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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 IN RELATION TO THE ACQUISITION OF LIMITED PARTNERSHIP INTERESTS IN TIANLI REAL ESTATE FUND

THE ACQUISITION

The Board is pleased to announce that on 3 March 2017 (after trading hours), Tianli Capital, an indirect wholly owned subsidiary of the Company, as the assignee, UBL as the assignor, Tianli Real Estate Fund and the General Partner, entered into the Assignment Agreement pursuant to which UBL has agreed to sell, transfer, assign, set over and deliver the LP Interests in Tianli Real Estate Fund to Tianli Capital at the consideration of US\$10,377,524.27 (equivalent to approximately HK\$80,530,000). Tianli Real Estate Fund is a Cayman Islands exempted limited partnership and a single project fund indirectly holding a minority interest in an entity whose principal assets include a real estate development project in Beijing, the PRC. Completion of the Acquisition took place on 3 March 2017 (after trading hours).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE ASSIGNMENT AGREEMENT

The principal terms of the Assignment Agreement are as follows:

Date

3 March 2017 (after trading hours)

Parties

- (1) Tianli Capital as the assignee and an indirect wholly owned subsidiary of the Company
- (2) UBL as the assignor
- (3) Tianli Real Estate Fund
- (4) Tianli Real Estate Investment Limited, the General Partner and an indirect wholly owned subsidiary of the Company

UBL is a company incorporated in BVI with limited liability and is held as to 50% by CHL, an indirect wholly owned subsidiary of the Company, and as to 50% by UYL. Save as such equity interests in UBL, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, UBL and its ultimate beneficial owner are Independent Third Parties.

Tianli Real Estate Fund is a Cayman Islands exempted limited partnership established on 15 December 2016, and the General Partner of Tianli Real Estate Fund is Tianli Real Estate Investment Limited, which is an indirect wholly owned subsidiary of the Company. Save as certain subsidiaries of the Company which hold or are interested in part of the Total Commitment of Tianli Real Estate Fund, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tianli Real Estate Fund and its ultimate beneficial owners are Independent Third Parties.

Asset acquired

The LP Interests which are the subject of the Assignment Agreement represented 8.84% of the Total Commitment of Tianli Real Estate Fund held by UBL immediately before Completion.

Consideration

The consideration payable by Tianli Capital to UBL for the Acquisition is US\$10,377,524.27 (equivalent to approximately HK\$80,530,000), which has been paid by Tianli Capital on Completion. The consideration paid by Tianli Capital for the Acquisition was funded by internal resources of the Group.

The consideration for the Acquisition was determined after arm's length negotiations between Tianli Capital and UBL taking into account the net asset value of Tianli Real Estate Fund and the LP Interests held by UBL immediately prior to the date of Assignment Agreement.

Completion

Completion of the Acquisition took place on 3 March 2017 (after trading hours). Upon Completion, Tianli Capital holds 15.04% of the Total Commitment of Tianli Real Estate Fund.

In accordance with the terms of the Assignment Agreement and as part of the Completion formality, Tianli Capital has at Completion also entered into a corresponding subscription agreement in respect of the LP Interests with the General Partner.

INFORMATION ON TIANLI REAL ESTATE FUND

Tianli Real Estate Fund is a Cayman Islands exempted limited partnership established by Tianli Real Estate Investment Limited as the General Partner and Tianli Capital as the Initial Limited Partner, both are indirect wholly owned subsidiaries of the Company, on 15 December 2016. Tianli Real Estate Fund is a single project fund and as at the date of this announcement, it is indirectly holding a minority interest in an entity whose principal assets include a real estate development project in Beijing, the PRC, consisting of office and retail components with a gross floor area of over 100,000 square metres. Tianli Real Estate Fund is intended to be part of a series of investment funds, in which the Company takes part or proposes to take part in, focusing on real estate opportunities globally to achieve long-term stable returns. As at the date of this announcement, the amount of Total Commitment of Tianli Real Estate Fund is US\$116,427,150.68 (equivalent to approximately HK\$903,475,000).

Other than its holding of equity interests in the entity mentioned above, Tianli Real Estate Fund has no business activity.

The business of Tianli Real Estate Fund is carried on and managed by the General Partner and the General Partner has appointed Tianli Investment Management, an indirect wholly owned subsidiary of the Company, as the Manager, to advise and assist the General Partner in, among other functions, managing the general and business affairs of Tianli Real Estate Fund, while the Manger has appointed Tianli Financial Limited as the Advisor to provide investment advisory services to the Manager.

As Tianli Real Estate Fund was newly established in December 2016, the table below sets forth the available unaudited financial information of Tianli Real Estate Fund:

**For the period from
15 December 2016
(date of establishment)
to 31 December 2016**
US\$'000

Loss before taxation	75
Loss after taxation	75

Based on the management accounts, the unaudited net liabilities of Tianli Real Estate Fund as at 31 December 2016 amounted to approximately US\$75,000 (equivalent to approximately HK\$582,000).

INFORMATION ON THE COMPANY AND THE COUNTERPARTIES TO THE ASSIGNMENT AGREEMENT

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of multi-layer ceramic chips, conducting financial investment, provision of financial services and trading of metals, minerals, petroleum and other products. A wholly owned subsidiary of the Company namely Tianli Financial Limited holds Type 4 (advising on securities) and Type 9 (asset management) licenses granted by the SFC.

UBL

UBL is an investment holding company incorporated in BVI with limited liability and is held as to 50% by CHL, an indirect wholly owned subsidiary of the Company, and as to 50% by UYL. Further details of the formation of UBL as a joint venture are set out in the announcement of the Company dated 29 June 2016 and as disclosed therein, UBL is not a subsidiary of the Company and its financial results, assets and liabilities would not be consolidated with those of the Group.

Tianli Real Estate Fund

Please refer to the section headed “Information on Tianli Real Estate Fund” above for the relevant information relating to Tianli Real Estate Fund.

Tianli Real Estate Investment Limited

Tianli Real Estate Investment Limited is a company incorporated in the Cayman Islands with limited liability and is an indirect wholly owned subsidiary of the Company. Tianli Real Estate Investment Limited is the General Partner of Tianli Real Estate Fund and is principally engaged in managing the business of Tianli Real Estate Fund with the assistance of the Manager and the Advisor.

REASONS FOR AND BENEFITS OF THE ACQUISITION

One of the business segments of the Group is financial investment and provision of financial services. Within the financial investment and financial services segment, it is the plan of the Company to focus on asset management and the Company has been strategically and progressively expanding its exposure in such segment by establishing and taking part in different funds with distinct investment objectives. The establishment of and the participation in Tianli Real Estate Fund signify the initiative of the Company to capitalize on the business opportunities in the real estate market.

As referred to under the section headed “Information on Tianli Real Estate Fund” above, Tianli Real Estate Fund is a single project fund indirectly interested in a real estate development project in Beijing, the PRC, consisting of office and retail components. Despite the volatility of the real estate market of the PRC in the past years, the Company believes that the outlook for the office and retail sections of the PRC real estate market remains positive. In the office premises section, the Company believes that demand for offices especially those at prime locations is expected to rebound by potentially strong office leasing activities from new and emerging industries and believed to be led by FinTech companies, internet financial and E-commerce companies, many of which gather in tier I cities, in line with the ongoing economic transition, industrial modernization and technology development of China. In particular, Beijing as the capital city of China has always been the preferred location of numerous companies and business organisations to base and carry on their businesses and will continue to enjoy such unique status from real estate market perspective with an expected low office vacancy rate. Likewise, in the retailing section, retail customers are constantly seeking improved shopping, leisure and social experience which will thus motivate players in the retail industry to open and maintain their stores in quality retail malls. The increase in the Commitment by Tianli Capital in Tianli Real Estate Fund by way of the Acquisition signifies the confidence of the Company in the office and retail sections of the PRC real estate market.

In addition and as referred to above in this announcement, the business of Tianli Real Estate Fund is carried on and managed by the General Partner which is assisted by the Manager and the Advisor, all of which are wholly owned subsidiaries of the Company, on a fee basis. This enables the Company to diversify its income stream.

On the above grounds, the Directors consider that the terms of the Assignment Agreement are fair and reasonable and on normal commercial terms, and the arrangement under the Assignment Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the assignment and transfer of the LP Interests to Tianli Capital by UBL pursuant to the Assignment Agreement
“Advisor”	Tianli Financial Limited
“Assignment Agreement”	the agreement and assignment of the LP Interests dated 3 March 2017 in respect of the Acquisition entered into between Tianli Capital as the assignee, UBL as the assignor, Tianli Real Estate Fund and the General Partner
“Board”	board of Directors

“BVI”	the British Virgin Islands
“CHL”	Celestial Hope Limited 天望有限公司, a company incorporated in BVI with limited liability and an indirect wholly owned subsidiary of the Company
“Commitment”	with respect to each limited partner of Tianli Real Estate Fund, the amount of capital that limited partner has committed to contribute to Tianli Real Estate Fund from time to time
“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 issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 117)
“Completion”	completion of the Acquisition pursuant to the Assignment Agreement which took place on 3 March 2017
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Partner”	Tianli Real Estate Investment Limited, a company incorporated in the Cayman Islands with limited liability which is an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Initial Limited Partner”	Tianli Capital
“Limited Partnership Agreement”	the exempted limited partnership agreement dated 13 December 2016 entered into between the General Partner and the Initial Limited Partner to govern their relationship and provided for (among others) the manner of operation and management of Tianli Real Estate Fund and amended and restated by an amended and restated exempted limited partnership agreement dated 12 January 2017
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“LP Interests”	8.84% of the Total Commitment of Tianli Real Estate Fund held by UBL immediately before Completion
“Manager”	Tianli Investment Management
“PRC” or “China”	the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianli Capital”	Tianli Capital Limited, a company incorporated in the Cayman Islands with limited liability which is indirectly wholly owned by the Company
“Tianli Financial Limited”	Tianli Financial Limited 天利金融有限公司, a company incorporated in Hong Kong with limited liability which is indirectly wholly owned by the Company
“Tianli Investment Management”	Tianli Investment Management Limited 天利投資管理有限公司, a company incorporated in the Cayman Islands with limited liability which is indirectly wholly owned by the Company
“Tianli Real Estate Fund”	Tianli Real Estate Investment L.P., a Cayman Islands exempted limited partnership, established by the General Partner and the Initial Limited Partner and governed by the Limited Partnership Agreement
“Total Commitment”	at a time, the aggregate amount of the Commitments of all the limited partners of Tianli Real Estate Fund or all the relevant limited partners (as applicable), at that time
“UBL”	Universal Blossom Limited 普華有限公司, a company incorporated in BVI with limited liability held as to 50% by CHL and as to 50% by UYL and the assignor under the Assignment Agreement
“UYL”	Ultimate Yield Limited 至發有限公司, a company incorporated in BVI with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America

“%”

per cent.

By order of the Board
Tianli Holdings Group Limited
Huang Mingxiang
Executive Director, Chairman and CEO

Hong Kong, 3 March 2017

For the purposes of illustration only, any amount denominated in US\$ in this announcement and translated into HK\$ at the rate of US\$1 = HK\$7.76. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the Board comprises six Executive Directors, namely, Mr. Huang Mingxiang, Mr. Jing Wenping, Mr. Kwok Oi Lung Roy, Mr. Xue Hongjian, Mr. Zhou Chunhua and Mr. Zhu Xiaodong; one Non-executive Director, namely, Mr. Sue Ka Lok and four Independent Non-executive Directors, namely Mr. Chan Chi On, Derek, Mr. Chu Kin Wang, Peleus, Mr. To Yan Ming, Edmond and Mr. Xu Xuechuan.