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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 ACQUISITION OF LAND USE RIGHTS IN DONGGUAN

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 26 May 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Seller, pursuant to which the Purchaser agreed to acquire from the Seller the land use rights of the Land at the Consideration of RMB43,811,675 (equivalent to approximately HK\$53,047,176) for the Proposed Development.

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 Acquisition exceed 5% but are less than 25%, the entering into of the Agreement and the Acquisition contemplated thereunder constitute 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.

ACQUISITION OF LAND USE RIGHTS

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The principal terms of the Agreement are set out below:

Date : 26 May 2021

Parties : The Seller as vendor and the Purchaser as purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, there is no beneficial owner who ultimately owns or controls 10% or more of the total shares in the Seller, and the Seller and its ultimate beneficial owner are Independent Third Parties.

Location of the Land : the original site of Phase Three of Jinfenghuang Development in Fengdeling Village, Fenggang Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市鳳崗鎮鳳德嶺村原金鳳凰三期).

Total site area : Approximately 22,938.05 sq.m

Term of land use rights : 50 years for industrial use

Consideration : The Consideration of RMB43,811,675 (equivalent to approximately HK\$53,047,176) for the Acquisition is equal to the price of the land use rights of the Land, which shall be paid by the Purchaser to the Seller. The Consideration was arrived at after arm length negotiations between the parties to the Agreement based on normal commercial terms, with reference to the previous two cases of collective land transactions in Fenggang Town.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing and sale of MLCC. To facilitate the development of its MLCC business and better serve its MLCC customers, the Group intends to construct and develop a new manufacturing plant on the Land as an additional production base for the Group's MLCC and relevant products and, eventually, replacing the Group's current production base in Fenggang Town. Construction work for the Proposed Development on the Land is expected to commence before December 2021 and the manufacturing plant constructed thereon is expected to come into operation before December 2023. The aforesaid schedule is subject to changes as may be required under actual circumstances. With the establishment of such production base, the Directors consider that it will raise the Group's production capacity of MLCC to satisfy the growing demand from customers.

The terms of the Agreement and the Acquisition contemplated thereunder 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 Agreement and the Acquisition 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 PARTIES

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.

The Purchaser is a company established with limited liability in the PRC and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in the manufacturing and sale of MLCC.

The Seller is an entity holding ownership of the Land.

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 Acquisition exceed 5% but are less than 25%, the entering into of the Agreement and the Acquisition contemplated thereunder constitute 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:

“Acquisition”	the acquisition of land use rights of the Land by the Purchaser from the Seller pursuant to the Agreement
“Agreement”	the agreement dated 26 May 2021 entered into between the Purchaser and the Seller in respect of the Acquisition
“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)
“Consideration”	the aggregate consideration payable for the Acquisition, being RMB43,811,675 (equivalent to approximately HK\$53,047,176)
“Director(s)”	director(s) of 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

“Land”	a piece of land situated at the original site of Phase Three of Jinfenghuang Development in Fengdeling Village, Fenggang Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市鳳崗鎮鳳德嶺村原金鳳凰三期), with a total site area of approximately 22,938.05 sq.m., designated for industrial usage with a term of 50 years
“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 capacitors
“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
“Proposed Development”	the Group’s proposed development on the Land by, amongst others, constructing a manufacturing plant with a total gross floor area of approximately 68,800 sq.m. on the Land
“Purchaser”	Dongguan Dong Eyang Electronic Technology Development Co., Ltd* (東莞市東宇陽電子科技發展有限公司) a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Dongguan Fenggang Fengdeling Stock Economic Association* (東莞市鳳崗鎮鳳德嶺股份經濟聯合社), an entity holding ownership of the Land

“Shareholder(s)”	the shareholders of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* *Unofficial English translation denotes for identification purpose only*

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1 to HK\$1.2108. 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, 26 May 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.