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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)

UPDATE ON INSIDE INFORMATION

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 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).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 27 May 2019, regarding among others, the Entrusted Finance and the Subscription which were conducted by the Company’s subsidiaries in relation to the manufacturing and sale of multi-layer ceramic chips (“**MLCC**”) business without the prior approval of the board (the “**Board**”) of directors (the “**Directors**”) of the Company (the “**Incidents**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company would like to update the shareholders (the “**Shareholders**”) and potential investors of the Company that investigation and review have been performed to ascertain whether there are incidents similar to the Incidents which took place and have not been discovered by the Company previously (“**Similar Incidents**”).

INTERNAL CONTROL

The Board had established a review committee (the “**Review Committee**”) to review, among others, the internal control policies of the Group and their implementation (the “**Review**”) to ascertain whether there are Similar Incidents between 1 January 2019 and 31 May 2019 (the “**Investigation Period**”). The Review Committee consists of all independent non-executive Directors and Mr. Zhou Chunhua (executive Director and Chairman of the Board) and is chaired by Mr. Chu Kin Wang, Peleus (independent non-executive Director).

To assist the Review Committee in conducting the Review, the Company engaged an independent internal control consultant (the “**Internal Control Consultant**”) to perform a review of internal controls relating to the contract management of the Company (the “**Internal Control Review**”). The objective of the Internal Control Review includes, but without limitation, the following:

- (a) to assist the management of the Company (the “**Management**”) to assess the internal controls over contract management, including the contract review, approval, signing and execution processes and the performance thereof;
- (b) to confirm whether the key contracts signed during the Investigation Period by the Company and its selected subsidiaries followed the internal control policies as set out by the Management;
- (c) to identify any improvement area to the contract management process of the Group; and
- (d) to assess the remediation actions taken by the Management in response to the Incidents, including but not limited to steps taken by the Management to protect the Shareholders and preventive measures in place to reduce the chances of occurrence of any Similar Incidents.

FINDINGS

Having considered the Internal Control Consultant’s report on the Internal Control Review, the Review Committee does not find any Similar Incidents during the Investigation Period which are discloseable under Chapter 14 and Chapter 14A of the Listing Rules.

However, as disclosed in the announcement of the Company dated 29 August 2019 regarding the Group's unaudited interim results for the six months ended 30 June 2019, since the beginning of July and until mid-August 2019, the management of the Group's production plant in Dongguan, the People's Republic of China under the MLCC segment had received a substantial number of staff resignation requests, which had disrupted production at the Dongguan plant. As at the date of this announcement, the management of the Group are still taking actions to stabilise the situation and investigate the matter. The management of the Group may engage other advisors and service providers to assist on the investigation. In the meantime, the Company will continue to (i) review and monitor the adequacy and effectiveness of the Group's internal control system; (ii) strengthen and enhance such system; and (iii) strictly comply with its obligations in accordance with the Listing Rules.

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

Hong Kong, 10 September 2019

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