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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)

INSIDE INFORMATION AND RESUMPTION OF TRADING

This announcement is made by Tianli Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

On 24 May 2019, the board (the “**Board**”) of directors (the “**Directors**”) of the Company became aware of the following incidents (the “**Incidents**”) involving actions taken by the subsidiaries of the Company without the prior approval of the Board and in breach of the Group’s internal control policies:

A. Entrusted finance lease agreement

On 22 May 2019, Shenzhen Eyang Technology Development Co., Ltd.* (深圳市宇陽科技發展有限公司) (“**SZ Eyang**”), a wholly owned subsidiary of the Company signed a entrusted finance lease agreement to provide entrusted finance to a third party company which is not a connected person of the Company within the meaning of the Listing Rules for the amount of RMB100 million (the “**Entrusted Finance**”). The sum of RMB100 million had been advanced by SZ Eyang.

B. Subscription of equity interest

On 24 May 2019, Hong Kong Eyang Holdings (Group) Co., Limited (“**Hong Kong Eyang**”) passed resolutions to authorize SZ Eyang to subscribe for 45% equity interest in a third party company (the “**Issuing Company**”) which is not a connected person of the Company within the meaning of the Listing Rules for the consideration of RMB90 million (the “**Subscription**”). SZ Eyang had paid out the sum of RMB90 million pursuant to the Subscription.

Following an investigation by the Board, it was found out that the decisions for signing the agreements for the Entrusted Finance and the Subscription were made by the management of Hong Kong Eyang and SZ Eyang alone, who failed to adhere to the internal control policies adopted by the Group and sought approval from the Board prior to signing such agreements. The Board became aware of the Incidents when the management of SZ Eyang sent the relevant board resolutions and documents to the Company on 24 May 2019.

Pursuant to an acknowledgement letter dated 26 May 2019, SZ Eyang and the other parties to the Entrusted Finance acknowledged that as the Entrusted Finance had not been approved by the Board, it therefore had not come into effect in the first place and would not come into effect. On 27 May 2019, the parties to the Entrusted Finance refunded to SZ Eyang the full amount of the Entrusted Finance.

Pursuant to an acknowledgement letter dated 26 May 2019, SZ Eyang and the other parties to the agreement for the Subscription also acknowledged that as the Subscription had not been approved by the Board, it therefore had not come into effect in the first place and would not come into effect. On 27 May 2019, the Issuing Company also refunded to SZ Eyang the full amount of the consideration of the Subscription.

IMPACT ON THE GROUP

As the full amounts of the Entrusted Finance and the Subscription consideration have been refunded to SZ Eyang, the Group has not suffered any financial losses from the Incidents. There is also no impact on the operation of the Group.

FORMATION OF A REVIEW COMMITTEE

The Board will establish a review committee to be chaired by Mr. Chu Kin Wang, Peleus, independent non-executive Director and to consist of Mr. Zhou Chunhua (Chairman of the Board), Mr. To Yan Ming, Edmond, Mr. David Tsoi and Mr. Xu Xuechuan (all being independent non-executive Directors) as members to fully review the internal control policies of the Group and their implementation in members of the Group and to devise measures to make sure that they are adhered to by all levels of the management. The scope of the review will also include investigation and review as to whether there are incidents similar to the Incidents which took place and have not been discovered by the Company previously (the “**Similar Incidents**”). The Company will publish an announcement on whether there are findings of Similar Incidents as soon as practicable.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 27 May 2019 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 28 May 2019.

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

Hong Kong, 27 May 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhou Chunhua (Chairman), Mr. Pan Tong (Chief Executive Officer), Mr. Jing Wenping and Mr. Chou, Benjamin Bang Yi; and four independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. To Yan Ming, Edmond, Mr. David Tsoi and Mr. Xu Xuechuan.

* *for identification purposes only*