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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
SHARE REPURCHASE AGREEMENT

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On 2 February 2021 (after the trading hours), First Promise (an indirect non-wholly owned subsidiary of the Company) entered into the Share Repurchase Agreement with Nancy International, pursuant to which First Promise agreed to sell and Nancy International agreed to repurchase the Repurchased Shares at an aggregate consideration of HK\$23,440,071.43 (equivalent to approximately US\$3,023,316.02).

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Share Repurchase exceed 5% but are less than 25%, the entering into of the Share Repurchase 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.

SHARE REPURCHASE AGREEMENT

On 2 February 2021 (after the trading hours), First Promise (an indirect non-wholly owned subsidiary of the Company) entered into the Share Repurchase Agreement with Nancy International, pursuant to which First Promise agreed to sell and Nancy International agreed to repurchase the Repurchased Shares at the Consideration.

Principal terms of the Share Repurchase Agreement are set out below:

Date: 2 February 2021

Parties:

1. First Promise (an indirect non-wholly owned subsidiary of the Company); and
2. Nancy International.

As at the date of this announcement and immediately before completion of the Share Repurchase, Nancy International is owned as to approximately 9.77% by First Promise, 46.02% by Mr. Wang Dao Yuan, and 44.21% by Ting Ting Group (a company incorporated in the Cayman Islands), respectively. The Ting Ting Group is a majority owned subsidiary of Ding Ding Co, Ltd (a company incorporated in the British Virgin Islands), which in turn is ultimately owned by Mr. Li Tiantian.

Mr. Zhou Chunhua, an executive director of the Company, is also a director of both First Promise and Nancy International. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Nancy International and its ultimate beneficial owners are Independent Third Parties.

Following the completion of the Share Repurchase, Nancy International shall be owned as to approximately 48.38% by Mr. Wang Dao Yuan, 46.48% by Ting Ting Group and 5.14% by First Promise.

Subject matter: First Promise agreed to sell and Nancy International agreed to repurchase the Repurchased Shares, which represent approximately 4.89% of the issued share capital of Nancy International as at the date of this announcement, subject to the terms and conditions contained in the Share Repurchase Agreement.

Consideration and payment: Nancy International shall pay a deposit of an amount equivalent to the consideration of HK\$23,440,071.43 (equivalent to approximately US\$3,023,316.02) (the “**Deposit**”) on 2 February 2021. Such deposit shall be paid to the designated bank account of the Company, which shall receive the Consideration on behalf of First Promise.

The Consideration was arrived at after arm’s length negotiations between the parties to the Share Repurchase Agreement with reference to, among others, the latest unaudited net asset value per share of Nancy International is approximately HK\$0.07. Nancy International has achieved excellent financial performance in 2020, its revenue has increased by approximately 59% this year while its net profit after tax has jumped from US\$344,026 in 2019 to US\$4,070,697 in 2020.

Condition precedent: Nancy International shall give public notice of the Share Repurchase and the resulting change of share capital in Nancy International on 11 February 2021. Completion shall take place if Nancy International receives no objection to the Share Repurchase and the change of its share capital within five (5) weeks from the date of public notice (the “**Prescribed Period**”). If Nancy International receives any objection to the Share Repurchase and the change of its share capital within the Prescribed Period, First Promise shall refund the Deposit to Nancy International.

Completion: Subject to the fulfillment of the condition precedent to the Share Repurchase, Completion shall take place on 19 March 2021, when First Promise must deliver to Nancy International the original share certificate in respect of the Repurchased Shares for cancellation.

FINANCIAL EFFECT OF THE SHARE REPURCHASE

Set out below is the financial information of Nancy International for the two years ended 31 December 2019 and 31 December 2020:

	For the year ended 2020 (unaudited)	For the year ended 2019 (audited)
Net profit/(loss) before taxation	US\$4,123,765	US\$344,026
Net profit/(loss) after taxation	US\$4,070,697	US\$344,026
Net asset/(liability) value	US\$3,151,844	(US\$781,080)

First Promise will recognize a gain of approximately HK\$17,085,571.43 (equivalent to approximately US\$2,203,708.38), being the difference between the Consideration and the fair value of the Company's investment in the share capital of Nancy International in proportion to the Repurchased Shares. After deducting the expenses relating to the Share Repurchase, the net proceeds from the Share Repurchase of approximately HK\$23,440,071.43 will be applied towards distribution to the shareholders of First Promise, as well as development and consolidation of MLCC, one of the principal businesses of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE REPURCHASE AGREEMENT

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacturing and sale of MLCC, and (ii) investment and financial services.

Nancy International is a company incorporated in Hong Kong with limited liability and conducts its business under the brand of AME Publishing (“AME”). Nancy international has a professional journal operations team to provide a full spectrum of publication services with international contributions as its core competitiveness. It is principally engaged in publications of international medical journals and books as well as promotion of medical and scientific research. According to public information, AME has published more than 60 English journals by now, of which 13 are indexed in SCIE and 18 are indexed in PubMed.

The Company has made an equity investment in Nancy International in 2016 with investment amount of approximately HK\$31,668,003 (equivalent to approximately US\$4,060,000). In order to consolidate the management’s control through the Share Repurchase and support its business development, Nancy International has decided to conduct 2 tranches of share repurchase. Following the completion of the Share Repurchase, together with the first share repurchase in 2019, the total aggregate consideration received by the Company shall be approximately HK\$33,283,625 (equivalent to approximately US\$4,285,310).

Taking into consideration (i) the financial position and business operation of Nancy International, and (ii) the gain of approximately HK\$17,085,571.43 (equivalent to approximately US\$2,203,708.38) from the sale of the Repurchased Shares by First Promise, the Directors consider that the sale of the Repurchased Shares by First Promise to Nancy International pursuant to the terms and conditions of the Share Repurchase Agreement is in the interests of the Group. The Directors consider that the Share Repurchase represents an opportunity for the Group to reallocate resources to its principal business segment MLCC.

The terms of the Share Repurchase 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 Share Repurchase 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.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Share Repurchase exceed 5% but are less than 25%, the entering into of the Share Repurchase 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)
“Completion”	completion of the Share Repurchase in accordance with the terms and conditions of the Share Repurchase Agreement
“Consideration”	the aggregate consideration payable for the Share Repurchase, being HK\$23,440,071.43 (equivalent to approximately US\$3,023,316.02)
“Director(s)”	director(s) of the Company
“First Promise”	First Promise Limited, a company incorporated in the British Virgin Islands with limited liability, is 50.7% owned by the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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
“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
“Nancy International”	Nancy International Limited, a company incorporated in Hong Kong with limited liability
“percentage ratios”	the percentage ratios as defined in Rule 14.04(9) of the Listing Rules
“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
“Repurchased Share(s)”	16,224,361 ordinary share(s) in Nancy International, which represent approximately 4.89% of the issued share capital of Nancy International as at the date of this announcement
“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)

“Share Repurchase”	the repurchase of Repurchased Shares by Nancy International from First Promise as contemplated under the Share Repurchase Agreement
“Share Repurchase Agreement”	the share repurchase agreement dated 2 February 2021 entered into between First Promise and Nancy International in respect of the Share Repurchase
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
%	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.7531. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 2 February 2021

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.