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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)

PROFIT WARNING

This announcement is made by Tianli Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and the information currently available to the Board, the Group is expected to a loss of approximately RMB200.0 million to approximately RMB230.0 million attributable to the Shareholders for the year ended 31 December 2023 as compared to a loss of RMB63.9 million attributable to the Shareholders for the year ended 31 December 2022.

In 2023, despite significant growth in revenue and gross profit in the Group's multi-layer ceramic capacitors (“MLCC”) segment, the gross profit growth was mostly offset by an increase in research and development investment and some one-time expenses due to the impairment of right-of-use assets. The increase in net loss in such segment was primarily due to: 1) the new fixed asset investment has not yet achieved the expected income due to market conditions, resulting in an impairment of property, plant and equipment of approximately RMB78.0 million; and 2) the reversal of deferred tax asset arising from the change in estimated future taxable profits due to market conditions resulting in deferred tax expense of approximately RMB29.2 million. Both of the above are losses of non-cash nature and will not have an adverse impact on the actual operations of the Group. In the investment and financial services segment, the Group recorded increase in fund management fees in 2023 and resulted in growth in business revenue but there was no significant change in valuation of funds. However, compared with the same period last year, the Group did not record any one-time non-recurring income in 2023 including gains of approximately RMB41.9 million arising from extinguishment of the other loans upon modification and a one-time income of approximately RMB 20.1 million from share of profit of an associate. The loss of non-cash nature, coupled with a decrease in one-time gains resulted in an increase in the Group's losses in 2023.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2023. The financial information contained in this announcement is only based on the preliminary review made by the Board with reference to the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and the other information currently available, which have not been reviewed by the Company’s auditor and is therefore subject to possible change and adjustment upon further review. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2023.

Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

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

Hong Kong, 25 March 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zhou Chunhua (Chairman) and 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.