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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)**

### **UPDATE ON THE DISCLOSEABLE TRANSACTION IN RELATION TO THE ESTABLISHMENT OF A PRIVATE DEBT FUND AND PROPOSED SUBSCRIPTION OF THE INTEREST IN THE FUND**

Reference is made to the announcement of Tianli Holdings Group Limited (the “**Company**”) dated 5 January 2017 (the “**Jan Announcement**”) in relation to the establishment of the Fund and proposed subscription of the interest in the Fund. Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as those defined in the Jan Announcement.

On 29 June 2017, Tianli Fund Investment (as the General Partner and as attorney for each of the Limited Partners and Tianli Capital (as the Initial Partner and as the Junior Limited Partner) entered into an amended and restated limited partnership agreement (the “**Amended and Restated Limited Partnership Agreement**”) with retrospective effect from 5 January 2017, pursuant to which the parties have agreed to revise the key terms relating to the distributions under the Fund, as set out in the section headed “Establishment of a Private Debt Fund and Proposed Subscription on the Interest in the Fund — Distributions” of the Jan Announcement as follows:

#### **Distributions**

The General Partner shall declare and make distributions to the Limited Partners on a best effort basis, the aggregate amount for each 6 month period ending on 30 June and 31 December (“**Half Year**”), which shall be no less than an amount equal to 8% per annum of the Commitment drawn down from each Limited Partner at the relevant date of draw down in the relevant Half Year multiplied by the Half Year Fraction.

The net proceeds from the realised investment and any net proceeds for the re-financing and income in respect of such realised investment in relation to the Fund and including any equalising amount paid by the additional Limited Partners and Limited Partners which increase their Commitments pursuant to the Amended and Restated Limited Partnership Agreement and after deducting reserves, taxes and expenses will be distributed as follows:

- (a) (preferred-return to the Senior Limited Partners): first, 100% to each Senior Limited Partner until each such Senior Limited Partner has been allocated such distributable amount and all prior distributions (including any distributions made by the General Partner in accordance with the terms of the Amended and Restated Limited Partnership Agreement) equal to an amount of 8% per annum of the Commitment drawn down from such Senior Limited Partner as at the relevant date of draw down multiplied by the Distribution Fraction;
- (b) (preferred-return to the Junior Limited Partners): second, 100% to each Junior Limited Partner until each such Junior Limited Partner has been allocated such distributable amount and all prior distributions (including any distributions made by the General Partner in accordance with the terms of the Amended and Restated Limited Partnership Agreement) equal to an amount of 8% per annum of the Commitment drawn down from such Junior Limited Partner as at the relevant date of draw down multiplied by the Distribution Fraction;
- (c) (return of capital contributions to the Senior Limited Partners): third, 100% to each Senior Limited Partner until each such Senior Limited Partner has been allocated such distributable amount under this provision equal in aggregate to 100% of the capital contributions by each such Senior Limited Partner at the time of distribution;
- (d) (return of capital contributions to the Junior Limited Partners): fourth, 100% to each Junior Limited Partner until each such Junior Limited Partner has been allocated such distributable amount under this provision equal in aggregate to 100% of the capital contributions by each such Junior Limited Partner at the time of distribution;
- (e) (split): simultaneously thereafter: (i) to the Senior Limited Partners: 20% x the proportion of Senior Limited Partner's aggregate amount of the drawdown made from time to time on its Commitment in those of all Limited Partners at time of distribution; (ii) to each Junior Limited Partner: to each Junior Limited Partner, until such Junior Limited Partner has been allocated an amount equal to an overall internal rate of return of 8% per annum (after deducting the management fee accrued and payable by such Junior Limited Partner), then 80% to each Junior Limited Partner and 20% to the Special Limited Partners as special distribution.

For the purpose of the Amended and Restated Limited Partnership Agreement, "Half Year Fraction" means the fraction with the number of days lapsed since the Commitment has been drawn down and remains unreturned in the relevant Half Year as the numerator, and 365 days as the denominator; and "Distribution Fraction" means the fraction with the number of days lapsed since the Commitment has been drawn down and remains unreturned as at the distribution date as the numerator, and 365 days as the denominator.

Save as disclosed above, all other material terms of the Limited Partnership Agreement remain unchanged in all material respect.

The Directors consider that the terms of the Amended and Restated Limited Partnership Agreement are fair and reasonable and on normal commercial terms, and the arrangement under Amended and Restated Limited Partnership Agreement is in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 29 June 2017

*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.*