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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 TRANSACTIONS IN RELATION TO THE SUBSCRIPTION OF LIMITED PARTNER INTERESTS IN THREE NEW FUNDS

SUBSCRIPTION OF LIMITED PARTNER INTERESTS IN THREE NEW FUNDS

The Board is pleased to announce that on 14 March 2017 (after trading hours), Tianli Capital, an indirect wholly owned subsidiary of the Company, entered into the Subscription Agreements with each of the General Partners, respectively, pursuant to which Tianli Capital has agreed to subscribe for the limited partner interests with the capital commitment in the respective amounts of US\$9.8 million (equivalent to approximately HK\$76 million) in each of the three New Funds with distinct investment objectives and focuses as Junior Limited Partner. Closing under each of the three Subscription Agreements took place on 14 March 2017 (after trading hours).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the respective subscription of limited partner interests by the Company via Tianli Capital in each New Fund constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SUBSCRIPTION OF LIMITED PARTNER INTERESTS IN THREE NEW FUNDS

The Board is pleased to announce that on 14 March 2017 (after trading hours), Tianli Capital, an indirect wholly owned subsidiary of the Company, entered into the Subscription Agreements with each of the General Partners, respectively, pursuant to which Tianli Capital has agreed to subscribe for the limited partner interests with the capital commitment set forth below in each of the three New Funds with distinct investment objectives and focuses as Junior Limited Partner:

- (i) in Tianli Private Debt Capital in the amount of US\$9.8 million (equivalent to approximately HK\$76 million);
- (ii) in Tianli Real Estate Capital in the amount of US\$9.8 million (equivalent to approximately HK\$76 million); and
- (iii) in Tianli Special Situations Capital in the amount of US\$9.8 million (equivalent to approximately HK\$76 million).

Closing under each of the three Subscription Agreements took place on 14 March 2017 (after trading hours).

Under each Subscription Agreement, Tianli Capital has agreed to become a party to and to be bound by all the terms and provisions of, and comply with its obligation under the relevant Limited Partnership Agreement governing each New Fund as a Limited Partner and in connection therewith, Tianli Capital also entered into the Limited Partnership Agreements on 14 March 2017 with each of the General Partners to amend and restate the initial exempted limited partnership agreements constituting Tianli Private Debt Capital, Tianli Real Estate Capital and Tianli Special Situations Capital respectively.

THE SUBSCRIPTION AGREEMENTS

The principal terms of the Subscription Agreements are as follows:

The TPD Subscription Agreement

Date: 14 March 2017

- Parties:
- (1) TPD General Partner (as the general partner of Tianli Private Debt Capital and as attorney for each of the other Partners thereof)
 - (2) Tianli Capital (as the subscriber)

The TRE Subscription Agreement

Date: 14 March 2017

Parties: (1) TRE General Partner (as the general partner of Tianli Real Estate Capital and as attorney for each of the other Partners thereof)

(2) Tianli Capital (as the subscriber)

The TSS Subscription Agreement

Date: 14 March 2017

Parties: (1) TSS General Partner (as the general partner of Tianli Special Situations Capital and as attorney for each of the other Partners thereof)

(2) Tianli Capital (as the subscriber)

Each of TPD General Partner, TRE General Partner, TSS General Partner and Tianli Capital is a wholly owned subsidiary of the Company.

Capital commitment

Pursuant to each of the Subscription Agreements and each of the Limited Partnership Agreements, respectively, Tianli Capital (as Junior Limited Partner) has agreed to subscribe for the limited partner interests with the capital commitment set forth below in each of the New Funds:

- (i) US\$9.8 million (equivalent to approximately HK\$76 million) in Tianli Private Debt Capital, representing 5.6% of the Total Commitment of Tianli Private Debt Capital as at the date of this announcement;
- (ii) US\$9.8 million (equivalent to approximately HK\$76 million) in Tianli Real Estate Capital, representing 5.6% of the Total Commitment of Tianli Real Estate Capital as at the date of this announcement; and
- (iii) US\$9.8 million (equivalent to approximately HK\$76 million) in Tianli Special Situations Capital, representing 5.6% of the Total Commitment of Tianli Special Situations Capital as at the date of this announcement.

Tianli Capital should fund the respective capital contributions when it receives drawdown notice from each of the General Partners respectively, until the total capital commitment made by Tianli Capital is fully paid.

The capital contributions payable by Tianli Capital pursuant to each of the Subscription Agreements was determined after arm's length negotiations between Tianli Capital and each of the General Partners respectively with reference to the respective amounts for the limited partner interests in each New Fund each party would subscribe for.

The Company intends to fund the abovementioned capital contributions from its internal resource.

Closing

Closing under each of the three Subscription Agreements took place on 14 March 2017 (after trading hours).

Immediately after Closing, Tianli Capital as Junior Limited Partner holds approximately 5.6% of the Total Commitment of each of the New Funds respectively.

INFORMATION ON THE NEW FUNDS

Tianli Private Debt Capital

Tianli Private Debt Capital is a Cayman Islands exempted limited partnership established by TPD General Partner as the general partner and Tianli Capital as the Initial Limited Partner, both are indirect wholly owned subsidiaries of the Company, on 8 March 2017, and is governed by the TPD Limited Partnership Agreement. Tianli Private Debt Capital seeks to make investments predominantly across a wide range of private debt instruments globally. As at the date of this announcement, the amount of Total Commitment of Tianli Private Debt Capital is US\$175 million (equivalent to approximately HK\$1,358 million).

Tianli Real Estate Capital

Tianli Real Estate Capital is a Cayman Islands exempted limited partnership established by TRE General Partner as the general partner and Tianli Capital as the Initial Limited Partner, both are indirect wholly owned subsidiaries of the Company, on 8 March 2017, and is governed by the TRE Limited Partnership Agreement. Tianli Real Estate Capital seeks to make investments predominantly in the real estate related sector and distressed assets globally. As at the date of this announcement, the amount of Total Commitment of Tianli Real Estate Capital is US\$175 million (equivalent to approximately HK\$1,358 million).

Tianli Special Situations Capital

Tianli Special Situations Capital is a Cayman Islands exempted limited partnership established by TSS General Partner as the general partner and Tianli Capital as the Initial Limited Partner, both are indirect wholly owned subsidiaries of the Company, on 8 March 2017, and is governed by the TSS Limited Partnership Agreement. Tianli Special Situations Capital seeks to make investments predominantly in global merger and acquisition, private equity or other corporate finance related transactions. As at the date of this announcement, the amount of Total Commitment of Tianli Special Situations Capital is US\$175 million (equivalent to approximately HK\$1,358 million).

Business and management of the New Funds

As at the date of this announcement, each of the New Funds has no business activity nor investment.

The business of each of the New Funds is carried on and managed by each of the General Partners respectively with the assistance of, among others, the Advisor.

Financial information of the New Funds

As each of the New Funds is a newly established partnership, it does not have any investments, assets or liabilities, and has not recorded any income or expenses.

Classes of limited partner interests and capital contributions

In respect of each New Fund, there are two classes of limited partner interests as follows:

- (a) Senior Limited Partners; and
- (b) Junior Limited Partners.

The respective General Partners shall ensure that the Commitments of Senior Limited Partners will constitute 80% of the Total Commitments and the Commitments of Junior Limited Partners will constitute 20% of the Total Commitments of the related New Fund.

Termination

Tianli Private Debt Capital will be wound up upon the fifth anniversary of the Initial Closing Date, as extended for an additional three years upon recommendation of the TPD General Partner with the unanimous approval of the Investment Committee and, thereafter, for an additional one year upon recommendation of the TPD General Partner with the unanimous approval of the Investment Committee, or other specific termination events stipulated in the TPD Limited Partnership Agreement occurred.

Tianli Real Estate Capital will be wound up upon the seventh anniversary of the Initial Closing Date, as extended for an additional two years upon recommendation of the TRE General Partner with the unanimous approval of the Investment Committee, or other specific termination events stipulated in the TRE Limited Partnership Agreement occurred.

Tianli Special Situations Capital will be wound up upon the seventh anniversary of the Initial Closing Date, as extended for an additional two years upon recommendation of the TSS General Partner with the unanimous approval of the Investment Committee and, thereafter, for an additional one year upon recommendation of the TSS General Partner with the unanimous approval of the Investment Committee, or other specific termination events stipulated in the TSS Limited Partnership Agreement occurred.

Closing

The respective Initial Closing Dates of the New Funds are on 14 March 2017 (after trading hours). Subject to the terms and restrictions of the respective Limited Partnership Agreements, the respective General Partners may from time to time admit one or more additional Limited Partners and permit one or more Limited Partners to increase their Commitment during the period commencing on and including the Initial Closing Date to and including such date no later than 12 months from the Initial Closing Date, provided however that such period may be extended for up to one additional year in accordance with the relevant terms of the respective Limited Partnership Agreement.

Distributions

The investment proceeds attributable to the investment shall be distributed in the following order of priority:

- (a) first, 100% to each Senior Limited Partner until each such Senior Limited Partner has been allocated such distributable amount and all prior distributions equal in aggregate to 100% of capital contributions by each such Senior Limited Partner at the time of distribution;
- (b) second, 100% to each Senior Limited Partner until each such Senior Limited Partner has been allocated such distributable amount and all prior distributions in excess of its capital contributions equal to an internal rate of return on all of its capital contributions of 8% per annum at time of distribution;
- (c) third, 100% to each Junior Limited Partner until each such Junior Limited Partner has been allocated such distributable amount and all prior distributions equal in aggregate to 100% of capital contributions by each such Junior Limited Partner at the time of distribution;
- (d) fourth, 100% to each Junior Limited Partner until each such Junior Limited Partner has been allocated such distributable amount and all prior distributions in excess of its capital contributions equal to an internal rate of return on all of its capital contributions of 8% per annum at time of distribution;
- (e) simultaneously thereafter, 16% to the Senior Limited Partners and 84% to the Junior Limited Partners.

Transfer of limited partner interests

A Limited Partner may not transfer all or any part of its limited partner interest in the related New Fund without the prior written consent of the General Partner or create an encumbrance over its limited partner interest unless the holder of the encumbrance undertakes to the other Partners not to transfer any limited partner interest other than in accordance with the related Limited Partnership Agreement.

INFORMATION ON THE COMPANY AND THE COUNTERPARTIES TO THE SUBSCRIPTION AGREEMENTS

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of multi-layer ceramic chips, conducting financial investment, provision of financial services and trading of metals, minerals, petroleum and other products. A wholly owned subsidiary of the Company namely Tianli Financial Limited holds Type 4 (advising on securities) and Type 9 (asset management) licenses granted by the SFC.

TPD General Partner

TPD General Partner is a company incorporated in the Cayman Islands with limited liability and is an indirect wholly owned subsidiary of the Company. TPD General Partner is the general partner of Tianli Private Debt Capital and is principally engaged in managing the business of Tianli Private Debt Capital with the assistance of, among others, the Advisor.

TRE General Partner

TRE General Partner is a company incorporated in the Cayman Islands with limited liability and is an indirect wholly owned subsidiary of the Company. TRE General Partner is the general partner of Tianli Real Estate Capital and is principally engaged in managing the business of Tianli Real Estate Capital with the assistance of, among others, the Advisor.

TSS General Partner

TSS General Partner is a company incorporated in the Cayman Islands with limited liability and is an indirect wholly owned subsidiary of the Company. TSS General Partner is the general partner of Tianli Special Situations Capital and is principally engaged in managing the business of Tianli Special Situations Capital with the assistance of, among others, the Advisor.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF LIMITED PARTNER INTERESTS IN THE NEW FUNDS

One of the business segments of the Group is financial investment and provision of financial services. Within the financial investment and financial services segment, it is the plan of the Company to focus on asset management and the Company has been strategically and progressively expanding its exposure in such segment by establishing and taking part in different funds with distinct investment objectives. The three New Funds with distinct investment objectives across diversified markets, strategies and securities types, will continue the Company's development and strategic expansion and to capitalize on the business opportunities in the respective markets covering real estate, distressed assets, merger and acquisition, private equity and other corporate finance related transactions, and private debt instruments on a global scale. The Company believes that the investment into each of the New Funds signifies the alignment of interests with investors and more importantly, each of the New Funds will allow the Company to sponsor and launch various specific products and project funds in the future as the Company continues to build, expand and strengthen the asset management business.

On the above grounds, the Directors consider that the terms of each of the Subscription Agreements are fair and reasonable and on normal commercial terms, and the arrangement under each of the Subscription Agreements are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the respective subscription of limited partner interests by the Company via Tianli Capital in each New Fund constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Advisor”	Tianli Financial Limited 天利金融有限公司, a company incorporated in Hong Kong with limited liability which is indirectly wholly owned by the Company
“Board”	board of Directors
“Closing”	means the acceptance by the respective General Partners of Tianli Capital’s subscription under the Subscription Agreements and where Tianli Capital is admitted as a Limited Partner of each New Fund
“Commitment”	with respect to each limited partner of each New Fund, the amount of capital that Limited Partner has committed to contribute to the respective New Fund(s) from time to time
“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 issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 117)
“Director(s)”	director(s) of the Company
“General Partners”	collectively means TPD General Partner, TRE General Partner and TSS General Partner or such other person who may be appointed as general partner of the respective New Funds in accordance with the related Limited Partnership Agreement and the Exempted Limited Partnership Law of the Cayman Islands, and “General Partner” means any of them
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Closing Date”	14 March 2017
“Initial Limited Partner”	Tianli Capital

“Investment Committee”	in respect of each New Fund, an investment committee comprising the prescribed number of members in accordance with the terms of the respective Limited Partnership Agreement selected and appointed by the respective General Partner in its sole discretion
“Junior Limited Partner”	in respect of each New Fund, a limited partner designated as such by the General Partner of such New Fund when it is admitted to a New Fund, which shall include, for the avoidance of doubt, any member of the Group or any affiliates of the General Partners of such New Funds which are admitted as Limited Partners
“Limited Partner(s)”	in respect of each New Fund, each person admitted as a limited partner in such New Fund, in each case for so long as they do not cease to be a limited partner of such New Fund in accordance with the related Limited Partnership Agreement
“Limited Partnership Agreements”	collectively means the TPD Limited Partnership Agreement, TRE Limited Partnership Agreement and TSS Limited Partnership Agreement, and “Limited Partnership Agreement” means any of them
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Funds”	collectively means Tianli Private Debt Capital, Tianli Real Estate Capital and Tianli Special Situations Capital, and “New Fund” means any of them
“Partner”	in respect of each New Fund, the General Partner or a Limited Partner
“PRC” or “China”	the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Senior Limited Partner”	in respect of each New Fund, a limited partner designated as such by the General Partner when it is admitted to such New Fund
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreements”	collectively means the TPD Subscription Agreement, the TRE Subscription Agreement and the TSS Subscription Agreement, and “Subscription Agreement” means any of them
“Tianli Capital”	Tianli Capital Limited, a company incorporated in the Cayman Islands with limited liability which is indirectly wholly owned by the Company
“Tianli Private Debt Capital”	Tianli Private Debt Capital L.P., a Cayman Islands exempted limited partnership, established by the TPD General Partner and the Initial Limited Partner and governed by the TPD Limited Partnership Agreement
“Tianli Real Estate Capital”	Tianli Real Estate Capital L.P., a Cayman Islands exempted limited partnership, established by the TRE General Partner and the Initial Limited Partner and governed by the TRE Limited Partnership Agreement
“Tianli Special Situations Capital”	Tianli Special Situations Capital L.P., a Cayman Islands exempted limited partnership, established by the TSS General Partner and the Initial Limited Partner and governed by the TSS Limited Partnership Agreement
“TPD General Partner”	TPD Investment or such other person who may be appointed as general partner of Tianli Private Debt Capital in accordance with the TPD Limited Partnership Agreement and the Exempted Limited Partnership Law of the Cayman Islands
“TPD Investment”	Tianli Private Debt Investment Partners Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly owned subsidiary of the Company
“TPD Limited Partnership Agreement”	the initial exempted limited partnership agreement dated 8 March 2017 entered into between the TPD General Partner and the Initial Limited Partner to govern their relationship and provided for (among others) the manner of operation and management of Tianli Private Debt Capital and amended and restated by an amended and restated exempted limited partnership agreement dated 14 March 2017
“TPD Subscription Agreement”	the subscription agreement dated 14 March 2017 entered into between the TPD General Partner and Tianli Capital in respect of the subscription of limited partner interests in Tianli Private Debt Capital by Tianli Capital

“TRE General Partner”	TRE Investment or such other person who may be appointed as general partner of Tianli Real Estate Capital in accordance with the TRE Limited Partnership Agreement and the Exempted Limited Partnership Law of the Cayman Islands
“TRE Investment”	Tianli Real Estate Investment Partners Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly owned subsidiary of the Company
“TRE Limited Partnership Agreement”	the initial exempted limited partnership agreement dated 8 March 2017 entered into between the TRE General Partner and the Initial Limited Partner to govern their relationship and provided for (among others) the manner of operation and management of Tianli Real Estate Capital and amended and restated by an amended and restated exempted limited partnership agreement dated 14 March 2017
“TRE Subscription Agreement”	the subscription agreement dated 14 March 2017 entered into between the TRE General Partner and Tianli Capital in respect of the subscription of limited partner interests in Tianli Real Estate Capital by Tianli Capital
“TSS General Partner”	TSS Investment or such other person who may be appointed as general partner of Tianli Special Situations Capital in accordance with the TSS Limited Partnership Agreement and the Exempted Limited Partnership Law of the Cayman Islands
“TSS Investment”	Tianli Special Situations Investment Partners Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly owned subsidiary of the Company
“TSS Limited Partnership Agreement”	the initial exempted limited partnership agreement dated 8 March 2017 entered into between the TSS General Partner and the Initial Limited Partner to govern their relationship and provided for (among others) the manner of operation and management of Tianli Special Situations Capital and amended and restated by an amended and restated exempted limited partnership agreement dated 14 March 2017
“TSS Subscription Agreement”	the subscription agreement dated 14 March 2017 entered into between the TSS General Partner and Tianli Capital in respect of the subscription of limited partner interests in Tianli Special Situations Capital by Tianli Capital

“Total Commitment”	at a time, the aggregate amount of the Commitments of all the limited partners of a New Fund or all the relevant limited partners (as applicable), at that time
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Tianli Holdings Group Limited
Huang Mingxiang
Executive Director, Chairman and CEO

Hong Kong, 14 March 2017

For the purposes of illustration only, any amount denominated in US\$ in this announcement is translated into HK\$ at the rate of US\$1 = HK\$7.76. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the Board comprises six Executive Directors, namely, Mr. Huang Mingxiang, Mr. Jing Wenping, Mr. Kwok Oi Lung Roy, Mr. Xue Hongjian, Mr. Zhou Chunhua and Mr. Zhu Xiaodong; one Non-executive Director, namely, Mr. Sue Ka Lok and four Independent Non-executive Directors, namely Mr. Chan Chi On, Derek, Mr. Chu Kin Wang, Peleus, Mr. To Yan Ming, Edmond and Mr. Xu Xuechuan.