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TIANLI HOLDINGS GROUP LIMITED

天利控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 117)

DISCLOSEABLE TRANSACTION PURCHASE CONTRACT

PURCHASE CONTRACT

The Board is pleased to announce that on 24 January 2022, Anhui Eyang (an indirect wholly-owned subsidiary of the Company) entered into the Purchase Contract with Yodogawa, pursuant to which Anhui Eyang agreed to acquire from Yodogawa the Machineries at a total consideration of JPY564,100,000 (equivalent to approximately RMB31,420,000).

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the entering into of the Purchase Contract and the Acquisition contemplated thereunder constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

PURCHASE CONTRACT

On 24 January 2022, Anhui Eyang (an indirect wholly-owned subsidiary of the Company) entered into the Purchase Contract with Yodogawa, pursuant to which Anhui Eyang agreed to acquire from Yodogawa the Machineries at the Consideration.

Principal terms of the Purchase Contract are set out below:

Date: 24 January 2022

Parties:

1. Anhui Eyang (an indirect wholly-owned subsidiary of the Company); and
2. Yodogawa.

As at the date of this announcement and immediately before completion of the Acquisition, the ultimate beneficial owner of Yodogawa was Mr. Tsutomu Ogawa.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yodogawa and its ultimate beneficial owner are Independent Third Parties.

Subject Matter: Anhui Eyang agreed to acquire from Yodogawa the 15 sets of Machineries, subject to the terms and conditions contained in the Purchase Contract.

Consideration and payment: The Consideration of JPY564,100,000 (equivalent to approximately RMB31,420,000) shall be paid by Anhui Eyang to Yodogawa in the following manner:

- (i) an initial payment of JPY451,280,000, being 80% of the Consideration and payable within one month before shipment of the Machineries to Anhui Eyang; and
- (ii) a final payment of JPY112,820,000, being 20% of the Consideration and payable within three months after receipt of the Machineries by Anhui Eyang.

The Consideration was arrived at after arm's length negotiations between the parties to the Purchase Contract based on normal commercial terms, taking into account the prevailing market price of similar machineries. The Consideration will be satisfied by internal resources of the Group.

Shipment and Inspection: The Machineries shall be shipped to Anhui Eyang by the end of October 2022 and shall be inspected at the factory of Anhui Eyang in Anhui.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE CONTRACT

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacturing and sale of MLCC, and (ii) investment and financial services.

Yodogawa is a company incorporated in Japan with limited liability and is principally engaged in manufacturing and sale of precision equipment, provision of processing technology and development and production of fluorine materials and polymer materials.

The Machineries are intended to be used at the factory of Anhui Eyang in Anhui to increase our production capacity, to expand our existing product lines, and to improve its technological capabilities of the production facilities of the MLCC segment. After assessing the Consideration with reference to the prevailing market price of similar machineries, the Directors are of the view that it would be best to seize the opportunity to acquire the Machineries from Yodogawa pursuant to the Purchase Contract. The terms of the Purchase Contract have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Purchase Contract and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the entering into of the Purchase Contract and the Acquisition contemplated thereunder constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Machineries by Anhui Eyang from Yodogawa pursuant to the Purchase Contract
“Anhui Eyang”	Anhui Eyang Technology Development Co., Ltd.* (安徽宇陽科技發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Tianli Holdings Group Limited (天利控股集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 117)
“Consideration”	the total consideration payable for the Acquisition, being JPY564,100,000 (equivalent to approximately RMB31,420,000)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Machineries”	fifteen sets of machines acquired under the Purchase Contract
“MLCC”	multi-layer ceramic capacitors
“percentage ratios”	the percentage ratios as defined in Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Contract”	the purchase contract dated 24 January 2022 entered into between Anhui Eyang and Yodogawa in respect of the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Yodogawa”	Yodogawa Hu-tech Co., Ltd, a company incorporated in Japan with limited liability
%	per cent

* *Unofficial English translation denotes for identification purpose only*

For the purpose of this announcement, unless otherwise indicated, conversion of JPY into RMB is calculated at the approximate exchange rate of JPY1.00 to RMB0.0557. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

By order of the Board
Tianli Holdings Group Limited
Zhou Chunhua
Chairman

Hong Kong, 24 January 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zhou Chunhua (Chairman) and Mr. Pan Tong (Chief Executive Officer), and three independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. David Tsoi and Mr. Xu Xuechuan.