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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 PURCHASE CONTRACT**

### **PURCHASE CONTRACT**

On 23 April 2020, Shenzhen Eyang (an indirect wholly-owned subsidiary of the Company) entered into the Purchase Contract with Yodogawa, pursuant to which Shenzhen Eyang agreed to acquire from Yodogawa the Machinery at a total consideration of JPY249,000,000 (equivalent to approximately RMB16,340,000).

### **IMPLICATION UNDER THE LISTING RULES**

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the entering into of the Purchase Contract constituted a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company acknowledges that the notification and announcement in respect of the Acquisition as required under Chapter 14 of the Listing Rules had been delayed due to its unintentional oversight regarding the size of the Acquisition and the temporary fluctuation in the price of the Shares at the relevant time. The Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures, particularly in the areas of, among other things, notifiable transactions, so as to prevent occurrence of any similar incidents in the future.

## **PURCHASE CONTRACT**

On 23 April 2020, Shenzhen Eyang (an indirect wholly-owned subsidiary of the Company) entered into the Purchase Contract with Yodogawa, pursuant to which Shenzhen Eyang agreed to acquire from Yodogawa the Machinery at the Consideration.

Principal terms of the Purchase Contract are set out below:

**Date:** 23 April 2020

**Parties:**

1. Shenzhen Eyang (an indirect wholly-owned subsidiary of the Company); and
2. Yodogawa.

As at the date of this announcement and immediately before completion of the Acquisition, the ultimate beneficial owner of Yodogawa was Mr. Tsutomu Ogawa.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Yodogawa and its ultimate beneficial owner are Independent Third Parties.

**Subject Matter:** Shenzhen Eyang agreed to acquire from Yodogawa the Machinery, consisting of five sets of stacking machine and one set of printing machine, subject to the terms and conditions contained in the Purchase Contract.

**Consideration and payment:** The Consideration of JPY249,000,000 (equivalent to approximately RMB16,340,000) shall be paid by Shenzhen Eyang to Yodogawa in the following manners:

- (i) on 25 May 2020, a deposit of JPY99,600,000, being 40% of the Consideration was paid;

- (ii) on 20 July 2020, a further payment of JPY124,500,000, being 50% of the Consideration was paid; and
- (iii) a final payment of JPY24,900,000, being 10% of the Consideration and payable within three months after receipt and inspection of the Machinery by Shenzhen Eyang.

The Consideration was arrived at after arm's length negotiations between the parties to the Purchase Contract based on normal commercial terms, taking into account the prevailing market price of similar machinery at the time of the Acquisition. The Consideration was satisfied by internal resources of the Group.

**Shipment and Inspection:** The Machinery was shipped to Shenzhen Eyang on 28 July 2020 and to be inspected at the factory of Shenzhen Eyang in Dongguan.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE 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.

Yodogawa is a company incorporated in Japan with limited liability and is principally engaged in manufacturing and sale of precision equipment, provision of processing technology and development and production of fluorine materials and polymer materials.

The Machinery are intended to be used at the factory of Shenzhen Eyang to increase our production capacity, to expand our existing product lines, and to improve its technological capabilities of the production facilities of the MLCC segment. After assessing the Consideration with reference to the prevailing market price of similar machinery, the Directors were of the view that it would be best to seize the opportunity to acquire the Machinery from Yodogawa pursuant to the Purchase Contract. The terms of the Purchase Contract had been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Purchase Contract and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the entering into of the Purchase Contract constituted a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of the Acquisition, as and when such obligation arose. Regrettably, the Company acknowledges that the notification and announcement in respect of the Acquisition as required under Chapter 14 of the Listing Rules had been delayed due to its unintentional oversight regarding the size of the Acquisition and the temporary fluctuation in the price of the Shares at the relevant time. The Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures, particularly in the areas of, among other things, notifiable transactions.

## REMEDIAL ACTIONS

To prevent occurrence of any similar incidents mentioned above and to ensure proper compliance with the Listing Rules in the future, the following remedial measures have been or will be taken by the Group:

- (a) all acquisitions and/or disposals with value over RMB10 million to which any member of the Group is expressed as a party are required to be approved by the Board before they may be entered into and a notice regarding the approval procedure will be circulated to all senior management, accounting and financial personnel of the Group (including the legal representatives and directors of the Company's subsidiaries in the PRC) and a monthly checklist is required to be completed by the relevant staff to ensure compliance with the relevant procedures;
- (b) training will be provided to the relevant staff (including the legal representatives and directors of the Company's subsidiaries in the PRC) in relation to the regulatory and compliance matters under the Listing Rules, particularly those concerning notifiable transactions;
- (c) disciplinary actions will be taken against those involved in the breaches of procedures (if applicable); and
- (d) the Company has sought, and will seek legal advice from time to time as and when necessary.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Machinery by Shenzhen Eyang from Yodogawa pursuant to the Purchase Contract
“Board”	the board of Directors
“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 Shares of which are listed on the Main Board of the Stock Exchange (stock code: 117)

“Consideration”	the total consideration payable for the Acquisition, being JPY249,000,000 (equivalent to approximately RMB16,340,000)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Machinery”	six sets of machines acquired under the Purchase Contract, consisting of five sets of stacking machines and one set of printing machine
“MLCC”	multi-layer ceramic chips
“percentage ratios”	the percentage ratios as defined in Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Contract”	the purchase contract dated 23 April 2020 entered into between Shenzhen Eyang and Yodogawa in respect of the Acquisition

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Eyang”	EYANG Technology Development Co., Ltd (深圳市宇陽科技發展有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Yodogawa”	Yodogawa Hu-tech Co., Ltd, a company incorporated in Japan with limited liability
“%”	per cent

*For the purpose of this announcement, unless otherwise indicated, conversion of JPY into RMB is calculated at the approximate exchange rate of JPY1.00 to RMB0.0656. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

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

Hong Kong, 15 April 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhou Chunhua (Chairman), Mr. Pan Tong (Chief Executive Officer), Mr. Chou, Benjamin Bang Yi, and Ms. Du Weilin; and three independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. David Tsoi and Mr. Xu Xuechuan.*