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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 ACQUISITION OF MACHINERY

THE ACQUISITIONS

The Board announces that on 1 September 2023 and 27 October 2023, Dong Eyang, an indirect wholly-owned subsidiary of the Company, and Tokai Konetsu, entered into the First Acquisition Purchase Contract and the Second Acquisition Purchase Contract respectively, pursuant to which Dong Eyang will acquire the First Acquisition Machinery and Second Acquisition Machinery from Tokai Konetsu at the consideration of RMB1,190,000 (equivalent to approximately HK\$1,287,699) and RMB17,200,000 (equivalent to approximately HK\$18,612,120) respectively.

IMPLICATION UNDER THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, as the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisitions, on an aggregated basis, exceeds 5% but is less than 25%, the Acquisitions constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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The Purchase Contracts

The principal terms of the Purchase Contracts are set out below:

The First Acquisition Purchase Contract

- Date:** 1 September 2023
- Parties:**
1. Dong Eyang, as purchaser; and
 2. Tokai Konetsu, as vendor.
- Subject Matter:** Dong Eyang agreed to acquire from Tokai Konetsu the First Acquisition Machinery, subject to the terms and conditions contained in the First Acquisition Purchase Contract.
- Consideration and payment:** The First Acquisition Consideration of RMB1,190,000 (inclusive of tax and equivalent to approximately HK\$1,287,699) shall be paid by Dong Eyang to Tokai Konetsu in the following manner:
- (i) an initial payment of approximately RMB315,929 (equivalent to approximately HK\$341,867) (the “**First Acquisition First Payment**”), being 30% of the pre-tax First Acquisition Consideration, on the date of the First Acquisition Purchase Contract;
 - (ii) a second payment of approximately RMB631,858 (equivalent to approximately HK\$683,734) (the “**First Acquisition Second Payment**”), being 60% of the pre-tax First Acquisition Consideration, before shipment of the First Acquisition Machinery; and

- (iii) a final payment of approximately RMB242,213 (equivalent to approximately HK\$262,099), being the sum of 10% of the First Acquisition Consideration and the tax payable for the First Acquisition First Payment and First Acquisition Second Payment, within three months after receipt and testing.

Expected delivery date: Within nine months from the date of the First Acquisition Purchase Contract

The Second Acquisition Purchase Contract

Date: 27 October 2023

Parties:

1. Dong Eyang, as purchaser; and
2. Tokai Konetsu, as vendor.

Subject Matter: Dong Eyang agreed to acquire from Tokai Konetsu the Second Acquisition Machinery, subject to the terms and conditions contained in the Second Acquisition Purchase Contract

Consideration and payment: The Second Acquisition Consideration of RMB17,200,000 (inclusive of tax and equivalent to approximately HK\$18,612,120) shall be paid by Dong Eyang to Tokai Konetsu in the following manner:

- (i) an initial payment of approximately RMB4,566,372 (equivalent to approximately HK\$4,941,271) (the “**Second Acquisition First Payment**”), being 30% of the pre-tax Second Acquisition Consideration, on the date of the Second Acquisition Purchase Contract, of which approximately RMB2,283,186 (equivalent to approximately HK\$2,470,635.5) shall be settled in cash, and the remaining RMB2,283,186 (equivalent to approximately HK\$2,470,635.5) shall be settled by banker’s acceptances with maturity of within 3 months;
- (ii) a second payment of approximately RMB9,132,743 (equivalent to approximately HK\$9,882,542) (the “**Second Acquisition Second Payment**”), being 60% of the pre-tax Second Acquisition Consideration, before shipment of the Second Acquisition Machinery; and

- (iii) a final payment of approximately RMB3,500,885 (equivalent to approximately HK\$3,788,308), being the sum of 10% of the Second Acquisition Consideration and the tax payable for the Second Acquisition First Payment and Second Acquisition Second Payment, within three months after receipt and testing.

Expected delivery date: 15 January 2024

Basis Of Consideration

The First Acquisition Consideration and Second Acquisition Consideration were determined after arm's length negotiation between the parties and on normal commercial terms with reference to the prevailing market price for machines similar to the First Acquisition Machinery and Second Acquisition Machinery. The First Acquisition Consideration and Second Acquisition Consideration will be funded by internal resources of the Group.

INFORMATION OF THE PARTIES TO THE PURCHASE CONTRACTS

Dong Eyang

Dong Eyang is a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, principally engaged in the manufacturing of MLCC.

Tokai Konetsu

Tokai Konetsu is a company established under the laws of the PRC principally engaged in the research and development, manufacture and design of industrial furnaces and related products. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Tokai Konetsu is ultimately owned as to 50% by Tokai Carbon and 41% by Suzhou Huike, and each of Tokai Konetsu and its ultimate beneficial owners is an Independent Third Party

REASONS FOR AN BENEFITS OF THE ACQUISITIONS

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.

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 and further enhancing the production capacity and technology standard of the Group's MLCC business. The First Acquisition Machinery and Second Acquisition Machinery are intended to be used at the new factory of Dong Eyang in Dongguan to increase the Group's production capacity,

expand its existing product lines, and to improve its technological capabilities in the MLCC segment. As at the date of this announcement, the Group's production base in Chuzhou has been completed and put into operation, while our new production base in Dongguan has been topped out and the internal renovation is also nearing completion. It is expected that after the completion of the relocation and expansion of the production base in Dongguan, both the production capacity and technical capabilities of the Group will be further significantly enhanced.

In view of the above, the Directors consider that the terms of the Purchase Contracts are on normal commercial terms and are fair and reasonable and that the Acquisitions are in the interests of the Company and its shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, as the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisitions, on an aggregated basis, exceeds 5% but is less than 25%, the Acquisitions constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisitions”	collectively, the First Acquisition and Second Acquisition
“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)
“Director(s)”	director(s) of the Company
“Dong Eyang”	東莞市東宇陽電子科技發展有限公司(Dongguan Dong Eyang Electronic Technology Development Limited*), an indirect wholly owned subsidiary of the Company established under the laws of the PRC
“First Acquisition”	the acquisition of the First Acquisition Machinery pursuant to the terms of the First Acquisition Purchase Contract

“First Acquisition Consideration”	the total consideration payable for the First Acquisition, being RMB1,190,000 (inclusive of tax and equivalent to approximately HK\$1,287,699)
“First Acquisition Machinery”	rapid testing furnaces
“First Acquisition Purchase Contract”	the purchase contract dated 1 September 2023 entered into between Dong Eyang and Tokai Konetsu in respect of the First Acquisition
“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 Party(ies)”	third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“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
“Purchase Contracts”	collectively, the First Acquisition Purchase Contract and Second Acquisition Purchase Contract
“RMB”	Renminbi, the lawful currency of the PRC
“Second Acquisition”	the acquisition of the Second Acquisition Machinery pursuant to the terms of the Second Acquisition Purchase Contract
“Second Acquisition Consideration”	the total consideration payable for the Second Acquisition, being RMB17,200,000 (inclusive of tax and equivalent to approximately HK\$18,612,120)
“Second Acquisition Machinery”	atmosphere roller type electric furnaces

“Second Acquisition Contract”	Purchase the purchase contract dated 27 October 2023 entered into between Dong Eyang and Tokai Konetsu in respect of the Second Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Huike”	蘇州匯科技術股份有限公司 (Suzhou Huike Technology Co., Ltd*), a company established under the laws of the PRC, the single largest shareholder (26.25%) of which is Mr. Ren Xihe (任希和)
“Tokai Carbon”	Tokai Carbon Co., Ltd, a company incorporated in Japan and the issued shares of which are listed on the Tokyo Stock Exchange (TSE stock code: 5301)
“Tokai Konetsu”	東海高熱（蘇州）工業爐有限公司（Tokai Konetsu (Suzhou) Co., Ltd.*), a company established under the laws of the PRC
“%”	per cent.

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\$1.0821. 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.

** For identification purpose only.*

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

Hong Kong, 27 October 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.