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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)

DISCLOSABLE TRANSACTION CONSTRUCTION CONTRACT

CONSTRUCTION CONTRACT

The Board is pleased to announce that after a tendering process, on 21 March 2023 (after trading hours), Anhui Eyang (an indirect wholly owned subsidiary of the Company) and the successful bidder, Anhui Fenghe, entered into the Construction Contract, pursuant to which Anhui Fenghe will provide certain construction services to Anhui Eyang at a total contract price of RMB20,000,000 (equivalent to approximately HK\$22,716,000).

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 21 March 2023 (after trading hours), Anhui Eyang (an indirect wholly owned subsidiary of the Company) and the successful bidder, Anhui Fenghe, entered into the Construction Contract, pursuant to which Anhui Fenghe will provide certain construction services to Anhui Eyang.

THE CONSTRUCTION CONTRACT

The principal terms of Construction Contract are set out below:

Date: 21 March 2023

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. 安徽風和電力建設有限公司(Anhui Fenghe Electricity Construction Co., Ltd.*)

Anhui Fenghe is beneficially owned as to 54% by Ms. Wang Tianfeng (王天鳳). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Anhui Fenghe 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: Construction project of 35kV power lines located at Chuzhou Economic and Technological Development Zone, Northeast of the intersection of Chuzhou Avenue and Wuhu Road, Chuzhou City, Anhui Province, the PRC, which includes the provision and installation of all cables, transformers, electrical enclosures and switching devices from fire point to the low-voltage outlet terminal of the power distribution room, the civil construction of 35kV station; including but not limited to the indoor crane, lighting, grounding, ventilation, etc. of the power distribution room; the provision of ground insulating materials and insulating tools; supply of materials, infrastructure construction and installation, inspection and testing of materials and equipment from the fire point to the power distribution room.

Construction period: 100 calendar days from the date of the Construction Contract.

Consideration: The Consideration payable by Anhui Eyang is as follows:

RMB20,000,000 (equivalent to approximately HK\$22,716,000).

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 RMB20,000,000 (equivalent to approximately HK\$22,716,000) shall be paid by Anhui Eyang in the following manner:

- (1) 30% of the Consideration (i.e. RMB6,000,000, equivalent to approximately HK\$6,815,000), shall be paid within 15 days after the date of the Construction Contract;
- (2) 20% of the Consideration (i.e. RMB4,000,000, equivalent to approximately HK\$4,543,000) shall be paid within 15 days upon the delivery of machinery and the arrival of installation labor at the construction site;
- (3) after the completion of the construction project, 30% of the Consideration (i.e. RMB6,000,000, equivalent to approximately HK\$6,815,000) shall be paid within 10 days after the construction project passed the quality check; and
- (4) after passing the post-construction quality check, 17% of the Consideration (i.e. RMB3,400,000, equivalent to approximately HK\$3,862,000) shall be paid within 10 days after obtaining written testing opinion from the electricity supply department and handover of the construction project; and
- (5) the remaining 3% of the Consideration (i.e. RMB600,000, equivalent to approximately HK\$681,000) shall be paid as quality guarantee within (i) 18 months after the arrival of the equipment at the construction site or (ii) 12 months after the post-construction inspection and handover, whichever is earlier.

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.

Anhui Fenghe 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 existing production bases of the Group in Anhui and Dongguan maintained stable operations. Meanwhile, the Group has seized the opportunities of domestic substitution and built new production bases as well as the moderate expansion of production capacity to meet customer demands.

The Construction Contract is entered into for the construction of the electricity supply facilities which will enhance the efficiency of production for MLCC, and will thereby expect to bring positive impact on the performance of the MLCC segment of the Company.

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 the PRC
“Anhui Fenghe”	安徽風和電力建設有限公司 (Anhui Fenghe Electricity Construction Co., Ltd.*), a company established in the 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 21 March 2023 entered into between Anhui Eyang and Anhui Fenghe in respect of the construction project of 35kV power lines located at Chuzhou Economic and Technological Development Zone, Northeast of the intersection of Chuzhou Avenue and Wuhu Road, Chuzhou City, Anhui Province, the PRC
“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 party independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“kV”	Kilovolt
“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\$1.1358. 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, 21 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.