

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tianli Holdings Group Limited, you should at once hand this Prospectus together with the accompanying Application Form and Excess Application Form to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong takes no responsibility as to the contents of any of these documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraphs headed "Warning of the risks of dealing in the Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Open Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



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)

**OPEN OFFER OF 248,250,000 OPEN OFFER SHARES
AT HK\$1.50 PER OPEN OFFER SHARE
ON THE BASIS OF ONE OPEN OFFER SHARE FOR
EVERY TWO SHARES HELD ON THE RECORD DATE**

Underwriter



The latest time for acceptance of and payment for the Open Offer Shares is 4:00 p.m. on Friday, 3 February 2017. The procedures for acceptance and payment or transfer of the Open Offer Shares are set out on pages 14 to 16 of this Prospectus.

The Underwriting Agreement in respect of the Open Offer contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 20 to 21 of this Prospectus.

Shareholders should note that the existing Shares have been dealt in on ex-entitlement basis from Wednesday, 11 January 2017. If prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Open Offer as set out in the paragraphs headed "Conditions of the Open Offer" contained in this Prospectus are not fulfilled, the Open Offer will not proceed. **If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.**

Any dealings in the Shares up to the date on which all the conditions of the Open Offer are fulfilled (which is expected to be at 4:00 p.m. on Monday, 6 February 2017, will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

18 January 2017

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 12 December 2016 in relation to the Open Offer
“Application Form(s)”	the application form(s) for use by the Qualifying Shareholders to accept assured allotment of the Open Offer Shares
“Articles”	the articles of association of the Company
“associates”	has the meaning ascribed to it thereto in the Listing Rules
“Board”	the board of Directors
“business day(s)”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“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 issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 117)
“connected person(s)”	has the meaning ascribed to it thereto under the Listing Rules
“Cosmic Riches”	Cosmic Riches Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Du Weilin
“Cosmic Riches Shares”	93,443,650 Shares, representing approximately 18.82% of the issued share capital of the Company as at the Latest Practicable Date

DEFINITIONS

“Cosmic Riches Undertaking”	the irrevocable undertaking given by Cosmic Riches in favour of the Company and the Underwriter dated 12 December 2016
“Directors”	the directors of the Company
“Excess Application Form(s)”	the application form(s) for the Qualifying Shareholders to use for application of the Excess Shares
“Excess Shares”	Open Offer Shares over and above the assured entitlements of the Qualifying Shareholders under the Open Offer
“Excluded Shareholders”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider that it is necessary or expedient to exclude such Overseas Shareholder(s) from the Open Offer on account either of legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in such places
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huang Shares”	49,600,350 Shares, representing approximately 9.99% of the issued share capital of the Company as at the Latest Practicable Date
“Last Trading Day”	9 December 2016, being the last trading day for the Shares immediately prior to the publication of the Announcement
“Latest Practicable Date”	9 January 2017, being the latest practicable date for ascertaining certain information in this Prospectus prior to its bulk printing
“Latest Time for Acceptance”	4:00 p.m. on 3 February 2017 or such later time as may be agreed between the Underwriter and the Company in writing, being the latest time for application for the Open Offer Shares
“Latest Time for Termination”	4:00 p.m. on the next business day after the Latest Time for Acceptance
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Mr. Huang”	Mr. Huang Mingxiang, an executive Director and beneficial owner of the Huang Shares
“Open Offer”	the proposed offer for subscription by way of open offer on an assured allotment basis at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of one (1) Open Offer Share for every two (2) Shares held on the Record Date upon the terms and conditions of the Underwriting Agreement and the Prospectus Documents
“Open Offer Shares”	248,250,000 new Shares to be allotted and issued pursuant to the Open Offer
“Overseas Shareholders”	the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose registered addresses on that date are outside Hong Kong
“Prospectus”	this prospectus, being the prospectus issued by the Company in relation to the Open Offer
“Prospectus Documents”	together, the Prospectus, the Application Form and the Excess Application Form
“Prospectus Posting Date”	18 January 2017, or such later date as may be agreed between the Underwriter and the Company in writing, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	17 January 2017, or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Open Offer
“Registrar”	the branch share registrar of the Company in Hong Kong, being Boardroom Share Registrars (HK) Limited of 31/F., 148 Electric Road, North Point, Hong Kong

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“SP Agreement”	the share purchase agreement entered into between Mr. Huang and Cosmic Riches dated 29 April 2016
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement to be untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$1.50 per Open Offer Share
“substantial shareholder(s)”	has the meaning ascribed to it thereto under the Listing Rules
“Underwriter”	CSL Securities Limited, a corporation licensed to conduct type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 12 December 2016 and entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	201,528,175 Open Offer Shares, being the total number of Open Offer Shares (including the Open Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer, less those Open Offer Shares which Cosmic Riches has undertaken to take up under the Cosmic Riches Undertaking
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable of the Open Offer is set out as follows:

Record Date.....	Tuesday, 17 January 2017
Despatch of Prospectus Documents.....	Wednesday, 18 January 2017
Latest time for acceptance of, and payment for, the Open Offer Shares.....	4:00 p.m., Friday, 3 February 2017
Open Offer and Underwriting Agreement expected to become unconditional on or before.....	4:00 p.m., Monday, 6 February 2017*
Announcement of results of the Open Offer.....	Monday, 13 February 2017
Despatch of certificates for Open Offer Shares and refund cheques.....	Tuesday, 14 February 2017
Expected first day of dealings in Open Offer Shares.....	Wednesday, 15 February 2017
Designated broker starts to stand in the market to provide matching service for odd lots of Shares.....	9:00 a.m., Wednesday, 15 February 2017
Designated broker ceases to stand in the market to provide matching service for odd lots of Shares.....	4:00 p.m., Tuesday, 7 March 2017

* *if the Latest Time for Termination falls on a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day*

All times and dates stated above refer to Hong Kong local times and dates. Dates stated in the timetable are indicative only and may be extended or varied. Any change to the expected timetable for the Open Offer will be announced by the Company as appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER UPON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 3 February 2017. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 3 February 2017. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on 3 February 2017, the dates mentioned in the expected timetable above may be affected. In such event, the Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 20 consecutive business days, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer;

TERMINATION OF THE UNDERWRITING AGREEMENT

- (3) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (4) this Prospectus, when published, contain information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Open Offer Shares under the Open Offer.

The Underwriter shall be entitled by notice in writing prior to the Latest Time for Termination to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If prior to the Latest Time for Termination, any notice in writing is given by the Underwriter to the Company to terminate the Underwriting Agreement, all obligations of the parties under the Underwriting Agreement (save for provisions relating to termination and indemnity which shall remain in full force and effect and save further that the Company shall pay the reasonable legal and out-of-pocket expenses of the Underwriter) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed.



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)

Executive Directors:

Mr. Huang Mingxiang (*Chairman and
Chief Executive Officer*)
Mr. Jing Wenping
Mr. Kwok Oi Lung, Roy
Mr. Xue Hongjian
Mr. Zhou Chunhua
Mr. Zhu Xiaodong

Non-executive Director:

Mr. Sue Ka Lok

Independent Non-executive Directors:

Mr. Chan Chi On, Derek
Mr. Chu Kin Wang, Peleus
Mr. To Yan Ming, Edmond
Mr. Xu Xuechuan

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Unit 907-909, 9/F
Three Pacific Place
1 Queen's Road East
Admiralty
Hong Kong

18 January 2017

To the Qualifying Shareholders

Dear Sir or Madam,

**OPEN OFFER OF 248,250,000 OPEN OFFER SHARES
AT HK\$1.50 PER OPEN OFFER SHARE
ON THE BASIS OF ONE OPEN OFFER SHARE FOR
EVERY TWO SHARES HELD ON THE RECORD DATE**

INTRODUCTION

The Board announced on 12 December 2016 that the Company proposes to raise approximately HK\$372.4 million before expenses by way of the Open Offer, pursuant to which 248,250,000 Open Offer Shares will be issued at the Subscription Price of HK\$1.50 per Open Offer Share. The Company will allot one (1) Open Offer Share for every two (2) Shares held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. Qualifying Shareholders will have the right to apply for any Open Offer Shares in excess of their own assured allotments.

LETTER FROM THE BOARD

This Prospectus sets out further information regarding the Open Offer, including information on dealings in, and application for the Open Offer Shares and financial and other information of the Group.

THE OPEN OFFER

Issue Statistics

Basis of the Open Offer	:	One (1) Open Offer Share for every two (2) Shares held on the Record Date
Total number of issued Shares as at the Record Date	:	496,500,000 Shares
Number of Open Offer Shares	:	248,250,000 Open Offer Shares
Nominal value of the Open Offer Shares	:	HK\$0.01 each
Aggregate nominal value of the Open Offer Shares	:	HK\$2,482,500
Number of Open Offer Shares agreed to be taken up by Cosmic Riches	:	46,721,825 Open Offer Shares
Subscription Price	:	HK\$1.50 per Open Offer Share
Number of Open Offer Shares to be underwritten by the Underwriter	:	201,528,175 Open Offer Shares (being all the Open Offer Shares (including the Open Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer, less those Open Offer Shares which Cosmic Riches has undertaken to take up). Accordingly, taking into account the Cosmic Riches Undertaking in respect of an aggregate of 46,721,825 Open Offer Shares, the Open Offer is fully underwritten.
Total number of Shares in issue upon closing of the Open Offer	:	744,750,000 Shares

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriter that it shall not, without the prior consent of the Underwriter, issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares until the Latest Time for Acceptance.

LETTER FROM THE BOARD

The Open Offer Shares proposed to be issued represent:

- (a) 50.00% of the issued share capital of the Company as at the Latest Practicable Date assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer; and
- (b) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Open Offer Shares, assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares.

Qualifying Shareholders

The Company has sent the Prospectus Documents to the Qualifying Shareholders only. The invitation to subscribe for the Open Offer Shares to the Qualifying Shareholders will not be transferable.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant transfer of Shares (with the relevant share certificates) with the Registrar, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong by 4:30 p.m. on Thursday, 12 January 2017. The last day of dealing in Shares on a cum-entitlement basis is therefore Tuesday, 10 January 2017. The Shares were dealt with on an ex-entitlement basis from Wednesday, 11 January 2017.

Entitlements of Overseas Shareholders

The Prospectus Documents will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company on the Record Date, there was one Overseas Shareholder with registered address in Macau and eight Overseas Shareholders with registered addresses in the British Virgin Islands. The Directors having made enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, there are no legal restrictions under the applicable legislation of the relevant jurisdiction or requirements of any relevant regulatory body or stock exchange on or in connection with the offer of the Open Offer Shares to the Shareholders with registered address located in Macau and the British Virgin Islands. Therefore, the Directors have decided to extend the Open Offer to such Overseas Shareholders with registered address located in Macau and the British Virgin Islands as shown on the register of members of the Company as at the Record Date.

In view of the above, there is no Excluded Shareholder for the purpose of the Open Offer.

It is the responsibility of the Shareholders, including the Overseas Shareholders, to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Open Offer Shares.

LETTER FROM THE BOARD

It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Open Offer Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. The Company will not be responsible for verifying the legal qualification of such Overseas Shareholder(s) in such territory or jurisdiction, thus, should the Company suffer any losses or damages due to noncompliance with the relevant laws of such territory or jurisdiction by any such Overseas Shareholder(s) and/or resident(s), the Overseas Shareholder(s) and/or resident(s) shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Open Offer Shares to any such Overseas Shareholder(s) and/or resident(s), if at the Company's absolute discretion issuing the Open Offer Shares to them does not comply with the relevant laws of such territory or jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with.

Subscription Price

The Subscription Price of HK\$1.50 per Open Offer Share is payable in full when a Qualifying Shareholder accepts the Open Offer.

The Subscription Price represents:

- (a) a discount of approximately 31.2% to the closing price of HK\$2.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 33.7% to the average closing price of approximately HK\$2.261 per Share for the ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a premium of approximately 49.7% over the unaudited consolidated net asset value per Share of approximately HK\$1.002 (calculated by dividing the unaudited equity attributable to owners of the Company as at 30 June 2016 as shown in the interim report of the Company for the six months ended 30 June 2016 of approximately HK\$497,407,000 (equivalent to approximately RMB426,278,000) by 496,500,000 Shares in issue as at the date of the Announcement);
- (d) a discount of approximately 22.8% to the theoretical ex-entitlement price (calculated by dividing the aggregate of (i) the market value of the Shares at the closing price as quoted on the Stock Exchange on the Last Trading Day; and (ii) the net proceeds from the Open Offer, by the number of Shares then in issue immediately after the close of the Open Offer) of approximately HK\$1.943 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a discount of approximately 39.0% to the closing price of HK\$2.46 per Share as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Directors consider that the Subscription Price is fair and reasonable and are in the interests of the Company and the Shareholders as a whole due to the following:

- (a) the Company has an inactive historical trading volume;
- (b) the Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things:
 - (i) the prevailing market price of the Shares prior to the Last Trading Day;
 - (ii) the theoretical ex-entitlement price of the Shares; and
 - (iii) the unaudited consolidated net asset value per Share as at 30 June 2016.

With an attempt to obtain the best available terms for the Open Offer, the Company has approached the Underwriter and Cosmic Riches for performance of underwriting services for the Open Offer and considered the underwriting commission offered by the Underwriter to be fair. The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. In particular, the Underwriter offered a commission rate of 2.0% on the aggregate Subscription Price of the Underwritten Shares, which is considerably lower than the commission rate ranging from 3.0% to 3.5% that is usually charged for an Open Offer pursuant to the Directors' prior market knowledge.

During the negotiation process of the Underwriting Agreement, it has been indicated to the Company that a subscription price with a relatively deep discount to the closing price is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer. Based on the foregoing, without a deep discount to the historical trading price, it will be unlikely for the Group to obtain underwriting services for the Open Offer. Hence, taking into account the fund raising size and the need for setting the Subscription Price at a relatively deep discount for inducing the Underwriter to provide underwriting services under the Open Offer, it has resulted in the offer ratio of the Open Offer with dilutive impact to the Shareholders.

The Directors consider that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Open Offer Share upon full issue of the Open Offer Shares (assuming no issue of new Shares or no repurchase of Shares on or before the Record Date) will be approximately HK\$1.470.

Basis of the assured allotment of the Open Offer Shares

One (1) Open Offer Share will be issued for every two (2) Shares held by a Qualifying Shareholder on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with a remittance for the Open Offer Shares being accepted for.

LETTER FROM THE BOARD

Fractional entitlements

The Company shall not allot any fractions of Open Offer Shares to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Open Offer Shares. Such fractional entitlements shall be aggregated and made available for application by the Qualifying Shareholders who wish to apply for Excess Shares or underwritten by the Underwriter if the Open Offer is under-subscribed.

Status of the Open Offer Shares

When issued and fully paid, the Open Offer Shares will rank *pari passu* in all respects with the Shares then in issue. Holders of the Open Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Open Offer Shares in their fully-paid form.

PROCEDURES FOR APPLICATION

Application for Open Offer Shares

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to apply for the number of Open Offer Shares as shown therein subject to payment in full by 4:00 p.m. on Friday, 3 February 2017. Qualifying Shareholders should note that they may apply for any number of Open Offer Shares only up to the number set out in the Application Forms respectively addressed to them. If a Qualifying Shareholder wishes to apply for all the Open Offer Shares offered to it as specified in the Application Form addressed to it or wish to apply for any number less than its entitlement under the Open Offer, it must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Open Offer Shares it has applied for with the Registrar. All remittance(s) must be made in HK\$ and cheques must be drawn on an account with, or bankers' cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Tianli Holdings Group Limited — Open Offer Account" and crossed "Account Payee Only". It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 3 February 2017, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a banker's cashier order will constitute a warranty by the applicant that the cheque and/or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the 4:00 p.m. on Monday, 6 February 2017, the monies received in respect of acceptance of Open Offer Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

All Qualifying Shareholders are recommended to consult their independent professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Open Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Open Offer Shares resulting from the application for, holding, disposal of, or dealing in the Open Offer Shares.

Application for Excess Shares

Any assured allotments of Open Offer Shares which have not been accepted by the Qualifying Shareholders, and the Open Offer Shares created by aggregation of fractional Open Offer Shares, will be available for excess application by the Qualifying Shareholders.

The Excess Application Form is enclosed with this Prospectus which allows the Qualifying Shareholders to apply for Excess Shares but applications so lodged are not assured of being allocated any Excess Shares. Applications for Excess Shares should be made in accordance with the instructions printed thereon, by completing the Excess Application Form, and attaching a separate remittance for the full amount payable in respect of the Excess Shares being applied and lodged with the Registrar by not later than 4:00 p.m. on Friday, 3 February 2017. All remittance(s) must be made in HK\$ by cheques drawn on an account with, or by a bank cashier order issued by, a licensed bank in Hong Kong and made payable to “Tianli Holdings Group Limited — Excess Application Account” and crossed “Account Payee Only”.

The Directors will, upon consultation with the Underwriter, allocate the Excess Shares at their discretion on a fair and equitable basis as far as practicable, according to the principle that any Excess Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Shares applied for by all such Qualifying Shareholders.

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Open Offer Shares should note that there is no guarantee that such odd lots of the Open Offer Shares will be topped up to create whole board lots pursuant to applications for Excess Shares.

Any remaining Underwritten Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

LETTER FROM THE BOARD

In the event that the Board notes unusual patterns of Excess Shares applications and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for Excess Shares may be rejected at the sole discretion of the Board.

Shareholders with their Shares held by a nominee (including HKSCC) should note that the Directors will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (including HKSCC) should note that the aforesaid arrangements in relation to the allocation of Excess Shares will not be extended to them individually. Shareholders should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names prior to the book closure period and apply for the Excess Shares themselves. Excess application from Qualifying Shareholders (including registered nominee company) will be accepted by the Company even if their assured entitlement of the Open Offer Shares is not subscribed for in full.

It should be noted that unless the duly completed and signed Excess Application Form(s), together with the appropriate remittance(s), have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 3 February 2017, the Excess Application Form(s) is/are liable to be rejected.

All cheques or cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form or Excess Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholders will be deemed to have been declined and will be cancelled.

The Excess Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

Share certificates and refund cheques

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all Open Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on Tuesday, 14 February 2017. If the Open Offer is terminated, refund cheques are expected to be posted to the respective Qualifying Shareholders by ordinary post at their own risk on 14 February 2017.

Application for listing

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Open Offer Shares. The Open Offer Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares.

No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

LETTER FROM THE BOARD

Subject to the grant of the approval for the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Open Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Stamp Duty

Dealings in the Open Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

UNDERTAKING GIVEN BY COSMIC RICHES

Pursuant to the Cosmic Riches Undertaking, Cosmic Riches has given an irrevocable and unconditional undertaking in favour of the Company and the Underwriter:

- (a) to remain as the beneficial owner of the Cosmic Riches Shares beneficially held by it at the close of business on the Record Date free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever;
- (b) not to change its registered address in the register of members of the Company (unless such change is to change to an address in Hong Kong); and
- (c) to apply and pay for 46,721,825 Open Offer Shares to which it will be entitled pursuant to the Open Offer, by lodging the duly completed and signed Application Form in respect of all such Open Offer Shares with payment in full therefor in cash with the Registrar before 4:00 p.m. on the Latest Time for Acceptance in accordance with the instructions printed on the Prospectus Documents.

Other than the Cosmic Riches Undertaking, the Company has not received any other information or undertakings from any Shareholders of their intention in relation to the Open Offer Shares to be provisionally allotted to them under the Open Offer as at the Latest Practicable Date.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

On 12 December 2016, the Underwriter and the Company entered into the Underwriting Agreement. Taking into account the Cosmic Riches Undertaking and subject to the terms and conditions of the Underwriting Agreement, the Underwriter has agreed to fully underwrite the remaining 201,528,175 Open Offer Shares (being the Underwritten Shares) at the Subscription Price. The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscription for any Open Offer Shares not taken up by the Qualifying Shareholders. The Company shall by not later than the date of despatch of the share certificates in respect of the Open Offer Shares pay to the Underwriter: (i) a commission, in HK\$, of 2% of the aggregate Subscription Price in respect of the Underwritten Shares (being 201,528,175 Open Offer Shares) for which the Underwriter has agreed to subscribe or procure subscription pursuant to the Underwriting Agreement; and (ii) all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the SFO and the Underwriter, its ultimate beneficial owner and its associates are third parties independent of and not connected with the Company or any of its connected persons.

The Company has approached the Underwriter and Cosmic Riches for performance of underwriting services for the Open Offer and considered the underwriting commission offered by the Underwriter to be fair. The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. In particular, the Underwriter offered a commission rate of 2.0% on the aggregate Subscription Price of the Underwritten Shares, which is considerably lower than the commission rate ranging from 3.0% to 3.5% that is usually charged for an Open Offer pursuant to the Directors' prior market knowledge. As the Open Offer involves price sensitive information and the Directors consider the commission rate offered by the Underwriter to be fair, the Board considers it more appropriate to restrict such price sensitive information to fewer external parties and thus no other potential underwriters have been approached by the Company. The Directors consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the Open Offer

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (a) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Open Offer Shares on or before the Latest Time for Termination;
- (b) the filing and registration of all documents relating to the Open Offer, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance by no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date;
- (d) delivery to the Underwriter on the date of the Underwriting Agreement the Cosmic Riches Undertaking duly executed by Cosmic Riches;
- (e) compliance with and performance by Cosmic Riches of the Cosmic Riches Undertaking on or before the Latest Time for Acceptance; and
- (f) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

Save for condition (e) which may be waived by the Underwriter, all other conditions set out above are not capable of being waived. If the conditions precedent are not satisfied and/or waived in whole or in part by the respective date set out above (or such later time and/or dates as the Underwriter may agree with the Company in writing), the Underwriting Agreement shall terminate and (save in respect of any provisions relating to indemnity and reasonable out-of-pocket expenses of the Underwriter, and any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Underwriting commission

The Company will pay the Underwriter an underwriting commission in HK\$, of 2.0% of the aggregate Subscription Price in respect of the Underwritten Shares for which the Underwriter has agreed to subscribe or procure subscription and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter, but the Company shall continue to pay all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The Directors are of the view that the underwriting commission is fair and reasonable.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 20 consecutive business days, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer;

LETTER FROM THE BOARD

- (3) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (4) this Prospectus, when published, contain information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Open Offer Shares under the Open Offer.

The Underwriter shall be entitled by notice in writing prior to the Latest Time for Termination to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If prior to the Latest Time for Termination, any notice in writing is given by the Underwriter to the Company to terminate the Underwriting Agreement, all obligations of the parties under the Underwriting Agreement (save for provisions relating to termination and indemnity which shall remain in full force and effect and save further that the Company shall pay the reasonable legal and out-of-pocket expenses of the Underwriter) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment or waiver of the conditions set out under the paragraph headed “Conditions of the Open Offer” under the section headed “The Underwriting Agreement” in this Prospectus. In particular, the Open Offer is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out under the paragraph headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this Prospectus. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled or waived will bear the risk that the Open Offer might not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the close of the Open Offer assuming no Shares will be issued or bought back by the Company after the Latest Practicable Date:

	As at the Latest Practicable Date		Immediately after the close of the Open Offer (assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer)		Immediately after the close of the Open Offer (assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer)	
	<i>Shares</i>	<i>Approx.</i> <i>%</i>	<i>Shares</i>	<i>Approx.</i> <i>%</i>	<i>Shares</i>	<i>Approx.</i> <i>%</i>
Cosmic Riches (Note 1)	<u>93,443,650</u>	<u>18.82%</u>	<u>140,165,475</u>	<u>18.82%</u>	<u>140,165,475</u>	<u>18.82%</u>
<i>Directors</i>						
Mr. Huang	<u>49,600,350</u>	<u>9.99%</u>	<u>74,400,525</u>	<u>9.99%</u>	<u>49,600,350</u>	<u>6.66%</u>
Subtotal	<u>49,600,350</u>	<u>9.99%</u>	<u>74,400,525</u>	<u>9.99%</u>	<u>49,600,350</u>	<u>6.66%</u>
Public shareholders	353,456,000	71.19%	530,184,000	71.19%	353,456,000	47.46%
The Underwriter	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>201,528,175</u>	<u>27.06%</u>
Total (Note 2)	<u><u>496,500,000</u></u>	<u><u>100.00%</u></u>	<u><u>744,750,000</u></u>	<u><u>100.00%</u></u>	<u><u>744,750,000</u></u>	<u><u>100.00%</u></u>

Note 1: Cosmic Riches is a substantial Shareholder and has given the Cosmic Riches Undertaking in favour of the Company and the Underwriter to take up all the Open Offer Shares which it is entitled to under the Open Offer.

Note 2: Due to rounding, the total percentage figures do not add up to 100.00%.

Those Qualifying Shareholders who do not take up the Open Offer Shares to which they are entitled should note that their shareholding in the Company will be diluted upon the close of the Open Offer. The possible maximum dilution impact to the share price upon the close of the Open Offer is approximately 10.9% based on a theoretical ex-entitlement price of the Shares on the closing price as quoted on the Stock Exchange on the Last Trading Day being HK\$1.943.

LETTER FROM THE BOARD

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had not conducted any fund raising exercise in the past 12 months immediately preceding the date of the Announcement.

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of multi-layer ceramic chips, conducting financial investment, provision of financial services, and trading of metals, minerals, petroleum and other products.

In year 2016, the global economic outlook continued to face uncertainties. The Group's business relating to the manufacturing and sales of electronic products was affected by factors such as the depreciation of the Renminbi and slowing growth in the smartphone market and as a result, the Group's multi-layer ceramic chips ("MLCC") business faced a gloomy prospect for growth and struggled to step out from losses. The Group intends to implement a series of product transformation processes, such as directing efforts towards the development of production lines and technology which would allow electronic products with distinctive specifications e.g. smaller-sized products to be produced in order to improve the competitiveness and profitability of its electronic products.

In relation to the Group's commodities trading business, the Group has executed 10 commodity trading transactions with a cumulative amount of approximately HK\$262.0 million in the past 5 months, of which approximately HK\$11.0 million was on chrome ore and approximately HK\$251.0 million was on fuel oil. The Group currently does not have any commodity on hand.

Tianli Financial Limited, a wholly-owned subsidiary of the Company was granted Type 4 (advising on securities) and Type 9 (asset management) licenses by the SFC on 28 November 2016. Tianli Financial Limited will soon conduct asset management business and provide service in the scope of advising on securities.

Tianli Credit Limited, a wholly-owned subsidiary of the Company has applied for a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the money lenders license was granted on 29 November 2016.

As announced on 29 June 2016, Celestial Hope Limited ("CHL"), an indirect wholly-owned subsidiary of the Company entered into a joint venture agreement with Ultimate Yield Limited ("UYL"), an independent third party for the formation of a joint venture, Universal Blossom Limited ("**Universal Blossom**"), which is held as to 50% by CHL. The Company provided HK\$300.0 million to the joint venture by way of a shareholder's loan as the joint venture's initial working capital on 30 November 2016.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has entered into five loan/investment contracts with borrowers/investees who are independent third parties to the Company, involving a total contract sum of approximately HK\$288.6 million, of which approximately HK\$278.6 million has already been invested. The remaining cash commitment of approximately HK\$10.0 million is expected to be met by the first half of 2017.

The Board is of the view that the Open Offer will (i) allow the Company to strengthen its financial position; (ii) increase the capital base of the Company for future investment purposes; and (iii) provide funding to capture suitable investment opportunities as and when they arise.

Apart from the Open Offer, other financing alternatives such as bank borrowing and a rights issue have also been considered by the Board. The Company had approached certain banks in Hong Kong for further bank borrowings and the preliminary indicative terms offered by those banks, if any, were not considered favourable compared with the bond interest rate. The Board is of the view that:

- (i) equity financing by way of the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company without dilution and continue to participate in the future development of the Company without incurring finance cost to the Company. Thus, the Open Offer is the preferred means of fund raising as compared to debt financing or other equity financing; and
- (ii) although a rights issue will allow Shareholders to trade their nil-paid entitlements in the market in nil-paid form, such trading arrangements will increase the administrative work and expenses for the proposed fund raising exercise. In addition, since the liquidity of the Shares is thin, there is uncertainty of the existence of an active market to trade the nil-paid rights. Thus, the Open Offer is the more cost-effective and efficient means of fund raising as compared to a rights issue.

In assessing the fairness and reasonableness of the Open Offer, the Directors are of the view that the Open Offer is fair and reasonable and are in the interests of the Company and the Shareholders as a whole due to the following:

- (a) the Company has an inactive historical trading volume;
- (b) excess applications will be available under the Open Offer;
- (c) the offer ratio of the Open Offer is determined after taking into account the estimated funding requirements of the Company and the Subscription Price;
- (d) the Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things:
 - (i) the prevailing market price of the Shares prior to the Last Trading Day;
 - (ii) the theoretical ex-entitlement price of the Shares;

LETTER FROM THE BOARD

- (iii) the loss making position of the Group since 2012;
 - (iv) the net asset value of the Group as of 30 June 2016; and
 - (v) the thin trading volume of the Shares;
- (e) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from the fluctuating market sentiment, capital flow and interest rate trends, the Directors consider that it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer if the Subscription Price was not set at a reasonable discount to the historical trading prices of the Shares;
- (f) the Open Offer will provide the Group with readily available funds for its business and operations and help to improve its capital structure and leverage status; and
- (g) under the Open Offer, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Open Offer, they will be subscribing for the Open Offer Shares at a price lower than the historical and prevailing market price of the Shares.

The net proceeds from the Open Offer (after deducting relevant expenses such as professional fees, printing charges and sundry expenses) will amount to approximately HK\$365.0 million. The Company intends to apply the net proceeds from the Open Offer as to:

- (i) approximately HK\$140.0 million for the development of financial investment and financial services provision business. In particular, HK\$10.0 million has been committed and will be used within the first half of year 2017 as a loan to an independent third party. Approximately HK\$130.0 million is also expected to be used in first half of year 2017 for two projects with independent third parties to the Company, which are currently under negotiation;
- (ii) approximately HK\$20.0 million is expected to be used in the first half of year 2017 for the development of the Company's commodities trading business, which could increase the amount of each transaction to reduce average transaction costs and obtain better credit facility from banks;
- (iii) approximately HK\$200.0 million is expected to be used in the second half of year 2017 for repayment of debt and interest expenses relating to a bond in the amount of HK\$400.0 million issued by NER Management Limited, a wholly-owned subsidiary of the Company to Morgan Development Limited, an independent third party in August 2015. The bond has 8% interest and is issued for a term of 2 years, which will be due in August 2017. Approximately HK\$278.6 million of the bond proceeds has been invested in the Company's financial investment and financial services provision business involving loans and an investment in independent third parties

LETTER FROM THE BOARD

and approximately HK\$89.0 million is reserved for the Company's commodities trading business. The repayment is expected to improve the Company's capital structure and leverage status and reduce interest expense; and

(iv) the remaining for general working capital of the Company.

Based on existing plans of the Company and the Directors' best estimate, the Board confirms that the proceeds from the Open Offer will satisfy the Company's expected funding needs for the next 12 months and the Company currently does not have other fund raising plans unless any unexpected business needs arises.

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or the market capitalization of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Open Offer is not subject to the approval by the Shareholders pursuant to Rule 7.24(5) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information on the Group set out in the appendices to this Prospectus.

By Order of the Board
Tianli Holdings Group Limited
Huang Mingxiang
Executive Director, Chairman and CEO

1. FINANCIAL SUMMARY OF THE GROUP

The audited financial information of the Group:

- i. For the year ended 31 December 2015 is disclosed in the annual report of the Company published on 29 April 2016 (page 28–98); (accessible at <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0429/LTN20160429813.pdf>)
- ii. For the year ended 31 December 2014 is disclosed in the annual report of the Company published on 30 April 2015 (page 39–144); (accessible at <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0430/LTN201504301490.pdf>)
- iii. For the year ended 31 December 2013 is disclosed in the annual report of the Company published on 11 August 2014 (page 44–164); (accessible at <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0811/LTN20140811328.pdf>)

All of which have been published on the Stock Exchange's website (www.hkexnews.hk) and the website of the Company (<http://www.tlhg.com.hk>).

2. INDEBTEDNESS STATEMENT

At the close of business on 30 November 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the total indebtedness of the Group amounted to approximately RMB725 million, and comprised of the below:

(a) Bank loans

The Group had an outstanding principal of bank loans of approximately RMB60.0 million, which were secured by the pledge of certain buildings, prepaid land lease payments, investment properties, pledged bank deposits and trade and bills receivables of the Group and all equity interests in a wholly-owned subsidiary of the Company. Of the total bank loans, RMB20.0 million is also guaranteed by a key management personnel of the Group. All the bank loans are repayable within one year. Of the total bank loans, RMB20.0 million and RMB40.0 million were arranged at floating rates and fixed rates, respectively, ranging from 4.95% to 5.44%.

(b) Other loans

The Group had outstanding principal and interests of other loans of approximately RMB269.2 million and approximately RMB2.9 million, respectively, which are due to the independent third parties to the Company. The other loans are unsecured, unguaranteed and the principal of the other loans bear interest at the rate of 6% per annum. Other loans of RMB2.5 million and RMB269.6 million are repayable within one year and over one year respectively.

(c) Bond payable

The Group had an outstanding principal and interest of bond payable of approximately RMB355.6 million and approximately RMB36.8 million respectively. The bond is secured by all equity interests in two wholly-owned subsidiaries of the Company and is repayable on 13 August 2017. The principal of the bond payable bears interest at the rate of 8% per annum.

(d) Obligations under finance lease

Obligation under finance lease arrangement of approximately RMB0.5 million was secured by one of the Group's motor vehicles, bearing interest at the rate of 1.32% per annum and with maturity within five years.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payable and accruals and other payables in the ordinary course of business, at the close of business on 30 November 2016, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade and bills payables) or acceptance credits, debentures, mortgages, charges, finance lease hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after taking into account the internal financial resources available to the Group, including bank balances and cash, and the estimated net proceeds from the Open Offer, are of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2016, the outlook for the global economy continued to face uncertainties and the real economy remained weak. Due to various factors, such as the depreciation of Renminbi and slowing growth in the smartphone market, the Group's MLCC business was still struggling to step out from losses and was facing a gloomy prospect for growth. In recent years, the highly competitive market of downstream products, including smartphones, tablet and electrical appliance, has resulted in falling product prices, while downstream customers continued to depress the purchasing prices of MLCC in order to control production costs. On the other hand, product prices started to fall again after being stagnant for a period of time, as a result of the ever-changing strategies adopted by MLCC manufacturers, some of which even offered below-

cost pricing to take up market shares. Reduction in product sale prices has become a common approach to survival amid such ferocious competition. As a result, the Group's MLCC business recorded a segment loss of approximately RMB3.2 million in the first half of 2016, despite the Group's remarkable progress in product transformation. The substantial increase in finance cost arising from the bond interest of approximately RMB13.4 million drove the consolidated loss of the Group to RMB20.4 million for the period.

Compared to international advanced enterprises in the industry, the Group started late and had a lower input for research and development, resulting in a relative lag in technologies and thus, a weak competitiveness. The industry is trailing behind in the market as there is still a gap on overall technological level compared to well-known foreign corporations. Hence, the Group still needs to enhance the competitiveness of its products, turn its production lines, technologies and focus of its efforts to distinctive specifications e.g. smaller size products, with a view to strengthening the Group and overcoming the weak profitability in operation level in the changeable market, which will be a tough mid-long term task.

As the MLCC business continued to incur losses in the previous years, the Board has also been actively exploring other business opportunities in order to diversify the business of the Group with the view to enhancing the business prospects of the Group and to create value to shareholders. In the first half of 2016, the Company established certain wholly-owned subsidiaries in Hong Kong and overseas with a view to commencing the business of investment in provision of financial services, which include provision of credit for entities, participation in overseas mezzanine facility, investments in various properties, mezzanine loan and private equity by setting up joint ventures. The Company has also established a wholly-owned subsidiary in Hong Kong to commence and develop the business of commodities trading, including but not limited to trading of metals, minerals and petroleum products. Furthermore, the Company has also formed a joint venture in September 2016 whose business shall be the development and provision of market leading products for the financial industry based on artificial intelligence and big data technology which mainly includes intelligent marketing solutions, online credit products and smart investment advisory services.

6. EVENTS AFTER 31 DECEMBER 2015 BEING THE DATE ON WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP WERE MADE UP

Save as disclosed in points (c) and (d) under the paragraph "Appendix III — General Information — 7. Material Contracts" to this Prospectus, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up), no member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Company.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Open Offer had taken place on 30 June 2016.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2016, as extracted from the published interim report of the Company for the six months ended 30 June 2016, and is adjusted for the effect of the Open Offer as if the Open Offer had taken place on 30 June 2016.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2016 or at any future dates immediately after the completion of the Open Offer.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2016 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer <i>RMB'000</i> <i>(Note 3)</i>
Based on 248,250,000 Open Offer Shares to be issued	<u>425,053</u>	<u>312,497</u>	<u>737,550</u>
Unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2016 before the completion of the Open Offer <i>(Note 4)</i>			<u>RMB 0.86</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after the completion of the Open Offer <i>(Note 5)</i>			<u>RMB 0.99</u>

Notes:

- (1) The amount is determined based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of RMB425,053,000 as at 30 June 2016, which is unaudited consolidated net assets of the Group of RMB426,278,000 extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2016 and after deducting other intangible assets of approximately RMB1,225,000, included in the interim report of the Company dated on 29 August 2016.
- (2) The estimated net proceeds from the Open Offer of approximately RMB312,497,000 are calculated based on 248,250,000 Open Offer Shares on the basis of one Open Offer Share for every two Shares in issue held on the Record Date at the Subscription Price of HK\$1.50 per Open Offer Share and after deduction of the estimated related expenses, including among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$7,436,000, and assuming the translation of Hong Kong dollars to Renminbi as stated below in Note 7.

- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer represented the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2016 plus the estimated net proceeds from the Open Offer as set out in Note 2 above.
- (4) The calculation of the unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2016 before the completion of the Open Offer is based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of RMB425,053,000 as discussed in Note 1 above and the 496,500,000 Shares in issue as at 30 June 2016.
- (5) Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer of approximately RMB737,550,000 divided by 744,750,000 Shares which represents 496,500,000 Shares in issue as at 30 June 2016 and 248,250,000 Open Offer Shares to be allotted and issued pursuant to the Open Offer.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2016.
- (7) The amount in Hong Kong dollars is converted to Renminbi with the exchange rate at HK\$1.00 to RMB0.8563, a prevailing market exchange rate as at 30 June 2016.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS



國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F, Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To the Directors of Tianli Holdings Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tianli Holdings Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2016 and related notes as set out in part A of Appendix II to the prospectus issued by the Company dated 18 January 2017 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer of 248,250,000 shares to be issued by the Company at a subscription price of HK\$1.50 per open offer share (“**Open Offer**”) on the Group’s net tangible assets as at 30 June 2016 as if the Open Offer had taken place at 30 June 2016. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2016, which was included in the interim report of the Company dated on 29 August 2016.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information of the Group has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 18 January 2017

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept fully responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer assuming no change in shareholding between the Latest Practicable Date and the close of the Open Offer is as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>10,000,000.00</u>
 <i>Issued and fully paid:</i>	
496,500,000 Shares as at the Latest Practicable Date	4,965,000.00
<u>248,250,000</u> Open Offer Shares to be issued pursuant to the Open Offer	<u>2,482,500.00</u>
<u>744,750,000</u> Shares upon the close of the Open Offer	<u>7,447,500.00</u>

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Open Offer Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the then existing Shares. Holders of the Open Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Open Offer Shares.

No part of the share capital or any securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Open Offer Shares to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends were waived or agreed to be waived.

As at the Latest Practicable Date, no share or loan capital of the Company or any of its subsidiaries had been put under option or agreed conditionally or unconditionally to be put under option. The Company did not have any other derivatives, options, warrants and other convertible securities or rights convertible into Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

Directors and chief executive of the Company

As at the Latest Practicable Date, the interest or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules were as follows:

(a) *Long position in the Shares*

Name of Director	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate % of issued share capital
Mr. Huang	The Company	Beneficial owner	49,600,350 (Note 1)	9.99%
		Interest under s317 of the SFO	93,443,650 (Note 1)	18.82%

Note 1: pursuant to the SP Agreement, Mr. Huang acquired the Huang Shares from Cosmic Riches subject to a lock-up undertaking. Under section 317 of the SFO, Mr. Huang is also deemed to be interested in the Cosmic Riches Shares

(b) *Short position in the Shares*

Name of Director	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate % of issued share capital
Mr. Huang	The Company	Beneficial owner	49,600,350 (Note 2)	9.99%

Note 2: pursuant to the SP Agreement, the Huang Shares which Mr. Huang acquired from Cosmic Riches are subject to a put option granted to Cosmic Riches. Therefore Mr. Huang has a short position in the Huang Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company, pursuant to the Model Code.

Persons holding 10% or more shareholding

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the issued voting shares of any other member of the Group or any options in respect of such capital as follows:

Name of Shareholder	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate % of issued share capital
Cosmic Riches	The Company	Beneficial owner	93,443,650	18.82%
	The Company	Interest under section 317 of the SFO	49,600,350 (Note 3)	9.99%
Ms. Du Weilin	The Company	Interest of controlled corporation	93,443,650	18.82%
	The Company	Interest under section 317 of the SFO	49,600,350 (Note 3)	9.99%

Note 3: Pursuant to the SP Agreement, Mr. Huang acquired the Huang Shares from Cosmic Riches subject to a lock-up undertaking. Cosmic Riches is solely owned by Ms. Du Weilin. Under section 317 of the SFO, Ms. Du Weilin and Cosmic Riches are also deemed to be interested in the Huang Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other persons (other than a Director and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the issued voting shares of any other member of the Group or any options in respect of such capital.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any existing or proposed service contracts with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As announced by the Company on 28 September 2016, Tianli Technology Holdings Limited (“**Tianli Technology**”), an indirect wholly-owned subsidiary of the Company, executed the memorandum and articles of association of a joint venture formed with 深圳市農什投資合夥企業(有限合夥) (Shenzhen Nong Shi Investment Partnership (Limited Partnership*)) (the “**JV Partner**”), where the joint venture will be held as to 70% by Tianli Technology and 30% by the JV Partner. The general partner of the JV Partner is 深圳潤利投資管理有限公司 (Shenzhen Run Li Investment Management Company Limited*), a company incorporated in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company with 1% interest in the JV Partner. One of the limited partners of the JV Partner is Mr. Xue Hongjian (薛鴻健), an executive Director with 29% interest in the JV Partner and the remaining limited partner of the JV Partner is an independent third party to the Company with 70% interest in the JV Partner.

Apart from that stated above, as at the Latest Practicable Date, none of the Directors had any interest in any assets which had been since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

Apart from that stated above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group after the date two years immediately preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

- (a) The Underwriting Agreement; and

- (b) The placing agreement dated 7 September 2015 entered into between the Company and Get Nice Securities Limited (“**Get Nice Securities**”) as placing agent, pursuant to which the Company agreed to place through Get Nice Securities 81,100,000 new Shares to not less than six independent places;
- (c) The joint venture agreement dated 29 June 2016 entered into between CHL and UYL for the formation of Universal Blossom, pursuant to which each of CHL and UYL agrees to hold 50% equity interest of Universal Blossom, respectively.
- (d) The joint venture articles dated 28 September 2016 executed between Tianli Technology and the JV Partner for formation of 深圳市天農科技有限公司 (Shenzhen Tian Nong Technology Company Limited, “**Tian Nong**”), pursuant to which Tianli Technology agrees to hold 70%, and the JV Partner agrees to hold 30%, of Tian Nong, respectively.
- (e) The amended and restated exempted limited partnership agreement dated 5 January 2017 entered into between Tianli Capital Limited as initial limited partner, and Tianli Private Debt Fund Investment Limited at capacity as general partner and as attorney for each of the persons admitted as a limited partner in Tianli Private Debt Fund L.P., in relation to the establishment and management of Tianli Private Debt Fund L.P.
- (f) The subscription agreement dated 5 January 2017 entered into between Tianli Capital Limited and Tianli Private Debt Fund Investment Limited, pursuant to which Tianli Capital Limited agreed to invest with the capital commitment of US\$35 million (equivalent to approximately HK\$271.25 million) in Tianli Private Debt Fund L.P. as a junior limited partner.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions and advice which are included in this Prospectus:

Name	Qualifications
Crowe Horwath (HK) CPA Limited	Certified public accountant
Conyers Dill & Pearman	British Virgin Islands attorneys-at-law
Nuno Simões & Associados	Macau lawyers and notary

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given, and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

Each of the above experts had no direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2015, the date to which the latest published audited financial statements of the Group were made up.

10. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, legal and accounting fees, are estimated to be approximately HK\$7.4 million and will be payable by the Company.

11. PARTICULARS OF DIRECTORS OF THE COMPANY

Names and addresses of Directors of the Company

Executive Directors

Huang Mingxiang (*Chairman and CEO*)
Flat K, 42/F., Tower 2, The Avenue, No. 200,
Queen's Road East, Hong Kong

Jing Wenping
206, Tower 1, Wen Jin Du, Inspection and
Quarantine Building, No. 21, Jin Lian Road, Luo
Hu District, Shenzhen, the PRC

Kwok Oi Lung, Roy
Flat B, 7/F., Tower 3, Bel-air on the Peak, Island
South, 68 Bel-air Peak Avenue, Hong Kong

Xue Hongjian
F1-19A, Sanxianghaishang Garden, Dongbin
Road, Nanshan District, Shenzhen, the P.R.C.

Zhou Chunhua
Flat A, 28/F., Tower 6B, Imperial Cullinan,
10 Hoi Fai Road, Kowloon, Hong Kong

Zhu Xiaodong
52-1-101 Yuanyangtiandi, Chaoyang District,
Beijing, the PRC

Non-executive Director	Sue Ka Lok Rm 1516, Block E, Kornhill, Quarry Bay, Hong Kong
Independent non-executive Directors	Chan Chi On, Derek Rm G, 21/F, Tower15, South Horizons, Ap Lei Chau, Hong Kong
	Chu Kin Wang, Peleus Flat 1, 10/F., Tower D, Galaxia, 3 Lung Poon Street, Diamond Hill, Kowloon
	To Yan Ming, Edmond Flat A, 22/F., Tower 2, The Waterfront, 1 Austin Road, TST, Hong Kong
	Xu Xuechuan Tower 8C, 15/F., South Horizons, Ap Lei Chau, Hong Kong

Biography of Directors

Set out below are the brief biographical details of the Directors of the Company:

Executive Directors

- (a) **Mr. Huang Mingxiang**, aged 57, joined the Company as the Chairman and CEO in May 2016. Mr. Huang is also a member of the Nomination Committee and Remuneration Committee. Mr. Huang has over 35 years of experience in commercial banking, investment management and corporate finance through holding various executive positions in one of the largest banks in China and an international financial institution. Mr. Huang holds a Master in Management Science and Engineering degree from Hunan University and a Master of Business Administration degree from China Europe International Business School.
- (b) **Mr. Jing Wenping**, aged 34, has been an executive Director of the Company since May 2013 and is the deputy general manager of MLCC division of the Group. Mr. Jing is in charge of the Group's MLCC product management, including development, quality and production. Following his graduation from 電子科技大學 (University of Electronic Science and Technology of China) in 2005, Mr. Jing started his career in the Group and was promoted to the deputy factory director of the MLCC Production Centre in February 2008. He left the Group in April 2009, but rejoined later in January 2012.
- (c) **Mr. Kwok Oi Lung, Roy**, aged 40, joined the Company as an executive Director in February 2016 and is a director of various subsidiaries of the Company. Mr. Kwok has over 15 years of experience in investment

management and corporate finance through holding various executive positions in various international financial institutions from 1998 to 2015. Mr. Kwok obtained a Bachelor of Science in Engineering from the School of Engineering and Applied Science at the University of Pennsylvania and a Bachelor of Science in Economics from the Wharton School at the University of Pennsylvania, both in May 1998.

- (d) **Mr. Xue Hongjian**, aged 53, joined the Company as an executive Director in July 2016 and is a director of various subsidiaries of the Company. Mr. Xue graduated with major in mechanical engineering from Hubei University of Automotive Technology in the People's Republic of China (the "PRC") and holds a doctor's degree of Engineering majoring in Mechanical Manufacturing from Huazhong University of Science & Technology in the PRC. Mr. Xue has over 20 years' experience in banking industry, specializing in information technology and product development.
- (e) **Mr. Zhou Chunhua**, aged 39, joined the Company as an executive Director in January 2016 and is a director of various subsidiaries of the Company. Mr. Zhou holds a Master of Business Administration degree in Finance from Kellogg School of Management at Northwestern University, a Master of Philosophy degree in System Dynamics from University of Bergen and a Bachelor of Science degree in Management Information Systems from Fudan University. Mr. Zhou had held various executive positions in a reputable investment bank and had worked for various international financial institutions and business organizations. Mr. Zhou has extensive experience in financial management, investment and corporate finance.
- (f) **Mr. Zhu Xiaodong**, aged 28, joined the Company as an executive Director in January 2016. Mr. Zhu holds a Master of Science in Finance degree from University of Sheffield. Mr. Zhu had held managerial position in a trust company and has extensive experience in trust management.

Non-executive Director

- (g) **Mr. Sue Ka Lok**, aged 51, joined the Company as an executive Director in July 2015 and was re-designated as non-executive Director in November 2016. Mr. Sue is also a director of various subsidiaries of the Company. Mr. Sue holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow of The Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators and the Hong Kong Securities and Investment Institute. He has extensive experience in corporate management, finance, accounting and company secretarial practice.

Independent non-executive Directors

- (h) **Mr. Chan Chi On, Derek**, aged 53, joined the Company as an independent non-executive Director in July 2016. Mr. Chan is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. Chan holds a Bachelor of Social Sciences degree from the University of Hong Kong and a Master of Business Administration degree from the Hong Kong University of Science and Technology. Mr. Chan has over 25 years experience in financial industry across various reputable financial institutions and regulatory body.
- (i) **Mr. Chu Kin Wang Peleus**, aged 52, joined the Company as an independent non-executive Director in April 2007. Mr. Chu is also the chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. Mr. Chu obtained a Master's degree in Business Administration from the University of Hong Kong and is an associate of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Chu has over 20 years of experience in corporate finance, auditing, accounting and taxation.
- (j) **Mr. To Yan Ming, Edmond**, aged 45, joined the Company as an independent non-executive Director in July 2016. Mr. To is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. To holds a Bachelor degree of Commerce Accounting from Curtin University of Technology, Australia. Mr. To is a certified practising accountant of the CPA Australia and is also a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. To has extensive experience in auditing, accounting, taxation and public market practice.
- (k) **Mr. Xu Xuechuan**, aged 54, joined the Company as an independent non-executive Director in July 2015. Mr. Xu is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Xu holds a Bachelor's degree in Economics from Peking University in the PRC, a Master of Arts in Economics degree and a Master of Science degree in Marketing Research from University of Guelph, Canada. Mr. Xu has extensive experience in direct investment and corporate finance. Mr. Xu has held senior management and consulting positions in various international enterprises in Canada, Hong Kong and the PRC.

12. CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Unit 907–909, 9/F Three Pacific Place 1 Queen’s Road East, Admiralty Hong Kong
Principal place of business in the PRC	207, Unit C, Building A3 China Merchants Science Park 3009 Guanguang Road Guangming Sub-district Guangming New District Shenzhen
Principal share registrar and transfer office	Appleby Trust (Cayman) Limited Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Boardroom Share Registrars (HK) Limited 31/F., 148 Electric Road North Point Hong Kong
Principal bankers	Wing Lung Bank 16/F, Wing Lung Bank Building, 45 Des Voeux Road Central, Hong Kong Agricultural Bank of China, Hong Kong Branch 25/F., Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch No. 20 Pedder Street, Central Hong Kong Industrial and Commercial Bank of China (Macau) Limited 18/F, Macau Landmark, 555 Avenida da Amizade, Macau

	Industrial and Commercial Bank of China (Asia) Limited 117–123 Hennessy Road, Wanchai, Hong Kong
	Chong Hing Bank Chong Hing Bank Centre, 24 Des Voeux Rd. Central, Hong Kong
Auditors	Crowe Horwath (HK) CPA Limited <i>Certified Public Accountants</i> 9/F Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong
Authorised representatives	Zhou Chunhua Flat A, 28/F., Tower 6B, Imperial Cullinan 10 Hoi Fai Road, Kowloon, Hong Kong
	Leung Wai Chung Flat A, 22/F., Tower 8, Parc Royale 8 Hin Tai Street, Shatin, N.T., Hong Kong
Company secretary	Leung Wai Chung <i>Certified Public Accountant</i> Flat A, 22/F., Tower 8, Parc Royale 8 Hin Tai Street, Shatin, N.T., Hong Kong
Company website	http://www.tlhg.com.hk

13. PARTIES INVOLVED IN THE OPEN OFFER

Underwriter	CSL Securities Limited Room 1406–12, 14/F., Nan Fung Tower 88 Connaught Road Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong Law</i> Iu, Lai & Li Solicitors & Notaries Rooms 2201, 2201A & 2202, 22nd Floor Tower 1 Admiralty Centre No. 18 Harcourt Road Hong Kong
	<i>As to British Virgin Islands and Cayman Islands Law</i> Conyers Dill & Pearman 29th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong

As to Macau Law

Nuno Simões & Associados
Alameda Dr. Carlos D'Assumpção,
No. 336, Cheng Feng Commercial building,
17 Floor, "O", Macau

Financial adviser to the Company

Convoy Capital Hong Kong Limited
Rooms 1406–12, 14/F., Nan Fung Tower
88 Connaught Road Central
Central
Hong Kong

14. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. at the principal place of business of the Company in Hong Kong at Unit 907–909, 9/F, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong for a period of 14 days from the date of this Prospectus:

- (a) this Prospectus;
- (b) the memorandum and articles of association of the Company;
- (c) the annual report of the Company containing audited consolidated financial statements of the Company for the two years ended 31 December 2015;
- (d) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this Prospectus;
- (e) the letter from Crowe Horwath (HK) CPA Limited in respect of the unaudited pro forma financial information following completion of the Open Offer, the text of which is set out in appendix II to this Prospectus;
- (f) the written consent referred to in the paragraph headed "Experts and consents" in this appendix;
- (g) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (h) the Cosmic Riches Undertaking; and
- (i) the Underwriting Agreement.

15. MISCELLANEOUS

In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text.