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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 CONSTRUCTION CONTRACT**

### **CONSTRUCTION CONTRACT**

The Board is pleased to announce that after a tendering process, on 29 April 2022 (after trading hours), Anhui Eyang (an indirect wholly owned subsidiary of the Company) and the successful bidder, Jiangsu Yian, entered into the Construction Contract, pursuant to which Jiangsu Yian will provide certain construction services to Anhui Eyang at a total contract price of RMB60,000,000 (equivalent to approximately HK\$71,178,000).

### **IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that after a tendering process, on 29 April 2022 (after trading hours), Anhui Eyang (an indirect wholly owned subsidiary of the Company) and the successful bidder, Jiangsu Yian, entered into the Construction Contract, pursuant to which Jiangsu Yian will provide certain construction services to Anhui Eyang.

## THE CONSTRUCTION CONTRACT

Principal terms of the Construction Contract are set out below:

**Date:** 29 April 2022

**Parties:**

1. 安徽宇陽科技發展有限公司 (Anhui Eyang Technology Development Limited\*), an indirect wholly owned subsidiary of the Company; and
2. 江蘇宜安建設有限公司 (Jiangsu Yian Construction Co., Ltd.\*)

Jiangsu Yian is beneficially owned as to 95% by Mr. Huang Jianming (黃建明). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Jiangsu Yian and its ultimate beneficial owners are the Independent Third Parties independent of the Company and its connected persons (as defined under the Listing Rules).

**Scope of construction:** The project includes the construction of the systems of heating, ventilation and air conditioning, compressed air systems and ancillary facilities for the factory plant and electroplating and pure water workshops located at Chuzhou Economic and Technological Development Zone, Northeast of the intersection of Chuzhou Avenue and Wuhu Road, Chuzhou City, Anhui Province with a total construction area of 42,466 square metres.

**Contract schedule:**

Date of commencement: 1 May 2022

Date of completion: 30 August 2022

**Consideration:**

The Consideration payable by Anhui Eyang is as follows:

RMB60,000,000 (equivalent to approximately HK\$71,178,000).

The Consideration was determined after arm's length negotiations by way of tender with reference to the expected scope and complexity of the construction works to be carried out, the costs of material and labour costs estimated to be incurred, and the prevailing market prices for carrying out construction works of comparable scale and complexity. The Consideration will be funded by internal resources of the Group and/or banking facilities.

**Payment terms:**

The Consideration of RMB60,000,000 (equivalent to approximately HK\$71,178,000) shall be paid by Anhui Eyang in the following manner:

- (1) an initial payment of RMB21,900,000 (equivalent to approximately HK\$25,980,000), shall be payable not less than 7 days before the date of commencement;
- (2) upon the submission of the mid-term settlement statement by Jianguo Yian on or before the 20th of the end of each month, supervisor shall review the statement within 5 days and Anhui Eyang shall pay the progress payment at 50% of the reviewed price on or before the 5th of each of the following month as required under the Construction Contract;

- (3) after the completion of the construction project, 25% of the Consideration (i.e. RMB15,000,000, equivalent to approximately HK\$17,795,000) shall be paid within 7 days after the construction project passed the quality check; and
- (4) the remaining 5% of the Consideration (i.e. RMB3,000,000, equivalent to approximately HK\$3,559,000) shall be paid as quality guarantee within 15 days following expiry of the 2-year warranty period.

**Sub-contractors:**

Jiangsu Yian will engage sub-contractors to perform certain portions of the construction works under the Construction Contract. Jiangsu Yian shall submit a copy of the subcontract to Anhui Eyang and supervisor within 7 days after the subcontract is signed.

**Supply of construction materials and equipment:**

Anhui Eyang shall procure the supply of materials and equipment for the construction project, such as wires and cables, distribution boxes, refrigerators, air-conditioning boxes and air compressors, from parties independent of Jiangsu Yian.

The agreed costs to be incurred by Anhui Eyang for the procurement of construction materials and equipment shall not exceed RMB49,500,000 (equivalent to approximately HK\$58,722,000) in accordance with the terms and conditions set out in the Construction Contract.

## **REASONS FOR AN BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT**

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.

Jiangsu Yian is a company established in the PRC with limited liability and is principally engaged in provision of construction services.

Against the active promotion of new infrastructure construction and domestic substitution by the Chinese government, the Group will continue to seize the opportunity by increasing investment in MLCC business and further enhancing the production capacity and technology standard. The Group is gearing up for building new production bases in Chuzhou and Dongguan so as to realize the migration and expansion of existing production capacity. The foundation works of the new base in Chuzhou has been basically completed, after the completion of the Construction Contract, it is expected to put into operation in the second half of this year.

The Construction Contract was entered into for the construction of the factory plant, electroplating and purified water workshops, heating, ventilation and air conditioning systems, compressed air systems and ancillary facilities. With the mechanical and electrical installation, the plant can achieve 1000 grade purification standard and meet the requirements for automotive-grade product manufacturing, which will facilitate the production of high-capacitance and high-end products. Such construction work will increase the efficiency of MLCC production, and is expected to bring positive impact on the performance of the MLCC segment of the Group.

The Directors consider that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and that the transaction contemplated under the Construction Contract is in the interests of the Company and its shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITION**

“Anhui Eyang”	安徽宇陽科技發展有限公司(Anhui Eyang Technology Development Limited*), an indirect wholly owned subsidiary of the Company established in PRC
“Board”	the board of Directors
“Company”	Tianli Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 117)
“Consideration”	the total consideration payable for services to be obtained under the Construction Contract
“Construction Contract”	the construction contract dated 29 April 2022 entered into between Anhui Eyang and Jiangsu Yian in respect of the construction of the systems of heating, ventilation and air conditioning, compressed air systems and ancillary facilities for the factory plant and electroplating and pure water workshops located at Chuzhou Economic and Technological Development Zone, Northeast of the intersection of Chuzhou Avenue and Wuhu Road, Chuzhou City, Anhui Province with the total construction area of 42,466 square metres

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“Jiangsu Yian”	江蘇宜安建設有限公司 (Jiangsu Yian Construction Co., Ltd.*), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MLCC”	multi-layer ceramic capacitors
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

\* *for identification only*

*In this announcement, for the purpose of illustration only, amounts quoted in RMB has been converted into HK\$ at the rate of RMB1.00 to HK\$1.1863. Such exchange rate has been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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

Hong Kong, 29 April 2022

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