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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)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- The overall revenue for 2019 was RMB446.2 million, 57.3% down from 2018;
- The overall gross profit for 2019 was RMB64.3 million, representing a decrease of RMB396.4 million, or 86.0%, from 2018;
- Gross profit margin reached 14.4% in 2019, drop by 29.7% as compared to 2018; in particular, the gross loss margin of the MLCC business was 4.0% in 2019 as compared to gross profit margin of 54.1% in 2018;
- Loss attributable to owners of the Company for the year ended 31 December 2019 was RMB126.0 million, as compared to a profit of RMB159.6 million for the year ended 31 December 2018;
- Basic and diluted losses per share was RMB16.9 cents; and
- The Board recommends no payment of final dividends for the year ended 31 December 2019.

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of Tianli Holdings Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") has not been completed. In the meantime, the board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*5*	**446,236**	1,045,414
Cost of sales		**(381,920)**	(584,723)
Gross profit		**64,316**	460,691
Other income		**24,262**	114,541
Selling and distribution costs		**(12,536)**	(35,411)
Administrative expenses		**(98,351)**	(162,386)
Other expenses		**(933)**	(5,306)
Research and development costs		**(67,622)**	(66,861)
(Loss)/Profit from operations		**(90,864)**	305,268
Finance costs		**(32,083)**	(26,743)
Share of profit of joint ventures		**–**	44
Share of loss of an associate		**(4,620)**	(17,857)
(Loss)/Profit before taxation		**(127,567)**	260,712
Income tax credit/(expenses)		**1,727**	(99,656)
(Loss)/Profit for the year		**(125,840)**	161,056
Other comprehensive (loss)/income for the year, net of income tax			
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income ("**FVOCI**") – net movement in fair value reserve (non-recycling)		**10,237**	(18,017)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associate, net of related income tax		**–**	1,292
Reclassification adjustments relating to foreign operations disposed of during the year		**–**	197
Exchange differences on translation of foreign operations		**377**	2,704
Other comprehensive (loss)/income for the year, net of income tax		**10,614**	(13,824)
Total comprehensive (loss)/income for the year, net of income tax		**(115,226)**	147,232

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2019

	Notes	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(125,976)**	159,620
Non-controlling interests		**136**	1,436
		(125,840)	161,056
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(120,600)**	153,989
Non-controlling interests		**5,374**	(6,757)
		(115,226)	147,232
		RMB cents	*RMB cents*
(Loss)/Earnings per share			
Basic and diluted	*7*	**(16.9)**	21.4

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019** **RMB'000** **(Unaudited)**	2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**250,520**	152,860
Investment properties		**22,234**	22,915
Prepaid land lease payments		**–**	34,525
Deposits paid for acquisition of property, plant and equipment and other non-current rental deposit		**139,295**	32,866
Interest in an associate		**12,738**	17,064
Financial assets at FVOCI		**11,353**	9,524
Financial assets at fair value through profit or loss ("**FVPL**")		**383,269**	368,076
Finance lease receivable		**12,437**	–
Other intangible assets		**1,568**	335
Deferred tax assets		**25,807**	24,052
Total non-current assets		**859,221**	662,217
Current assets			
Inventories		**115,556**	196,081
Accounts and bills receivables	*8*	**127,457**	277,353
Finance lease receivable		**7,508**	–
Prepayments, deposits and other receivables		**61,807**	48,176
Financial assets at FVPL		**–**	110,530
Pledged bank deposits		**–**	13,187
Cash and bank balances		**175,257**	488,424
Total current assets		**487,585**	1,133,751

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Current liabilities			
Trade and bills payables	*9*	**72,708**	144,915
Deferred income, accruals and other payables		**77,272**	141,883
Tax payable		**13,320**	63,576
Bank and other loans		**200,742**	–
Bond payable		**–**	387,874
Obligations under finance lease		**–**	118
Lease liabilities		**10,013**	–
Dividends payable		**88**	88
Total current liabilities		**374,143**	738,454
Net current assets		**113,442**	395,297
Total assets less current liabilities		**972,663**	1,057,514
Non-current liabilities			
Lease liabilities		**29,137**	–
Obligations under finance lease		**–**	173
Deferred income		**17,597**	20,008
Deferred tax liabilities		**46,136**	43,907
Total non-current liabilities		**92,870**	64,088
Net assets		**879,793**	993,426
Capital and reserves			
Share capital		**6,637**	6,637
Reserves		**861,251**	980,383
Total equity attributable to owners of the Company		**867,888**	987,020
Non-controlling interests		**11,905**	6,406
Total equity		**879,793**	993,426

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

Tianli Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands on 6 March 2007 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office address is the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and the principal place of business of the Company in Hong Kong is located at Unit 907-909, 9/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are (i) manufacturing and sale of multi-layer ceramic chips ("**MLCC**"), (ii) investment and financial services and (iii) other general trading.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interests in joint ventures and associates.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). These financial statements are presented in Renminbi ("**RMB**") which is the Company's functional and the Group's presentation currency, and all value are rounded to the nearest thousand RMB except where otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies:

– financial assets at FVPL; and
– financial assets at FVOCI.

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the year ended 31 December 2019, the Group has applied the following new and amendments to IFRSs issued by the IASB.

IFRS 16	Leases
Amendment to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 Insurance
IFRIC 23	Uncertainty over Income Tax Treatments

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior year have been prepared or presented in this announcement. The Group has not applied any new standard or interpretation that is not yet effective for the year.

IFRS 16 Leases

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC-15, Operating leases – incentives, and SIC-27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements remain substantially unchanged from IAS 17.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalised all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically office equipment. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying assets or to restore the underlying assets or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

(iv) Lessor accounting

In addition to leasing out the investment property referred to in paragraph (a)(iii) above, the Group leases out a number of items of machinery as a lessor of finance leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The incremental borrowing rates used for determination of the present value of the remaining lease payments ranged from 3.4% to 8.9%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	RMB'000
Operating lease commitments at 31 December 2018 (Audited)	55,403
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(964)
– leases of low-value assets	(252)
Less: total future interest expenses	(9,066)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 (Unaudited)	45,121
Add: finance lease liabilities recognised as at 31 December 2018	291
Total lease liabilities recognised at 1 January 2019 (Unaudited)	45,412

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	**Capitalisation of operating lease contracts** *RMB'000*	**Carrying amount at 1 January 2019** *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	152,860	80,542	233,402
Prepaid land lease payments	34,525	(34,525)	–
Total non-current assets	662,217	46,017	708,234
Prepayments, deposits and other receivable			
– Prepaid land lease payments	896	(896)	–
Total current assets	1,133,751	(896)	1,132,855
Obligations under finance lease	118	(118)	–
Lease liabilities	–	11,451	11,451
Total current liabilities	738,454	11,333	749,787
Net current assets	395,297	(12,229)	383,068
Total assets less current liabilities	1,057,514	33,788	1,091,302
Obligations under finance lease	173	(173)	–
Lease liabilities	–	33,961	33,961
Total non-current liabilities	64,088	33,788	97,876
Net assets	993,426	–	993,426

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	31 December 2019	1 January 2019
	RMB'000	*RMB'000*
Included in "Property, plant and equipment":		
Properties leased for own use	**38,644**	45,121
Land use right	**34,250**	35,421
	72,894	80,542

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	31 December 2019		1 January 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**10,013**	**12,763**	11,451	11,868
After 1 year but within 2 years	**10,557**	**12,390**	10,958	12,108
After 2 years but within 5 years	**18,580**	**20,607**	20,682	26,874
After 5 years	**–**	**–**	2,321	3,638
	29,137	**32,997**	33,961	42,620
	39,150	**45,760**	45,412	54,488
Less: Total future interest expenses		**(6,610)**		(9,076)
Present value of lease obligations		**39,150**		45,412

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Board (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

i) MLCC: manufacturing and sale of MLCC;

ii) Investment and financial services: including but not limited to (i) direct investments in debt, equity and/or any other asset; (ii) asset management; (iii) provision of financial advisory services; and (iv) financial technologies; and

iii) Other general trading: trading of goods other than MLCC, including but not limited to electronic components and commodities such as metals, minerals and petroleum products.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible assets, intangible assets, deferred tax assets and current assets with the exception of corporate assets. Segment liabilities include all payables, deferred income and deferred tax liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is earnings and loss of each segment without allocation of corporate interest income, other corporate income, central administrative expenses, central finance costs, share of profit/(loss) of joint ventures and associates and income tax.

In addition to receiving segment information concerning segment profit/(loss), the Board is provided with segment information concerning revenue, interest income, depreciation and amortisation, write-down of inventories, reversal of write-down of inventories, impairment losses of accounts receivables, reversal of impairment losses of accounts and other receivables, finance costs, share of profit/(loss) of joint ventures and associates, income tax and additions to non-current segment assets (other than financial instruments and deferred tax assets) used by the segments in their operations.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Board for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

	Year ended 31 December 2019			
	MLCC	**Investment and financial services**	**Other general trading**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Segment revenue:				
Disaggregated by timing of revenue recognition				
Point in time	**367,285**	**20,327**	**–**	**387,612**
Over time	**–**	**58,624**	**–**	**58,624**
Revenue from external customers	**367,285**	**78,951**	**–**	**446,236**
Segment (loss)/profit	**(120,523)**	**42,237**	**(91)**	**(78,377)**
Corporate interest income				**861**
Central administrative expenses				**(21,083)**
Central finance costs				**(28,968)**
Consolidated loss before taxation				**(127,567)**

	Year ended 31 December 2018			
	MLCC	Investment and financial services	Other general trading	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Segment revenue:				
Disaggregated by timing of revenue recognition				
Point in time	1,143,656	(215,069)	60,769	989,356
Over time	–	56,058	–	56,058
Revenue from external customers	1,143,656	(159,011)	60,769	1,045,414
Segment profit/(loss)	512,121	(209,792)	861	303,190
Corporate interest income				493
Other corporate income				12,266
Central administrative expenses				(32,470)
Central finance costs				(22,767)
Consolidated profit before taxation				260,712

There are no inter-segment revenue for the years ended 31 December 2019 and 2018.

5. REVENUE

The amount of each significant category of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers within the scope of IFRS 15		
Sale of MLCC	**367,285**	1,143,656
Other general trading		
– chrome ore	**–**	60,769
Assets management fee income	**58,624**	55,969
	425,909	1,260,394
Revenue from other sources		
Investment interest income	**97**	89
Finance lease interest income	**858**	–
Net gain/(loss) from financial assets at FVPL	**19,372**	(215,069)
	20,327	(214,980)
	446,236	1,045,414

Notes:

i) The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 (see note 3).

ii) Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in note 4.

iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

All sales contracts with customers for MLCC, other general trading and advisory services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

Contracts for assets management service typically have the same terms with the funds managed by the Group, which ranged from 3 to 7 years and are subject to extension of 2 to 4 years, in which the Group bills a fixed amount for service rendered. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under IFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

6. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic losses/earnings per share is based on the loss attributable to the owners of the Company of RMB125,976,000 (2018: profit of RMB159,620,000) and the weighted average number of 744,750,000 (2018: 744,750,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**744,750**	744,750

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2019 and 2018 is the same as the basic earnings per share as there were no potential ordinary shares outstanding during the year.

8. ACCOUNTS AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts receivables *(note a)*	**137,733**	244,459
Less: loss allowance	**(13,707)**	(12,769)
	124,026	231,690
Bills receivables *(note b)*	**3,431**	45,663
	127,457	277,353

a) **Accounts receivables**

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts receivables	**137,733**	244,459
Less: loss allowance	**(13,707)**	(12,769)
	124,026	231,690

i) Accounts receivables consist of trade receivables, assets management fee receivables and interest receivables arising from loan receivables. The Group's trading terms with its customers are mainly on credit. The credit periods are generally one to four months. The assets management fee is received or receivable at the end of each quarter. Each customer is assigned a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are reviewed regularly by management. The accounts receivables are non-interest-bearing.

ii) An ageing analysis of the accounts receivables as at the end of the reporting period based on the revenue recognition date is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**47,087**	178,617
91 to 180 days	**24,608**	29,573
181 to 360 days	**20,204**	11,201
1 to 2 years	**20,465**	17,661
2 to 3 years	**18,796**	268
Over 3 years	**6,573**	7,139
	137,733	244,459

b) Bills receivables

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bills receivables	**3,431**	45,663

i) The bills receivables were all due within one year from the end of the reporting period.

ii) As at the end of the reporting period, the ageing analysis of bills receivables based on bills issue date is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**1,551**	19,652
91 to 180 days	**1,880**	16,152
181 to 360 days	**–**	9,859
	3,431	45,663

9. TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**68,977**	138,907
Bills payables	**3,731**	6,008
	72,708	144,915

a) An ageing analysis of the trade payables as at the end of the reporting period based on the suppliers statements date is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**57,231**	124,281
91 to 180 days	**6,613**	13,402
181 to 360 days	**4,409**	127
1 to 2 years	**203**	90
Over 2 years	**521**	1,007
	68,977	138,907

b) The trade payables are non-interest-bearing and are normally settled within 30 to 120 days.

c) An ageing analysis of the bills payables as at the end of the reporting period based on bills issue date is as follows:

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Within 90 days	**3,375**	5,793
91 to 180 days	**356**	215
181 to 360 days	**–**	–
1 to 2 years	**–**	–
	3,731	6,008

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

After a remarkable year of 2018, the Group has been facing tremendous challenges and difficulties as the general economic environment does in the year of 2019. While the MLCC business is expected to grow and continue to be the Group's major source of growth, this segment has encountered an unprecedented level of threats along with plenty of opportunities. The management commits to strive to work out and to shape a maximised path for MLCC segment's future. During 2019, the investment and financial services segment has remained stable, while the other general trading segment has been temporarily halted.

MLCC

The supply and demand of the MLCC market went through an abrupt change in the fourth quarter of 2018, and at the same time, the global macroeconomy also faced daunting headwinds created by the US-China trade war. In respect of the demand, amid a weakening domestic consumer market with subdued activities in the traditional peak seasons for consumer electronics, customers took time to reduce their excess inventory and thus reduce orders, and the average unit price also significantly declined; in respect of the supply, the mass release of stock supply of MLCC at all levels of channels in the market and the new production capacity of certain MLCC manufacturers being in place have gradually changed the situation of supply shortage of conventional MLCC products, and also exacerbated the decline in market prices. As a result, the MLCC segment reported a decrease in revenue in 2019. In 2020, although the selling price is temporarily increased because of the delay of resumption of production due to the COVID-19 coronavirus outbreak, there is still some market uncertainties in a short term.

Since the beginning of July and until mid-August 2019, the management of the Group's production plant in Dongguan, PRC under the MLCC segment had received a substantial number of staff resignation requests, which had disrupted production at the Dongguan plant. Through the efforts of the management, the Dongguan plant has fully resumed production from mid-September. The operation of the Group's production plant in Chuzhou, Anhui Province, PRC has not been affected in this regard. Furthermore, on 20 September 2019, the Group signed an agreement with Chuzhou Economic and Technological Development Zone (滁州經濟技術開發區) to construct its third plants there in addition to the two existing ones in Dongguan and Chuzhou respectively. At the same time, the Group is also planning to set up its fourth production base in Guangdong to gradually phase out old plants and equipment, increase production capacity, improve technology and expand product portfolio.

INVESTMENT AND FINANCIAL SERVICES

Asset Management

As at 31 December 2019, the Group is managing 11 funds, each with a distinct focus. The Group derives asset management fee income by providing asset management services to the funds. The capital commitments from their limited partners are listed in the table below. The Group, being one of the limited partners, also directly invests into six of the funds.

Unit: US$ million

					Capital Commitment	
	Fund Name	Initial Closing Date	Term (Year)	Investment Focus	Total of the Fund[7]	Total from the Group[8]
1	Tianli China Opportunities Fund I L.P.	January 2017	3+1[5]+1[5]	Project fund established for an investment in Beijing	116.4	17.5
2	Tianli SPC	January 2017	3[6]	Invest in a wide range of assets including private equity investments, listed and unlisted securities, debt securities and other financial instruments	87.4	–
3	Tianli Private Debt Fund L.P.	January 2017	5+1[3]+1[4]	Invest in a wide range of private debt instruments with regional focus primarily in developed countries and China	300.0	35.0
4	Tianli Private Debt Capital L.P.	March 2017	5+3[1]+1[1]	Invest predominantly across a wide range of private debt instruments globally	175.0	9.8
5	Tianli Global Opportunities Capital L.P.[2]	March 2017	7+2[1]	Invest globally across various sectors and distressed assets	175.0	12.2
6	Tianli Special Situations Capital L.P.	March 2017	7+2[1]+1[1]	Invest predominantly in global mergers and acquisitions, private equity or other corporate finance transactions	175.0	9.8
7	Tianli Public Markets Capital L.P.	March 2017	4+2[1]+2[1]	Invest predominantly in the secondary market of publicly traded securities globally	100.0	5.6
8	Tianli M&A Investment L.P.	March 2017	3+2[1]+2[4]	Invest predominantly in global mergers and acquisitions or other corporate finance related investments	310.0	–
9	Tianli China Opportunities Fund II L.P.	March 2017	5+1[3]+1[4]	Project fund established for an investment in Shanghai	80.4	–
10	Tianli UK Opportunities Fund L.P.	March 2017	5+1[3]+1[4]	Invest predominantly in projects located in United Kingdom	150.4	–
11	Tianli US Opportunities Fund L.P.	April 2017	5+1[3]+1[4]	Invest predominantly in projects located in the United States	12.6	–

Notes:

1. Extension upon recommendation of the general partner with approval of the investment committee
2. Formerly known as Tianli Real Estate Capital L.P.
3. Extension upon sole discretion of the general partner
4. Extension upon recommendation of the general partner with approval of the advisory committee
5. Extension upon approval of the limited partners
6. Refers to investor lockup period
7. Including cross holdings among the funds
8. Including direct capital

As at 31 December 2019, the total capital commitment of the above funds (after eliminating the cross-holding effect) was approximately US$1,057.8 million, among which the Group had committed approximately US$89.9 million with US$79.8 million capital invested. During the year ended 31 December 2019, the six funds that the Group has invested contributed a net gain of RMB19.4 million to the Group's financial results, in addition to asset management fee income of RMB58.6 million.

Unit: US$ million

			Product		
Fund name	**Country/region**	**Debt**	**Common equity**	**Preferred equity**	**Invested amount**
Tianli China Opportunities Fund I L.P.	PRC	–	117.2	–	117.2
Tianli Private Debt Fund L.P.	Australia	–	–	35.1	35.1
	Korea	5.5	–	–	5.5
	UK	24.1	–	–	24.1
Tianli M&A Investment L.P.	Hong Kong	315.0	–	–	315.0
Tianli Private Debt Capital L.P.	Hong Kong	28.3	–	–	28.3
Tianli China Opportunities Fund II L.P.	PRC	–	81.0	–	81.0
Tianli UK Opportunities Fund L.P.	UK	–	129.3	25.2	154.5
Tianli US Opportunities Fund L.P.	US	–	11.1	–	11.1
Total		**372.9**	**338.6**	**60.3**	**771.8**

Consistent with prior periods, the investments made by these funds were in six countries or regions, including Australia, Hong Kong, Korea, PRC, UK and the US, and these investments were in the form of debt, common equity or preferred equity.

Investment

Following the investment strategy from previous periods, the Group continues to hold two passive financial investments, including one equity investment (classified as financial assets at fair value through other comprehensive income on the face of consolidated statement of financial position), and one investment in an associate (classified as interest in an associate on the face of consolidated statement of financial position).

The fair value of the equity investment had been reviewed at the end of 2019 by the management using cash flow projections based on a financial budget, and had been increased to RMB11.4 million due to better-than-expected present value of the expected business return. During the year the equity investment has excess cash flow, it bought the shares back with the amount of approximately RMB8.8 million.

The investment in an associate refers to a private equity fund established in Korea, which is 29.98% held by a non-wholly owned subsidiary of the Group, a licensed comprehensive asset management company in Korea. The interests in an associate is accounted for by the Group in the consolidated financial statements using equity method.

OTHER GENERAL TRADING

The Group's general trading segment was greatly affected by the uncertain global economic environment. The Group has temporarily suspended trading activities in 2019 to avoid potential risks in the adverse trading environment.

BUSINESS PROSPECT

After an unprecedented surge in price over the years in the MLCC market in mid-2018, since the fourth quarter of 2018, both the price and gross profit margin of MLCC have been plummeting amid the increase in supply and drop in demand, and the entire industry has entered into a de-stocking stage which gradually came to an end until the end of 2019. In 2020, although the COVID-19 coronavirus outbreak has brought tremendous challenges to the global macroeconomy and the various downstream industries of MLCC, the growth of new applications in terms of 5G technology, the internet of things (IoT) and electric vehicles is expected to accelerate with the recent decision of the PRC government to speed up the progress of construction of new infrastructure, and the management expected a continuous expansion in the overall demand of MLCC market in a long run, and the trend of replacement by domestic products will also become increasingly obvious, and the weighting of the market demand for thin-film dielectric high-capacitance products（介質薄層化高比容產品）which the Group focuses on will continue to increase. In this regard, the management will firmly converge its advantageous resources on further expanding and strengthening of the MLCC segment, and it has adopted proactive measures to stabilise the backbone team during the year in order to promote the production capacity expansion plan to further expand its contributions in the research and development, equipment and environmental protection so as to safeguard the relatively leading position of the Group in the domestic MLCC market.

In respect of investment and financial services, the Group will reinforce the post-investment monitoring and management of existing projects in its fund operation, taking various measures to prevent and mitigate potential risks, through enhancing risk-control measures and reducing risk exposure based on the terms of the existing agreements in order to safeguard the interests of fund investors. With most of its efforts directed towards the subsequent management of existing projects, the Group will also start developing new business when appropriate, exploring value-added opportunities for investors in stable and reliable investment projects.

For other general trading, the Group holds a conservative view, and tends to avoid potential losses in trading activities.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group's revenue was solely derived from (i) MLCC segment; and (ii) investment and financial services segment. As aforementioned, the other general trading has been halted for the year ended 31 December 2019. Total revenue of the Group was RMB446.2 million, which represented a drop of RMB599.2 million, or 57.3%, as compared to the year ended 31 December 2018.

Revenue from the MLCC segment for the year ended 31 December 2019 was RMB367.3 million, representing a drop of RMB776.4 million, or 67.9% from the year ended 31 December 2018, which was due to weakening market circumstances in the industry.

Revenue from investment and financial services segment for the year ended 31 December 2019 reached RMB79.0 million. Among this, asset management fee income remained stable for the years ended 31 December 2019 and 2018, but with the Group's investments in funds noting fair values gains, together with higher dividend income from a fund, total revenue from this segment recorded RMB20.3 million for the year ended 31 December 2019 as compared to a loss of RMB215.1 million for the year ended 31 December 2018.

Gross Profit Margin

Aggregate gross profit margin for the year ended 31 December 2019 was 14.4%, representing a drop of 29.7% as compared to the year ended 31 December 2018.

Specifically, the gross profit margin of MLCC segment decreased from 54.1% for the year ended 31 December 2018 to gross loss margin of 4.0% for the year ended 31 December 2019. This was because of the high level of fixed costs while the sales level was under great pressure since the selling price dropped significantly since the fourth quarter of 2018.

Other Income

The Group's other income amounted to RMB24.3 million for the year ended 31 December 2019, representing a decrease of 78.8% from the year ended 31 December 2018. The decrease was mainly due to recognising a one-off gain on disposals of subsidiaries of RMB72.9 million for the year ended 31 December 2018.

Selling and Distribution Costs

The Group's selling and distribution costs totalled RMB12.5 million for the year ended 31 December 2019, and this was a decrease of 64.6% from the year ended 31 December 2018. This was mainly due to the reduced sales level in the MLCC segment.

Administrative Expenses

The Group's administrative expenses for the year ended 31 December 2019 were RMB98.4 million, representing a drop of RMB64.0 million from the year ended 31 December 2018. The decrease was mainly because of a drop in employees' remunerations.

Research and Development Costs

The Group incurred research and development costs of RMB67.6 million for the year ended 31 December 2019, representing an increase of RMB0.8 million, or 1.1% from the year ended 31 December 2018. This was mainly due to a special bonus granted to the research and development team in the MLCC segment for the year ended 31 December 2018.

Other Expenses

The Group's other expenses were RMB0.9 million for the year ended 31 December 2019, nature of which was an impairment loss of accounts receivables.

Finance Costs

The Group's finance costs amounted to RMB32.1 million for the year ended 31 December 2019 representing an increase of RMB5.3 million from the year ended 31 December 2018. The increase in finance costs was due to the increase in interest rate of the bank and other loans during the year ended 31 December 2019.

Property, Plant and Equipment

The net book values of the Group's property, plant and equipment were RMB250.5 million as at 31 December 2019, increased by RMB97.7 million from the balance as at 31 December 2018. This was mainly due to the additions (i.e., upgrading and replacing) of machinery and equipment of RMB48.6 million, net off by depreciation of approximately RMB25.9 million and disposal.

Investment Properties

The Group's investment properties were carried at RMB22.2 million as at 31 December 2019, comparable to the carrying value of RMB22.9 million as at 31 December 2018.

Financial Assets at Fair Value Through Profit or Loss

As at 31 December 2019, the Group's financial assets at fair value through profit or loss ("**FVPL**") had a carrying value of RMB383.3 million, which was 4.1% increased from the balance as at 31 December 2018 which was classified as financial assets designated at FVPL. This was mainly due to a fair value gain of RMB19.3 million.

Accounts and Bills Receivables

As at 31 December 2019, the Group's accounts and bills receivables amounted to RMB127.5 million, down by RMB149.9 million or 54.0% from the balance as at 31 December 2018. The drop was mainly a result of smaller trade receivables due to less transactions in the MLCC segment during the year ended 31 December 2019.

Prepayments, Deposits and Other Receivables

As at 31 December 2019, prepayments, deposits and other receivables amounted to RMB61.8 million, increased by RMB13.6 million as compared to the balance as at 31 December 2018. This was mainly due to more deposits paid for the acquisition of fixed assets.

Cash and Bank Balances and Pledged Bank Deposits

As at 31 December 2019, the Group's cash and bank balances and pledged bank deposits totalled RMB175.3 million, down by RMB326.4 million from 31 December 2018. The decrease was mainly due to settlement of borrowings and acquisition of new machinery and equipment during the year ended 31 December 2019.

Trade and Bills Payables

As at 31 December 2019, the Group's trade and bills payables amounted to RMB72.7 million, decreased by RMB72.2 million from 31 December 2018. This was mainly due to the shrinkage in MLCC production volumes during the year ended 31 December 2019.

Deferred Income, Accruals and Other Payables

As at 31 December 2019, total deferred income, accruals and other payables amounted to RMB77.3 million, which was RMB64.6 million decreased from 31 December 2018. This was mainly due to an increase of the settlement of salary payables, which were accrued at 31 December 2018.

Bank and Other Loans

As at 31 December 2019, the Group's bank and other loans was carrying RMB200.7 million. The loans were due to an independent third party to the Group.

Bond Payable

During the year ended 31 December 2019, the Group had settled all outstanding bond payables.

Contingent Liabilities

As at 31 December 2019, the Group had no material contingent liabilities.

Capital Commitments

As at 31 December 2019, the Group had capital commitments of RMB180.2 million, including undrawn commitment to Tianli Private Debt Fund L.P. of approximately US$11.2 million, or RMB77.4 million, and capital commitment for addition of production equipment of approximately RMB80.0 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net Current Assets

As at 31 December 2019, the Group had net current assets of approximately RMB113.4 million (2018: RMB395.3 million), comprising of current assets of RMB487.6 million (2018: RMB1,133.8 million), net of current liabilities of RMB374.1 million (2018: RMB738.5 million).

The Group's current ratio was 1.3 as at 31 December 2019, while this ratio was 1.5 as at 31 December 2018. The decrease in current ratio was mainly due to the settlement of bond payables during the year ended 31 December 2019.

Banking Facilities

As at 31 December 2019, the Group had no banking facilities.

Gearing Ratio

The Group monitors its capital structure through gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated at the sum of bank and other loans, bond payable, obligations under finance lease, dividend payable, trade and bills payables and accruals and other payables (excluding deferred income and receipt in advance) less cash and cash equivalents. Capital represents equity attributable to the owners of the Company (excluding share capital). As at 31 December 2019 and 2018, the gearing ratios of the Group were approximately 19.5% and 15.8%, respectively. The improvement in gearing ratio was a result of the settlement of bank and other loans in early 2019.

Financial Resources

With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial reserves to meet its ongoing operational requirements.

FOREIGN EXCHANGE RISK

In 2019, the Group's revenue were mainly denominated in Renminbi, US dollars and HK$, whilst its purchases were mainly denominated in Renminbi, US dollars, HK$ and Japanese Yen. The trade receivables denominated in US dollars were greater than the trade payables denominated in US dollars, and the trade receivables denominated in HK$ were smaller than the trade payables denominated in HK$. Meanwhile, the Group is exposed to risks in respect of trade payables denominated in Japanese Yen, but is basically not exposed to risks in respect of trade receivables denominated in Japanese Yen. In the event of vigorous fluctuation of exchange rates, foreign exchange risk will exist to a certain extent. The Group will adopt corresponding hedging measures in relation to its foreign currency exposure, with a view to providing protection against future foreign exchange risk.

CHARGES ON ASSETS

As at 31 December 2019, the Group did not have any charges on its assets. As at 31 December 2018, prepaid land lease payments and investment properties of the Group's MLCC segment with carrying amounts of approximately RMB1.0 million and RMB22.2 million respectively have been pledged as securities for banking facilities. As at 31 December 2019, all equity interest in a wholly-owned subsidiary of the Company, Eyang Management Co., Ltd., have been released as security for the bond payable while was settled in August 2019.

HUMAN RESOURCES

As at 31 December 2019, the Group had a total of 994 (2018: 1,260) employees. The remuneration policy and package of the Group's employees are structured in accordance to market conditions, the performance, educational background and experience of individual employees as well as statutory requirements where appropriate.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil), on the assumption that the audited annual results of the Company for the year ended 31 December 2019 to be published upon completion of the auditing process will be consistent in all material respects with the unaudited results set out herein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company had complied with all code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. Having made specific enquiry of all the Directors, all Directors had confirmed that they have complied with the required standards as set out in Model Code regarding their securities transactions throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Chu Kin Wang, Peleus (chairman of the Audit Committee), Mr. David Tsoi and Mr. Xu Xuechuan. The main duties of the Audit Committee are to assist the Board in providing an independent view of the financial statements and financial and accounting policies of the Company and overseeing the Company's financial reporting system, internal control procedures and risk management system of the Company.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to travel restrictions and quarantine requirements in force in parts of China to combat the COVID-19 coronavirus outbreak. The unaudited results contained herein have not been agreed by the auditor of the Company. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the auditor of the Company and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting will be held; and (iii) the period during which the register of members will be closed in order to ascertain the eligibility of the shareholders to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditor of the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 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.