities is in direct

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conflict with its MOA, which specifies that its principal business is providing sports training and organizing sports-related activities. Furthermore, the Investigation Report concluded that the Respondents have defrauded the general public by offering loans without requisite license and have threatened and blackmailed them for recovery of the outstanding amounts by accessing private/sensitive data from their phones.

12. In view of the foregoing and considering: (a) social media surveillance conducted by the Commission; (b) findings of the Investigation team; (c) use of a digital app i.e., LendHome for extending loans to the general public by the Company; and (d) non-submission of written response to the SCN by the Respondents coupled with non-attendance at the hearings, it is established that the Respondents were offering loans to the general public without having requisite license for this purpose in violation of section 26(2) of the Act read with clause 3 of the MOA of the Company, which attracts penal provisions as envisaged under sections 502 and 500 of the Act against the Company and its CEO/directors, respectively. The provisions of the law are produced hereunder:

**“500. Penalty for carrying on ultra vires business.** —If any business or part of business carried on or any transaction made, by a company is ultra vires of the company shall be an offence and every person who acted as a director or officer of the company and is responsible for carrying on such business shall be liable to a penalty of level 3 on the standard scale, and shall also be personally liable for the liabilities and obligations arising out of such business or transaction.

**502. Penalty where no specific penalty is provided.** —If a company or any other person contravenes or fails to comply with any provision of this Act or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, for which no punishment is provided elsewhere in this Act, the company and every officer of the company who is in default or such other person shall be liable to a penalty of level 3 on the standard scale.”

13. Moreover, in view of the foregoing and considering that the CEO/directors of the Company, in a letter dated November 05, 2022, through their legal counsel, acknowledged offering instant loans/microcredits to the general public through "LendHome" app without obtaining the license for lending activities, it is established that the CEO/directors of the Company have acted in violation of the Company's MOA and contrary to the public interest. Therefore, the CEO/ directors are subject to disqualification under section 172(1)(k)(o) of the Act, which stipulates that a director may be disqualified for up to five years if he/she refuses to comply with the requirements of the MOA or if such disqualification is expedient in the public interest. Relevant provisions of section 172(1) of the Act are reproduced below for reference:

**“Disqualification orders.** — (1) In any of the circumstances stated hereunder, the Commission may pass a disqualification order against a person to hold the office of a director of a company for a period up to five years beginning from the date of order—

(k) the company of which he is a director refuses to act according to the requirements of the memorandum or articles or the provisions of this Act or fail to carry out the directions of the Commission given in the exercise of powers under this Act; or

(o) that it is expedient in the public interest so to do.”

14. I, therefore, in exercise of the powers under sections 500 and 502 of the Act, delegated to the undersigned vide S.R.O No. 1546(I)/2019, hereby impose the following penalties on the Company and its CEO/directors for carrying on licensed activity without having license in violation of 26(2) of the Act. Further, considering the submissions made by Ms. Rabia Naveed before the Investigation Team, her shareholding in the Company (being 1% only) and her submission that she merely worked as an employee of the Company, as reported in the investigation report, minimum monetary penalty is being imposed on her.

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Imposed on	Amount (Rs.)	For Violation Under Section	Imposed under section
<b>M/s. Gateway Games (Private) Limited</b>	500,000	Section 26 of the Act.	502 of the Act
<b>Mr. Zhu Bei</b> Passport # EJ4557731 Chief Executive Officer and Director, M/s. Gateway Games (Private) Limited	450,000	Section 26 of the Act.	500 of the Act.
<b>Ms. Rabia Naveed</b> CNIC # 35201-3523872-8 Director, M/s. Gateway Games (Private) Limited	50,000	Section 26 of the Act.	500 of the Act.

15. Further I, in exercise of the powers under section 172 of the Act, delegated to the undersigned vide S.R.O. 129 (I)/2020 dated 24<sup>th</sup> February, 2020 hereby disqualify **Mr. Zhu Bei**, holding Passport No. EJ4557731, and **Ms. Rabia Naveed**, holding CNIC # 35201-3523872-8, from becoming a director/chief executive of any company for a **period of 5 years from the date of this Order** under clause (k) and (o) of Section 172(1) of the Act.

16. The Respondents are hereby directed to deposit the aforesaid penalty in the accounts of the Commission being maintained in the designated branches of MCB Bank Limited or United Bank Limited within 30 days of the receipt of this Order and furnish Original Deposit Challan to this office through courier and/or email at [adjudication.headoffice@secp.gov.pk](mailto:adjudication.headoffice@secp.gov.pk).

17. This order is being issued without prejudice to any other proceedings or action that the Commission or any other authority, bureau, agency or institution may initiate, in accordance with relevant provisions of law, against the Respondents and any other officer of the Company.

(Hammad Javed)

Additional Director / Head of Department  
Adjudication Department-II

**Announced: May 16 2025**