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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)

PROFIT WARNING

This announcement is made by Tianli Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2022 and the information currently available to the Board, the Group is expected to record (i) a decrease of not less than 30% in revenue for the year ended 31 December 2022 as compared to the year ended 31 December 2021; and (ii) a loss of approximately RMB60.0 million to approximately RMB80.0 million attributable to the Shareholders for the year ended 31 December 2022 as compared to a profit of RMB68.9 million attributable to the Shareholders for the year ended 31 December 2021.

Such change from profit to loss were primarily caused by the following factors: for the Group's multi-layer ceramic capacitors ("MLCC") segment, (i) the impact of macroeconomic fluctuations, the resurgence of the pandemic and logistics disruptions, resulting in sluggish consumer electronics markets such as mobile phones and PCs, combined with downstream manufacturers and agents clearing inventory, causing the sales price and volume of consumer-grade MLCC products to fall, resulting in a decrease in total revenue. Meanwhile, the decrease in production volume led to an increase in unit costs and a decrease in gross profit margin; (ii) in order to accelerate product upgrading and transformation, the Group further increased its R&D investment in 2022, especially in the R&D investment of automotive-grade and industrial-grade products; (iii) the Group has built new production bases in Chuzhou and Dongguan respectively, and the construction of new production bases to a certain extent increased operating costs. Moreover, for the Group's investment and financial services segment, due to the market conditions, including exchange rate fluctuations and the impact of pandemic, the fair value of certain fund investments has decreased.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2022. The financial information contained in this announcement is only based on the preliminary review made by the Board with reference to the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2022 and the other information currently available, which have not been reviewed by the Company's auditor and is therefore subject to possible change and adjustment upon further review. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2022.

Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

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

Hong Kong, 24 March 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zhou Chunhua (Chairman), 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.