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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 CONSTRUCTION CONTRACT

CONSTRUCTION CONTRACT

The Board is pleased to announce that after a tendering process, on 25 August 2023 (after trading hours), Dong Eyang, an indirect wholly-owned subsidiary of the Company, and the successful bidder, Guangdong Wanhong, entered into the Construction Contract, pursuant to which Guangdong Wanhong will provide certain construction services to Dong Eyang at a total contract sum of RMB44,350,000 (equivalent to approximately HK\$48,146,000).

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, the transaction contemplated under the Construction Contract constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after a tendering process, on 25 August 2023 (after trading hours), Dong Eyang, an indirect wholly owned subsidiary of the Company, and the successful bidder, Guangdong Wanhong, entered into the Construction Contract, pursuant to which Guangdong Wanhong will provide certain construction services to Dong Eyang at a total contract sum of RMB44,350,000 (equivalent to approximately HK\$48,146,000).

THE CONSTRUCTION CONTRACT

The principal terms of Construction Contract are set out below:

Date: 25 August 2023

Parties:

1. Dong Eyang; and
2. Guangdong Wanhong, as the contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Guangdong Wanhong is beneficially owned as to 80% by Mr. Zeng Guowei* (曾國偉), and each of Guangdong Wanhong and its ultimate beneficial owner is an Independent Third Party.

Scope of services: Construction project of non-cleanroom electromechanical system renovation located at No. 107, Fenggang Section, Dongshen Road, Fenggang Town, Dongguan City, Guangdong Province, the PRC (the "**Construction Project**"), which includes improving designs, construction, materials procurement and delivery, testing, quality and safety responsibilities, maintenance responsibilities, and provision of training in respect of operation, maintenance and safety to the operation staffs of Dong Eyang.

Expected date of completion: 4 November 2023

Contract Sum: RMB44,350,000, inclusive of tax (equivalent to approximately HK\$48,146,000) (the “**Contract Sum**”)

The Contract Sum was determined with reference to the tender offer submitted by Guangdong Wanhong and having compared with the tender offers submitted by other tenderers, the expected scope and complexity of the Construction Project, the costs of material and labour costs estimated to be incurred, and the prevailing market prices for carrying out construction works of comparable scale and complexity. The Contract Sum will be funded by internal resources of the Group and/or banking facilities.

Payment terms: The Contract Sum shall be paid by Dong Eyang in the following manner:

- (1) 20% of the Contract Sum, exclusive of tax, (i.e. RMB8,137,614.68, equivalent to approximately HK\$8,834,194.50), shall be paid within 7 days after the date of signing of the Construction Contract (the “**First Instalment**”);
- (2) 30% of the Contract Sum, exclusive of tax (i.e. RMB12,206,422.02, equivalent to approximately HK\$13,251,291.74), shall be paid within 10 days upon the delivery of major construction materials of the Construction Project and commencement of construction work by Guangdong Wanhong (the “**Second Instalment**”);

- (3) subject to the completion of testing and passing of quality check of the Construction Project, the sum of (a) 47% of the Contract Sum, exclusive of tax (the “**Third Instalment**”), and (b) the tax payable in respect of the First Instalment, Second Instalment and Third Instalment (i.e. RMB 22,675,463.30, equivalent to approximately HK\$24,616,482.96), shall be paid in March 2024;
- (4) the remaining 3% of the Contract Sum, inclusive of tax (i.e. RMB1,330,500.00 equivalent to approximately HK\$1,444,390.80), shall be paid 12 months after the completion, passing of quality check of the Construction Project and handover of operation of the non-cleanroom electromechanical system under the Construction Project to Dong Eyang; and
- (5) notwithstanding paragraphs (1)-(4) above, subject to agreement between the parties to the Construction Contract and actual progress of the Construction Project, the payment ratio and schedule can be adjusted.

INFORMATION OF THE PARTIES

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 manufacturing of MLCC.

Guangdong Wanhong

Guangdong Wanhong is a company established under the laws of the PRC principally engaged in the provision of construction services. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Guangdong Wanhong is beneficially owned as to 80% by 曾國偉 (Mr. Zeng Guowei*), and each of Guangdong Wanhong and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AN BENEFITS OF ENTERING INTO THE CONSTRUCTION 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.

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 in MLCC business and further enhancing the production capacity and technology standard. As of the date of this announcement, our 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 decoration has begun. After the relocation and expansion of the production base in Dongguan is completed, both the production capacity and technical capabilities of our Group will be further significantly enhanced.

The Construction Contract is entered into by Dong Eyang which will enhance the quality of production for MLCC, and is thereby expected to bring positive impact on the performance of the MLCC segment of the Company.

The Directors consider that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and that the transaction contemplated under the Construction Contract is in the interests of the Company and its shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, the transaction contemplated under the Construction Contract constitutes a discloseable transaction of the Company and is 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:

“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)
“Construction Contract”	the construction contract dated 25 August 2023 entered into between Dong Eyang and Guangdong Wanhong in respect of the construction project of non-cleanroom electromechanical system renovation located at No. 107, Fenggang Section, Dongshen Road, Fenggang Town, Dongguan City, Guangdong Province, the PRC
“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 Technology Development Limited*), an indirect wholly owned subsidiary of the Company established under the laws of the PRC
“Group”	the Company and its subsidiaries
“Guangdong Wanhong”	廣東萬鴻環境系統有限公司 (Guangdong Wanhong Environmental System Co., Ltd.*), a company established under the laws of the PRC
“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
“%”	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\$1.0856. 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, 25 August 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.