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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)

**TERMINATION OF DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF MACHINERY
AND
DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF MACHINERY**

The Board announces that on 20 December 2023, Dong Eyang, an indirect wholly-owned subsidiary of the Company, and Tokai Konetsu entered into the Supplemental Contract to terminate the Second Acquisition Purchase Contract. On the same date, Anhui Eyang, an indirect wholly-owned subsidiary of the Company, and Tokai Konetsu, entered into the Third Acquisition Purchase Contract, pursuant to which Anhui Eyang shall acquire the Third Acquisition Machinery from Tokai Konetsu at the consideration of RMB17,200,000 (equivalent to approximately HK\$19,090,280).

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 First Acquisition and Third Acquisition, 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.

Reference is made to the Announcement dated 27 October 2023 in relation to the discloseable transaction regarding the acquisition of machinery. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

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 shall 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.

The Board announces that on 20 December 2023, Dong Eyang and Tokai Konetsu entered into the Supplemental Contract to terminate the Second Acquisition Purchase Contract. On the same date, Anhui Eyang, an indirect wholly-owned subsidiary of the Company, and Tokai Konetsu, entered into the Third Acquisition Purchase Contract, pursuant to which Anhui Eyang shall acquire the Third Acquisition Machinery from Tokai Konetsu at the consideration of RMB17,200,000 (equivalent to approximately HK\$19,090,280).

TERMINATION OF THE SECOND ACQUISITION PURCHASE CONTRACT

On 20 December 2023, Dong Eyang, an indirect wholly-owned subsidiary of the Company, and Tokai Konetsu entered into the Supplemental Contract to terminate the Second Acquisition Purchase Contract. The Group considered that it is more appropriate for the Second Acquisition Machinery to be acquired by another indirect wholly-owned subsidiary of the Company, Anhui Eyang. As such, Dong Eyang and Tokai Konetsu terminated the Second Acquisition Purchase Contract and Anhui Eyang and Tokai Konetsu entered into the Third Acquisition Purchase Contract on the same date.

Dong Eyang has yet to pay any consideration to Tokai Konetsu under the Second Acquisition Purchase Contract. The Board considers that the termination of the Second Acquisition Purchase Contract will not have any material adverse impact on the financial position and operation of the Group.

THE THIRD ACQUISITION PURCHASE CONTRACT

The principal terms of the Third Acquisition Purchase Contract are set out below:

- Date:** 20 December 2023
- Parties:**
1. Anhui Eyang, as purchaser; and
 2. Tokai Konetsu, as vendor.
- Subject matter:** Anhui Eyang agreed to acquire from Tokai Konetsu the Third Acquisition Machinery, subject to the terms and conditions contained in the Third Acquisition Purchase Contract
- Consideration and payment:** The Third Acquisition Consideration of RMB17,200,000 (inclusive of tax and equivalent to approximately HK\$19,090,280) shall be paid by Anhui Eyang to Tokai Konetsu in the following manner:
- (i) an initial payment of approximately RMB4,566,372 (equivalent to approximately HK\$5,068,216) (the “**Third Acquisition First Payment**”), being 30% of the pre-tax Third Acquisition Consideration, on the date of the Third Acquisition Purchase Contract, of which approximately RMB2,283,186 (equivalent to approximately HK\$2,534,108) shall be settled in cash, and the remaining RMB2,283,186 (equivalent to approximately HK\$2,534,108) 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\$10,136,432) (the “**Third Acquisition Second Payment**”), being 60% of the pre-tax Third Acquisition Consideration, before shipment of the Third Acquisition Machinery; and
 - (iii) a final payment of approximately RMB3,500,885 (equivalent to approximately HK\$3,885,632), being the sum of 10% of the Third Acquisition Consideration and the tax payable for the Third Acquisition First Payment and Third Acquisition Second Payment, within three months after receipt and testing.
- Expected delivery date:** 15 January 2024

Basis of consideration

The Third Acquisition Consideration was 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 Third Acquisition Machinery. The Third Acquisition Consideration will be funded by internal resources of the Group.

INFORMATION OF THE PARTIES TO THE THIRD ACQUISITION PURCHASE CONTRACT

Anhui Eyang

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

Tokai Konetsu

Tokai Konetsu is a company established under the laws of the PRC and 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 Third Acquisition Machinery are intended to be used at the new factory of the Group 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 Acquisitions 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 First Acquisition and Third Acquisition, 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 Third Acquisition
“Anhui Eyang”	安徽宇陽科技發展有限公司 (Anhui Eyang Technology Development Co., Ltd.*), an indirect wholly-owned subsidiary of the Company established under the laws of the PRC
“Announcement”	announcement of the Company dated 27 October 2023 in relation to the discloseable transaction regarding the acquisition of machinery
“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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Contract”	the supplemental contract dated 20 December 2023 entered into between Dong Eyang and Tokai Konetsu to terminate the Second Acquisition Purchase Contract
“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)
“Third Acquisition”	the acquisition of the Third Acquisition Machinery pursuant to the terms of the Third Acquisition Purchase Contract
“Third Acquisition Consideration”	the total consideration payable for the Third Acquisition, being RMB17,200,000 (inclusive of tax and equivalent to approximately HK\$19,090,280)
“Third Acquisition Machinery”	atmosphere roller type electric furnaces
“Third Acquisition Purchase Contract”	the purchase contract dated 20 December 2023 entered into between Anhui Eyang and Tokai Konetsu in respect of the Third Acquisition
“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\$1.1099. 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, 20 December 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.