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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)

VOLUNTARY ANNOUNCEMENT TWENTY LAWSUITS INITIATED BY THE GROUP

This announcement is made by Tianli Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Between 25 November 2020 and 30 November 2020 (both days inclusive), Shenzhen Eyang Technology Development Co., Ltd.* (深圳市宇陽科技發展有限公司), a wholly owned subsidiary of the Company (the “**Plaintiff**”), received Case Acceptance Notices issued by the Guangzhou Intellectual Property Court (廣州知識產權法院) and the Shenzhen Intermediate People’s Court (深圳市中級人民法院) (collectively, the “**Courts**”) regarding 20 lawsuits (the “**Cases**”) that the Plaintiff has initiated against Guangdong Weirong Electronic Technology Co., Ltd.* (廣東微容電子科技有限公司), Shenzhen Weirong Electronic Co., Ltd.* (深圳微容電子有限公司) and Shenzhen Weirong Electronic Components Co., Ltd.* (深圳市微容電子元器件有限公司) (collectively, the “**Defendants**”) to claim its rights in relation to two invention patents and 18 utility model patents in the Multi-Layer Ceramic Chips (“**MLCC**”) production process (the “**Patents**”). The Defendants are companies controlled by Mr. Weirong Chen (“**Mr. Chen**”), the former chairman and legal representative of the Plaintiff from August 2005 to April 2018.

The Plaintiff has been engaging in the research and development, production, and sales of electronic component products since its establishment in 2001. In the past two decades, the Group’s existing production plants, located in Dongguan city in Guangdong province and Chuzhou city in Anhui province of the People’s Republic of China, had significant investment in advanced manufacturing equipment and research and development of new products. With the long term support and investment of the Group, the Plaintiff has become a leading MLCC producer in China. The Patents are important to the Group’s MLCC business. The inventors of the Patents were employees of the Plaintiff using materials and technology of the Plaintiff to complete the invention. Therefore, the Patents are service invention which should belong to the Plaintiff.

In the civil petitions, the Plaintiff claims that Mr. Chen, during the term of his service at the Plaintiff's office, set up the Defendants and thereafter resigned from the position of legal representative of the Plaintiff. By exerting his influence on some senior management of the Plaintiff, Mr. Chen gradually transferred the property, employees, and intellectual property from the Plaintiff to the Defendants, and applied for the Patents under the name of the Defendants, thereby infringing upon the rights of the Plaintiff.

Accordingly, the Plaintiff has brought the lawsuits to the Courts to seek a judgement in its favour to protect its legal interests, including, among other things, an order that:

1. the Patents shall belong to the Plaintiff;
2. the Defendants shall bear the reasonable expenses in the aggregate amount of RMB2,000,000 involved in the Cases for upholding the Plaintiff's rights; and
3. the Defendants shall bear all the litigation costs of the Cases.

As at the date of this announcement, all the Cases are accepted by the Courts and are pending. The Company is conducting further investigation on other suspected infringements by the Defendants and Mr. Chen that may exist, and may take subsequent action to defend the interests of the Company and its shareholders.

* *Unofficial English translation denotes for identification purpose only*

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

Hong Kong, 30 November 2020

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.