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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
FORMATION OF JOINT VENTURE FOR ESTABLISHMENT
OF LIMITED PARTNERSHIP**

The Board is pleased to announce that on 15 January 2020 (after trading hours), Shenzhen Tiannong (an indirect wholly-owned subsidiary of the Company) entered into the JV Agreement with Shandong Tongjia and Qingdao Qijia, both being Independent Third Parties, for the purpose of the establishment of the JV Company and the Limited Partnership in the PRC.

According to the JV Agreement, Shenzhen Tiannong and Shandong Tongjia are to each subscribe RMB2 million for their respective 40% equity interest and Qingdao Qijia, a limited partnership established by the management of the JV Company, is to subscribe RMB1 million for the remaining 20% equity interest in the JV Company.

After its establishment, the JV Company will establish the Limited Partnership with total committed capital of RMB1.001 billion for investment in the urban renewal, urban development and infrastructure etc. related areas. It is intended that the JV Company will enter into the Limited Partnership Agreement with Shandong Tongjia, Tianming Investment Consulting (an indirect wholly-owned subsidiary of the Company) and Ningxia Tiancheng Xinyuan (an Independent Third Party), pursuant to which Shandong Tongjia shall commit to contribute RMB700 million as Limited Partner, Tianming Investment Consulting shall commit to contribute RMB60 million as Limited Partner, Ningxia Tiancheng Xinyuan shall commit to contribute RMB240 million as Limited Partner and the JV Company shall commit to contribute RMB1 million as General Partner to the Limited Partnership.

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the total commitment of the Group in the JV Company and the Limited Partnership exceed 5% but are less than 25%, the entering into of the JV Agreement and the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE JV AGREEMENT

On 15 January 2020 (after trading hours), Shenzhen Tiannong entered into the JV Agreement with Shandong Tongjia and Qingdao Qijia for the purpose of the establishment of the JV Company and the Limited Partnership in the PRC.

Details of the JV Agreement are set out below:

Date : 15 January 2020

Parties : (1) Shenzhen Tiannong (an indirect wholly-owned subsidiary of the Company)

(2) Shandong Tongjia

(3) Qingdao Qijia

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Shandong Tongjia and Qingdao Qijia and their ultimate beneficial owners are Independent Third Parties.

Proposed name of the JV Company : Qingdao Huitian Investment Management Company Limited* (青島滙天投資管理有限公司)

Registered capital of the JV Company	:	RMB5 million
Capital contribution	:	<p>(1) Shenzhen Tiannong shall contribute RMB2 million, representing 40% of the total registered capital of the JV Company.</p> <p>(2) Shandong Tongjia shall contribute RMB2 million, representing 40% of the total registered capital of the JV Company.</p> <p>(3) Qingdao Qijia shall contribute RMB1 million, representing 20% of the total registered capital of the JV Company.</p>
Purpose of the JV Company	:	The JV Company will directly or indirectly establish the Limited Partnership for the purpose of investment in the urban renewal, urban development and infrastructure etc. related areas.
Scope of business of the JV Company	:	The JV Company will be principally engaged in equity investment management, investment management, asset management and investment advisory services.

Upon the establishment of the JV Company, it will be recognised as a joint venture company of the Group and its financial results, assets and liabilities will not be consolidated into the accounts of the Group.

Management of the JV Company

The board of directors of the JV Company shall comprise three directors. Each of Shenzhen Tiannong, Shandong Tongjia and Qingdao Qijia shall nominate one director. The chairman of the board of directors shall be the legal representative of the JV Company and shall be nominated by Shandong Tongjia. Each director shall have a term of office of three (3) years and be subject to re-appointment if such director is re-nominated by his/her original nominator. If there is a vacancy in the position of director of the board of directors, such vacancy shall be filled by way of appointment by the party who has nominated the departing director.

Where a board meeting is attended by three directors of the JV Company in person or by proxy, the quorum of such board meeting shall be constituted. A board resolution shall be passed by the affirmative votes cast by unanimous consent of the directors attending the formal board meeting.

THE LIMITED PARTNERSHIP AGREEMENT

It is intended that after the establishment of the JV Company, it will enter into the Limited Partnership Agreement with the following principal terms:

Parties : (1) JV Company
(2) Shandong Tongjia
(3) Tianming Investment Consulting (an indirect wholly-owned subsidiary of the Company)
(4) Ningxia Tiancheng Xinyuan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Ningxia Tiancheng Xinyuan and its ultimate beneficial owners are Independent Third Parties.

Term : The term of the Limited Partnership will be four (4) years (commencing from the date of registration of the Limited Partnership), provided that the term can be extended by unanimous consent of all the Partners six months prior to the expiration of the term of the Limited Partnership

Total committed capital of the Limited Partnership to be established : RMB1.001 billion

- Commitment by the Partners : (1) Shandong Tongjia shall commit to contribute RMB700 million as Limited Partner.
- (2) Tianming Investment Consulting shall commit to contribute RMB60 million as Limited Partner.
- (3) Ningxia Tiancheng Xinyuan shall commit to contribute RMB240 million as Limited Partner
- (4) The JV Company shall commit to contribute RMB1 million as General Partner.
- Management of the Limited Partnership : The business of the Limited Partnership shall be carried on and managed by the General Partner and Executive Partner. All certificates and stamps shall be kept by the General Partner. The Executive Partner shall be responsible for the daily management and operation of the business and affairs of the Limited Partnership.
- Remuneration of the Executive Partner : The Executive Partner will be paid a remuneration calculated on daily basis (as from the first drawdown date until the date of exit of last investment) at 1.5% per annum in respect of sum equivalent to the capital commitments drawn down by the Limited Partnership less any returned capital to the Partners, which shall be paid on 30 June and 31 December each year (except for the first payment of remuneration which shall be made within ten (10) days after receipt of the drawdown notice by the Partners).

Transfer of interests and withdrawal : A Limited Partner may transfer all or any part of its interest in the Limited Partnership with a fifteen (15) days prior written notice to the other Partners and other Partners shall have the right of first refusal with respect to such intended transfer and the intended transferee shall undertake all the responsibility of such transferor in accordance with the terms of the Limited Partnership Agreement. A General Partner shall generally not be permitted to transfer any of its interests in the Limited Partnership. Without the unanimous consent of all the Partners, no Partner shall create any encumbrance over any of its interest in the Limited Partnership.

Distribution of Distributable Amount : Subject to the relevant laws and provisions of the Limited Partnership Agreement, Distributable Amount shall be distributed in accordance with the terms of the Limited Partnership Agreement in the following manner:

Distributable Amount will be distributed firstly to Shandong Tongjia until its annualized return rate reaches 10.5%, secondly to Tianming Investment Consulting and Ningxia Tiancheng Xinyuan until their annualized return rate reaches 8% and thirdly to Shandong Tongjia, the JV Company, Tianming Investment Consulting and Ningxia Tiancheng Xinyuan, in such order, for the repayment of their capital contributions, with the remaining Distributable Amount to be distributed as to 20% to the JV Company, 15% to Shandong Tongjia and 65% to Tianming Investment Consulting and Ningxia Tiancheng Xinyuan.

Further announcement(s) regarding the Limited Partnership Agreement may be made by the Company as and when appropriate in compliance with the requirements of the Listing Rules.

The total amount of commitment to be made by the parties to the JV Agreement and the Limited Partnership Agreement has been arrived at after arm's length negotiations between the parties with reference to, among others, the projected capital requirements of the JV Company and the Limited Partnership. The total capital commitment payable by the Group, including the RMB2 million to be subscribed by Shenzhen Tiannong for a 40% equity interest in the JV Company and the RMB60 million to be contributed by Tianming Investment Consulting to the Limited Partnership, is estimated to be RMB62 million, which will be funded by the Group's internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT AND THE LIMITED PARTNERSHIP AGREEMENT

One of the business segments of the Group is financial investment and provision of financial services. In the financial investment and financial services sector, the Group has been focusing on the asset management business and has strategically established various funds with clear investment objectives.

The Directors believe that investing in the JV Company and the Limited Partnership in the PRC will generate reasonable income and interest returns for the Group, as it will continue to develop, expand and strengthen the Group's financial investment and financial services business.

The terms of the JV Agreement and the Limited Partnership Agreement 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 JV Agreement and the Limited Partnership Agreement 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.

INFORMATION OF THE GROUP AND PARTIES TO THE JV AGREEMENT AND THE LIMITED PARTNERSHIP AGREEMENT

The Group is principally engaged in the manufacturing and sale of MLCC, investment and financial services and other general trading.

Shenzhen Tiannong, a company established in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company and its business scope includes computer software and hardware, integrated circuit technology development, technical consulting, technology transfer and technical services.

Shandong Tongjia, a company established in the PRC with limited liability, is principally engaged in asset management, investment management and investment advisory services.

Qingdao Qijia, a limited partnership established by the management of the JV Company, is principally engaged in venture capital investment and business management consulting.

Tianming Investment Consulting, a company established in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment consulting, economic information consulting, business management consulting and business information consulting.

Ningxia Tiancheng Xinyuan, a company established in the PRC with limited liability, is principally engaged in investment advisory services. Ningxia Tiancheng Xinyuan is a direct wholly-owned subsidiary of Ningxia Tianyuan Finance Holding Group Company Limited* (寧夏天元金融控股集團有限公司), which is wholly-owned by Ningxia Tianyuan Manganese Industry Group Co., Ltd. As at the date of this announcement, Ningxia Tianyuan Manganese Industry Group Co., Ltd. indirectly holds 60,590,482 Shares, representing approximately 8.13% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, save as disclosed above, Ningxia Tiancheng Xinyuan is not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates. Ningxia Tiancheng Xinyuan and its ultimate beneficial owners are thus Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the total commitment of the Group in the JV Company and the Limited Partnership exceed 5% but are less than 25%, the entering into of the JV Agreement and the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is subject to the reporting 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:

“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)
“Director(s)”	director(s) of the Company
“Distributable Amount”	all net proceeds or income received from each investment by the Limited Partnership, after deducting all applicable taxes, expenses, liabilities payable by the Limited Partnership and reasonable reserves as at the relevant date of distribution pursuant to the terms of the Limited Partnership Agreement
“Executive Partner”	the JV Company or such other person who may be appointed as executive partner of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement
“General Partner”	the JV Company or such other person who may be appointed as general partner of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement

“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
“JV Agreement”	the shareholders agreement dated 15 January 2020 entered into amongst Shandong Tongjia, Shenzhen Tiannong and Qingdao Qijia in relation to, among others, the establishment of the JV Company
“JV Company”	a limited liability company to be established in the PRC with the business scope of, subject to the approval of the Department of Industry and Commerce of the PRC, equity investment management, investment management, asset management and investment advisory services
“Limited Partner(s)”	any person who is admitted to the Limited Partnership as limited partner
“Limited Partnership”	a limited partnership to be established under the proposed name of Qingdao Huitian Investment Partnership (Limited Partnership)* (青島滙天投資合夥企業(有限合夥)) under the laws of the PRC
“Limited Partnership Agreement”	a limited partnership agreement to be entered into by Shandong Tongjia, Tianming Investment Consulting, Ningxia Tiancheng Xinyuan and the JV Company in respect of the establishment of the Limited Partnership and the subscription of interest therein

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“MLCC”	Multi-layer Ceramic Chips
“Ningxia Tiancheng Xinyuan”	Ningxia Tiancheng Xinyuan Fund Management Company Limited* (寧夏天誠信遠基金管理有限公司), a limited liability company established in the PRC
“Partner(s)”	the partner(s) under the Limited Partnership Agreement, including the General Partner and the Limited Partners
“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
“Qingdao Qijia”	Qingdao Qijia Investment Partnership (Limited Partnership)* (青島齊嘉投資合夥企業(有限合夥)), a limited liability partnership established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Tongjia”	Shandong Tongjia Investment Company Limited* (山東通嘉投資有限公司), a limited liability company established in 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)
“Shenzhen Tiannong”	Shenzhen Tiannong Technology Company Limited* (深圳市天農科技有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Tianming Investment Consulting”	Tianming Investment Consulting (Shenzhen) Company Limited* (天銘投資諮詢(深圳)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent

* *Unofficial English translation denotes for identification purpose only*

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

Hong Kong, 15 January 2020

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. Chou Benjamin Bang Yi, and Ms. Du Weilin; and three independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. David Tsoi and Mr. Xu Xuechuan.