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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: PROVISION OF BRIDGE LOAN

THE FACILITY AGREEMENT

The Board announces that on 13 July 2017 (after trading hours), Glory Legacy Holdings Limited, an indirect wholly-owned subsidiary of the Company, as the Lender entered into the Facility Agreement with the Borrower, pursuant to which the Lender has agreed to provide the Bridge Loan in the amount of USD11,650,000 to the Borrower, bearing an interest rate of 18% per annum for the purpose of financing the Acquisition by the Borrower. The Bridge Loan shall be repaid on the Repayment Date.

LISTING RULES IMPLICATION

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Bridge Loan exceed 5% but are less than 25%, the entering into of the Facility Agreement and the provision of the Bridge Loan constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE FACILITY AGREEMENT

Date

13 July 2017

Parties to the Facility Agreement

- (a) the Lender; and
- (b) the Borrower.

Amount of the Bridge Loan

The Bridge Loan is in the principal amount of USD11,650,000.

Term

The Bridge Loan shall be repaid in full on the Repayment Date.

Interest rate

The rate of interest on the Bridge Loan for each Interest Period from the Utilization Date to the Repayment Date is 18% per annum. For the avoidance of doubt, (i) the First Interest Payment prepaid in accordance with the Facility Agreement is not refundable to the Borrower under all circumstances, (ii) in the event of any repayment of the Bridge Loan during the period between 46th to 60th calendar days commencing from the Utilisation Date, interest accrued on the Bridge Loan for the foregoing mentioned period shall not be calculated on a pro rata or daily basis but calculated on the basis of 60 calendar days and payable by the Borrower to the Lender after deduction of the First Interest Payment, and (iii) in the event of any repayment of the Bridge Loan during the period between 61th to 90th calendar days commencing from the Utilisation Date, interest accrued on the Bridge Loan for the foregoing mentioned period shall not be calculated on a pro rata or daily basis but calculated on the basis of 90 calendar days and payable by the Borrower to the Lender after deduction of the First Interest Payment.

A default interest rate of 5% per annum higher than the Interest Rate on the overdue amount under the Facility Agreement from the due date up to the date of actual payment shall be payable by the Borrower.

The Interest Rate and the default interest rate were determined after arm's length negotiation between the parties taking into account the prevailing market interest rates and practices.

Use of the loan amount

The Borrower shall apply all amounts borrowed by it under the Bridge Loan for the sole purpose of the Acquisition.

Conditions Precedent

The Bridge Loan will be made available for utilisation to the Borrower upon the Lender having received all the documents and evidence in form and substance satisfactory to the Lender as more particularly set out in the Facility Agreement, including without limitation, the following:

- (a) the originals of the Escrow Agreement duly signed by all parties thereto;
- (b) evidence that an amount representing the interest for the first 45 calendar days commencing from the Utilisation Date has been duly paid to the Lender; and
- (c) other customary conditions precedent for this type of transaction (including but not limited to those relating to accuracy of warranties, necessary approvals having been obtained).

Repayment

The Borrower shall repay the Bridge Loan on the Repayment Date, together with all unpaid interest accrued thereon and any other amounts due but unpaid under the Facility Agreement in full.

Prepayment

The Borrower may voluntarily prepay the whole or any part of a Loan borrowed by it with the prior written consent from the Lender.

Escrow arrangement

On the Utilisation Date, the Bridge Loan will be deposited into the Escrow Account. The Escrow Funds will be released by the Escrow Agent only upon receipt of the sole written instruction signed by the authorized signatory of the Lender who is the sole authorized person to give direction and instruction to the Escrow Agent to operate the Escrow Account in accordance with the Escrow Agreement. Additionally, pursuant to the terms of the Facility Agreement, before the release of Escrow Funds (i) the Lender must be satisfied of the outcome of due diligence conducted against the Borrower in all aspects (including without limitation, legal, operation, financial or otherwise); and (ii) the Lender must have obtained all requisite internal approvals and authorizations for such release.

In the event that there is no written instruction received by the Escrow Agent at the expiry of 90 calendar days commencing from the Utilisation Date, the Escrow Funds shall be refunded in full to the Lender within two Business Days thereafter.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Borrower, the Escrow Agent and their respective ultimate beneficial owners are third parties independent of the Company and its connected person(s) (as defined in the Listing Rules).

SOURCE OF FUNDING

The Bridge Loan will be financed by internal resources available to the Group.

INFORMATION ON 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.

INFORMATION ON THE BORROWER

The Borrower is a corporation incorporated in Canada and is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms of the Facility Agreement were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices.

The Bridge Loan will provide interest income to the Company. The Directors consider that the provision of the Bridge Loan will result in a reasonable income and interest return to the Group. The Directors believe that the terms of the Bridge Loan are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

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DEFINITIONS

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

“Acquisition”	the contemplated acquisition of all of the issued and outstanding voting shares of the Target Company by the Borrower
“Board”	the board of Directors
“Borrower”	a corporation incorporated in Canada
“Bridge Loan”	the bridge loan in the principal amount of USD11,650,000 under the Facility Agreement
“Business Day”	means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Escrow Funds”	the Bridge Loan and any interest, if any, earned on the Bridge Loan deposited with the Escrow Account from time to time in accordance with the Escrow Agreement

“Escrow Account”	a bank account for holding the Escrow Funds which is operated and maintained by the Escrow Agent in accordance with the Escrow Agreement
“Escrow Agent”	Gowling WLG (Canada) LLP, a limited liability partnership established under the laws of Canada which is appointed by the Lender and the Borrower for the purpose of operating and maintaining the Escrow Account
“Escrow Agreement”	the escrow agreement dated 13 July 2017 entered into between the Lender, Escrow Agent and the Borrower
“Facility Agreement”	the Facility Agreement dated 13 July 2017 entered into between the Lender and the Borrower in relation to the Bridge Loan
“First Interest Payment”	the interest accrued on the Bridge Loan for the first 45 calendar days commencing from the Utilisation Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest Period”	an Interest Period shall be 30 calendar days and shall start on the Utilisation Date or on the day immediately after the last day of its preceding Interest Period or otherwise stipulated in the Facility Agreement
“Interest Rate”	the interest rate of the Bridge Loan, namely 18% per annum
“Lender”	Glory Legacy Holdings Limited, a company incorporated in British Virgin Islands and is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Repayment Date”	90 calendar days commencing from the Utilisation Date
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a corporation incorporated in Canada
“USD”	US dollars, the lawful currency of the United States of America

“Utilisation Date” means the date on which the Bridge Loan is to be made

“%” per cent

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

Hong Kong, 13 July 2017

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.