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TIANYUN INTERNATIONAL HOLDINGS LIMITED

天韵國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 6836)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES & POSSIBLE MAJOR TRANSACTION

INTRODUCTION

The Board of the Company is pleased to announce that on 20 November 2023 (after trading hours), the Company as the subscriber, entered into the Subscription Agreement with Jianlibao Asia as the issuer, to subscribe for approximately 9.18% of the shares in Jianlibao Asia for a total consideration of RMB300 million. Upon completion of the Subscription, the Company will hold approximately 8.40% of the enlarged issued share capital of Jianlibao Asia and indirectly hold an effective interest of approximately 4.58% in Jianlibao through its interest in Jianlibao Asia. The Subscription Consideration will be utilized to increase the Company's indirect interest in Jianlibao through enlargement of the share capital of Jianlibao and/or the acquisition of existing Jianlibao shares from other Jianlibao shareholders. Upon completion of the Initial Subscription, there is an RMB300 million increase in the shareholding in Jianlibao, depending on the manner of the increase in shareholding (i.e. by way of enlargement of the share capital and/or acquisition of existing shares in Jianlibao), the Company's indirect effective interest in Jianlibao will range from approximately 4.76% to 5.0%.

The Company intends to further increase its effective interest in Jianlibao to approximately 20% (but not more than 20%) upon completion of the Subscription. Pursuant to the Subscription Agreement, after the completion of the Subscription, the Company and Jianlibao Asia will continue to negotiate amicably to explore the implementation plan of additional issuance of shares by Jianlibao Asia to the Company. Pursuant to the Subscription Agreement, if the Company or a connected party of the Company intends to acquire further interests in Jianlibao, it shall be done by way of subscription of additional shares of Jianlibao Asia.

As the Company intends to make further subscriptions in a timely manner during the Subscription Mandate Period and further subscriptions may need to be made expeditiously, it is not practicable to seek prior approval from the Shareholders at that time. In order to have the flexibility to make the Further Subscription in an appropriate manner and at the best possible time, the Company proposes to seek the Subscription Mandate in advance from the Shareholders for the Further Subscription.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the Subscription exceed 5% but are less than 25%, the Subscription constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirements under the Listing Rules.

The applicable percentage ratios for the Further Subscription in aggregate of the Subscription may exceed 25% but are less than 100%, as such, the Further Subscription may constitute a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under

Chapter 14 of the Listing Rules. On this basis, the Company proposes to comply with the maximum transaction classification requirements applicable to major transactions under Chapter 14 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Further Subscription(s), the Subscription Mandate and a notice of the EGM to be convened and held to consider and, if thought fit, to grant the Directors the Subscription Mandate, is expected to be despatched to the Shareholders on or before 29 December 2023.

There is no assurance that the Company will proceed with the Further Subscription(s) after obtaining the Subscription Mandate. Whether and when the Company will proceed with the Further Subscription(s) or not will depend on a number of factors including but not limited to the prevailing market sentiments and market conditions at the proposed time of Further Subscription(s). The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the shares of the Company.

INTRODUCTION

The Board of the Company is pleased to announce that on 20 November 2023 (after trading hours), the Company as the subscriber, entered into the Subscription Agreement with Jianlibao Asia, as the issuer, to subscribe for approximately 9.18% of the shares in Jianlibao Asia for a total consideration of RMB300 million. Upon completion of the Subscription, the Company will hold approximately 8.40% of the enlarged issued share capital of Jianlibao Asia and indirectly hold an effective interest of approximately 4.58% in Jianlibao through its interest in Jianlibao Asia. The Subscription Consideration will be utilized to increase the Company's indirect interest in Jianlibao through enlargement of the share capital of Jianlibao and/or the acquisition of existing Jianlibao shares from other Jianlibao shareholders. Upon completion of the RMB300 million increase in the shareholding in Jianlibao, depending on the manner of the increase in shareholding (i.e. by way of enlargement of the share capital and/or acquisition of existing shares in Jianlibao), the Company's indirect effective interest in Jianlibao will range from approximately 4.76% to 5.0%.

THE SUBSCRIPTION AGREEMENT

Date

20 November 2023 (after trading hours)

Parties

- (1) the Company; and

- (2) Jianlibao Asia.

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, Jianlibao Asia and its ultimate beneficial owner(s) are all third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the Subscription Agreement, the Company as subscriber entered into the Subscription Agreement with Jianlibao Asia as issuer to subscribe for approximately 9.18% of the shares in Jianlibao Asia for a total consideration of RMB300 million.

Upon Subscription Completion, the Company will hold approximately 8.40% of the enlarged issued share capital of Jianlibao Asia and approximately 4.58% of indirect effective interest in Jianlibao.

Consideration

The total consideration for the Subscription will be RMB300 million. The Subscription Consideration was determined after arm's length negotiations between the Company and Jianlibao Asia with reference to Jianlibao's (i) recent financial performance; and (ii) financial statements and audited reports for financial years from 2021 to 2022.

The Subscription Earnest Money will be paid by the Company within 10 business days from the Subscription Date (or such other date as may be confirmed by both parties in writing). The Subscription Earnest Money will be converted into part of the payment of the Subscription Consideration by the Company at Subscription Completion. Nevertheless, in the event that the Subscription Agreement is terminated due to the failure of Jianlibao Asia to satisfy the condition precedents it is required to satisfy and/or due to the breach of the Subscription Agreement by Jianlibao Asia, the Subscription Earnest Money shall be refunded by Jianlibao Asia to the Company without interest within three business days after the Long Stop Date. The remaining 80% of the Subscription Consideration (i.e. HK\$240 million equivalent) is payable in cash at Subscription Completion.

The Subscription Consideration is funded by the Group's internal resources and/or funds raised from the Company's equity or debt fundraising exercise(s).

CONDITIONS PRECEDENTS

The Subscription Completion is conditional upon:

- (1) Jianlibao Asia has given written notice to the Company confirming that Jianlibao Asia has completed the Corporate Restructuring;
- (2) approval having been given by the authorized body of Jianlibao Asia for the issue of additional Subscription Shares and for the execution and performance of matters in connection with the Subscription Agreement;
- (3) the shareholders' meeting of Jianlibao Asia have approved a new memorandum and articles of association ("M&A") or amended the existing M&A of Jianlibao Asia, such M&A shall be effective on the Completion Date and shall effectively reflect the share capital of Jianlibao Asia and the corporate governance arrangements after the completion of the transaction;
- (4) Jianlibao Asia and the Company confirmed that the execution, delivery and performance of the Subscription Agreement by both parties does not and will not violate the provisions of any PRC and/or Hong Kong law or regulation or any order or decree of any PRC and/or Hong Kong governmental body, institution or court;
- (5) the Company has obtained and/or fulfilled all applicable and necessary approvals, consents, waivers

and obligations of governmental authorities and/or regulatory bodies (including the Stock Exchange) having lawful jurisdiction over it in connection with the execution and performance of the Subscription Agreement and the transactions contemplated thereunder, and the Company has complied strictly with all applicable laws or the rules of the regulators/organization (including but not limited to the Listing Rules), and performance of the Subscription Agreement has not resulted in any breach of any applicable laws or rules of regulatory bodies/entities (including but not limited to the Listing Rules);

- (6) the passing by the shareholders of the Company (as required under the Listing Rules) at the EGM of the Company of a resolution approving the transactions under the Subscription Agreement; and
- (7) there being no state of affairs, fact or circumstance which constitutes or is likely to constitute a material breach of any representation, warranty or undertaking given by Jianlibao Asia and the Company.

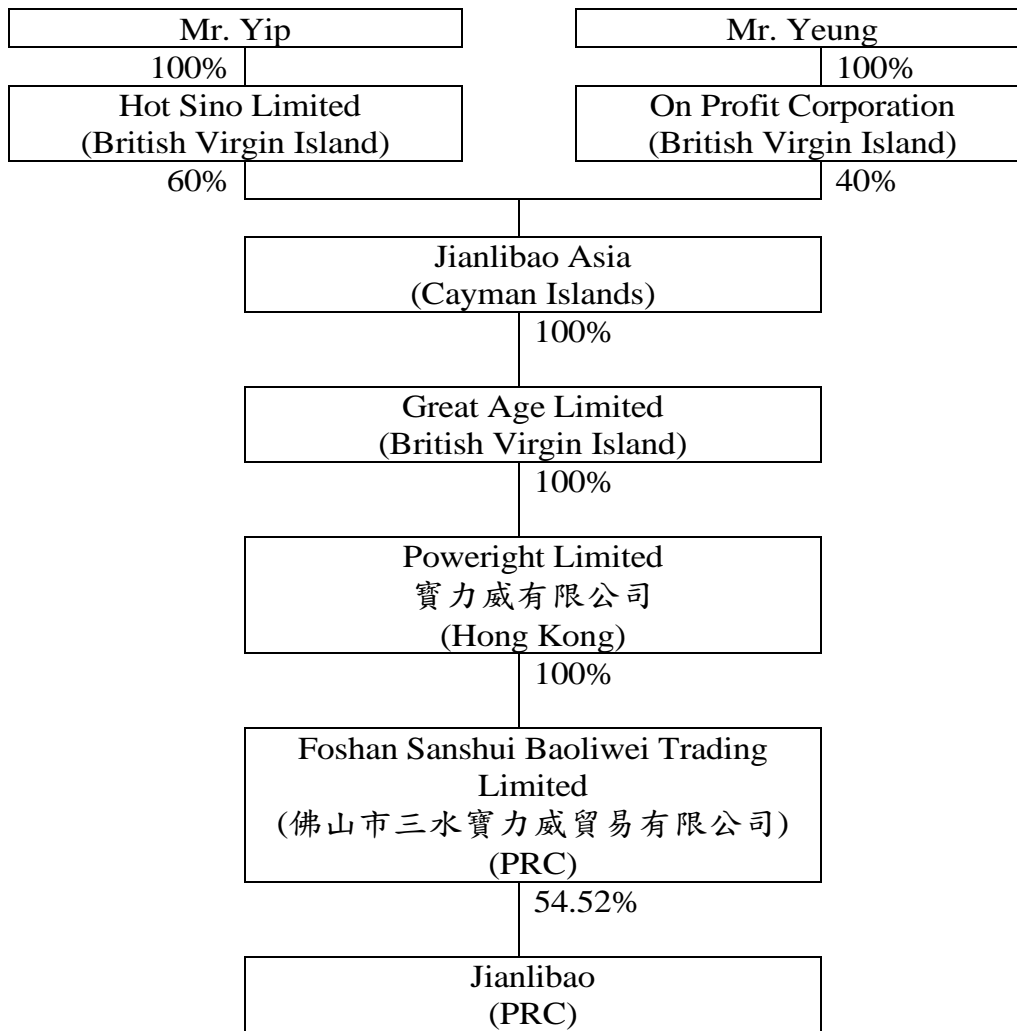
Jianlibao Asia will use its best endeavors to procure the fulfillment of the conditions precedent set out in clauses (1), (2), (3), (4) and (7) above, and the Company will use its best endeavors to procure the fulfillment of the conditions precedent set out in clauses (4), (5), (6) and (7) of the Subscription Agreement. If the conditions precedent are not fulfilled by the Long Stop Date (as per the Subscription Agreement), the Subscription Agreement will lapse and become null and void. The Company and Jianlibao Asia shall be released from all obligations under the Subscription Agreement except for any liability arising from any antecedent breach of the Subscription Agreement.

SUBSCRIPTION COMPLETION

Subject to the fulfillment of the conditions precedent, Subscription Completion shall take place on the Completion Date when the Company and Jianlibao Asia fulfill their respective obligations in accordance with the Subscription Agreement.

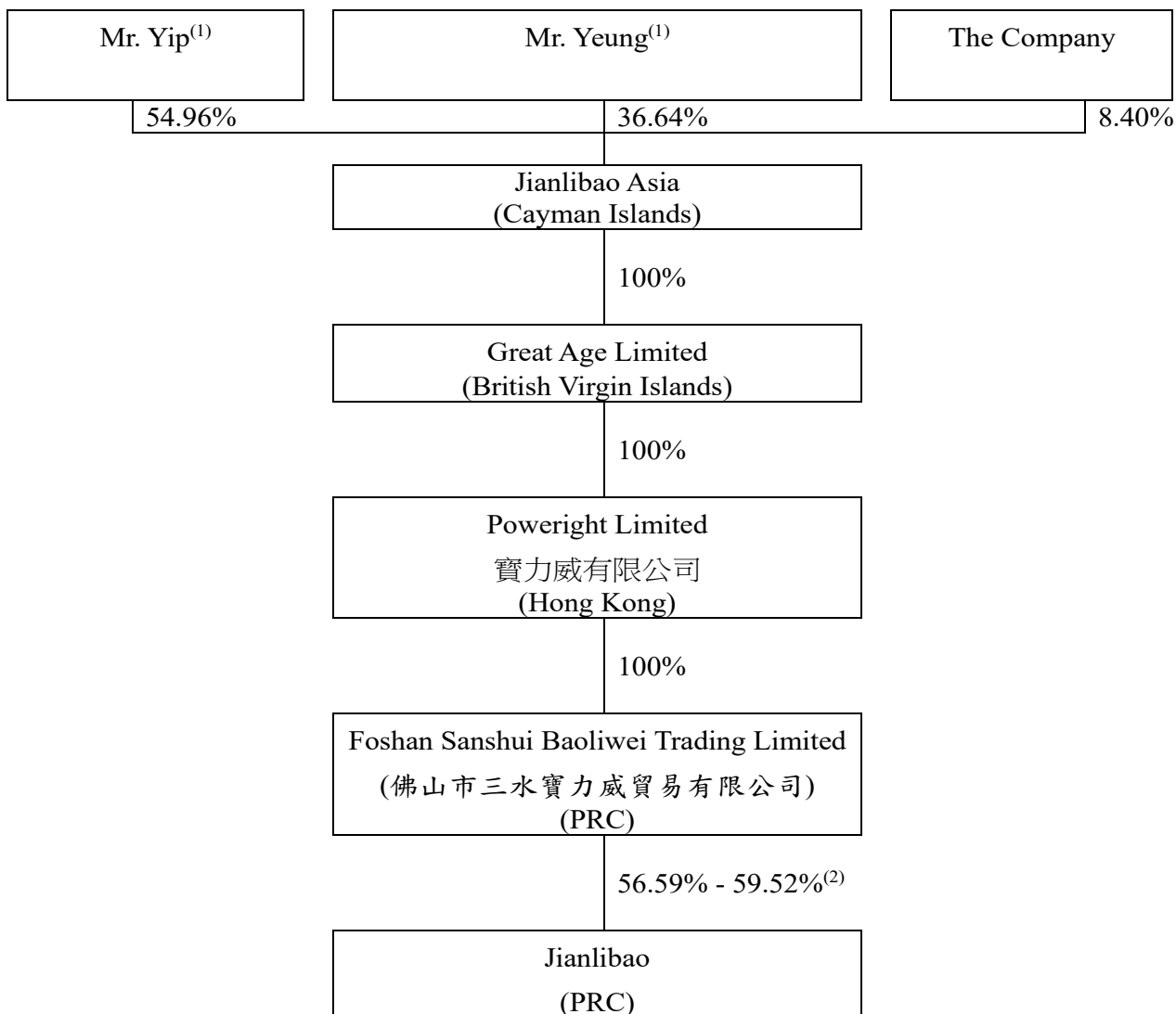
Upon Subscription Completion, the Company will hold approximately 8.40% of the enlarged issued share capital of Jianlibao Asia and approximately 4.58% of effective interest in Jianlibao. The financial results of Jianlibao Asia will not be consolidated into the accounts of the Group.

The following is a simplified structure of the Group as at the date of this announcement :



Note: The interests in other subsidiaries currently held by Jianlibao Asia which will be disengaged after the Corporate Restructuring are not shown on the simplified structure above.

The following is a simplified structure after the Subscription Completion and Further Subscription:



Note:

- (1) Jianlibao Asia will undergo Corporate Restructuring. Mr. Ye will indirectly hold 54.96% of Jianlibao Asia shares through Hot Sino Limited and the new investment holding company. Mr. Yang will indirectly hold 36.64% of Jianlibao Asia shares through On Profit Corporation and the new investment holding company.
- (2) The actual shareholding depends on the method of increasing the shareholding (i.e. through capital increase and share issue and allotment and/or acquiring existing Jianlibao Shares).

POSSIBLE FURTHER SUBSCRIPTION(S) AND THE SUBSCRIPTION MANDATE

In light of the benefits as set out under the sub-heading headed “Reasons for and benefits of the Subscription” below, The Company intends to further increase its effective interest in Jianlibao to approximately 20% (but not more than 20%) upon Subscription Completion. Pursuant to the Subscription Agreement, after the Subscription Completion, the Company and Jianlibao Asia will continue to negotiate amicably to explore the implementation plan of additional issuance of shares by Jianlibao Asia to the Company. Pursuant to the Subscription Agreement, if the Company or a connected party of the Company intends to acquire further interests in Jianlibao, it shall be done by way of subscription of additional shares of Jianlibao Asia.

As the Company intends to conduct the Further Subscription(s) as and when appropriate and the Further Subscription(s) is likely to require prompt action, it would be impracticable to seek prior approval from Shareholders at the time. To allow flexibility in effecting the Further Subscription(s) in an appropriate manner with optimum timing, the Company proposes to seek in advance the Subscription Mandate from its Shareholders for the Further Subscription(s).

Details of the Subscription Mandate

The Subscription Mandate to be sought from the Shareholders at the EGM will be on the following terms:

1. Subscription Mandate Period

The Subscription Mandate is for the Subscription Mandate Period, i.e., a period of 12 months from the date of passing of the relevant ordinary resolution at the EGM.

2. Scope of Authority

The Subscription Mandate, if granted, will authorise and empower the Board to determine, decide, execute and implement with full discretion all matters relating to the Further Subscription(s), including but not limited to (a) the timing; (b) the number of tranche(s) of subscription and the number of Jianlibao Asia Shares to be subscribed in each tranche; and (c) the subscription price of the Jianlibao Asia Shares.

The Subscription Mandate, if granted, will authorise and empower the Board to determine and decide with full discretion the manner of subscription, subject to the terms and conditions of the Further Subscription(s).

Upon completion of the Further Subscription(s), the Group’s effective interest in Jianlibao in aggregate of the Subscription shall not exceed 20% (please refer to the sub-heading “Information on Jianlibao Group” below for further information)

3. Consideration

The total maximum consideration of the Further Subscription(s) is estimated to be not more than RMB900 million, determined and agreed between the Company and Jianlibao Asia after arm’s length negotiations.

The consideration would be funded by the Group’s internal resources and/or funds raised by the Company’s equity or debt fundraising exercise(s). Having considered the above, the Directors consider that the terms of the Subscription Mandate are fair and reasonable and in the interest of the

Company and the Shareholders as a whole.

INFORMATION ON JIANLIBAO GROUP

Jianlibao Asia is a company limited by shares incorporated in the Cayman Islands and is principally engaged in investment holding. Mr. Yip and Mr. Yeung indirectly currently hold 60% and 40% of equity interests in Jianlibao Asia, respectively.

Jianlibao is a company incorporated in the PRC and is principally engaged in the manufacturing and sales of sports drinks in the PRC.

FINANCIAL INFORMATION OF JIANLIBAO

Set out below is the audited financial information of Jianlibao prepared in accordance with Auditing Standards for Certified Public Accountants in PRC for the financial year ended 31 December 2021 and 2022:

	For the year ended 31 December 2022 <i>RMB(Million)</i>	For the year ended 31 December 2021 <i>RMB(Million)</i>
Profit before taxation	2,301.4	1,951.1
Profit after taxation	311.6	293.7
	For the year ended 31 December 2022 <i>RMB(Million)</i>	For the year ended 31 December 2021 <i>RMB(Million)</i>
Net asset value	245.3	227.2

INFORMATION ON THE COMPANY

The Company is a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in the manufacturing and sales of processed fruit and beverage products, and trading of fresh fruits.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

Jianlibao is a leading sports drinks manufacturer in the PRC. Its sports beverage product “Jianlibao” is the first electrolytes sports drink in the PRC and was the beverage choice for the Chinese Olympic delegation at the 23rd Los Angeles Olympic Games in 1984 and hailed as “Chinese Magic Water” by foreign media. It is recognized by the Chinese government as the first batch of “China's Well-known Trademark” and known as the “Father of Chinese national drinks”. The world's first astronomical planet named after a company, “Sanshui Jianlibao Star”, has been recorded in history forever. Jianlibao has 4 beverage production plants located in Foshan, Beijing, Shanxi Xianyang and Zhenjiang, which can produce sports drinks, carbonated drinks, tea drinks, fruit juice drinks, functional drinks and various other types of drinks. Its sales network covers more than 30 provinces and regions in China.

The Company launched the new “享派 (Shiok Party)” fresh fruit sports beverage series in May 2023 to target the development potential of the sports beverage market in the PRC. The spokespersons for the beverage series are Mr. Li Dashuang and Mr. Li Xiaoshuang, former PRC gymnastics athletes who represented the national team in global competition and won numerous gold medals in Olympic Games and World Artistic Gymnastics Championships.

As the first step in cooperation between the Company and Jianlibao, the Subscription Agreement aims to combine the advantages and strengths of both parties in production, product promotion, market expansion and branding to create synergistic effects. In particular, the Company has experience in promoting products overseas, which will help Jianlibao promote its products overseas. Jianlibao, with its strong domestic brand, extensive sales channels, would be of great help to the Company in promoting specialty drinks.

Having considered the (i) branding and long standing of Jianlibao in the sports drinks industry; (ii) the Company’s launch of the new “享派 (Shiok Party)” fresh fruit sports beverage series and the principal business of the Company, the Directors believe that the Company’s investment in Jianlibao through the Subscription and Further Subscription(s) not only present a invaluable opportunity to invest in such an iconic brand to generate value to the Company and its shareholders, but would also enhance brand value of Tianyun International, create competitive advantage and synergy with the Company’s beverage products. As the Company and Jianlibao share the same vision to produce high quality and healthy sports beverages, the parties may further collaborate in relation to product research and development, procurement and logistics.

In light of the foregoing, the Subscription and Further Subscription(s) are worthwhile investments with the potential to enhance the returns on investment for the Company and its shareholders in the long run. The grant of the Subscription Mandate gives the Directors the flexibility to subscribe for Jianlibao Asia Shares as and when appropriate by way of participating in the Further Subscription(s). As such, the Directors consider that the Subscription, the Further Subscription(s) and the Subscription Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the applicable percentage ratio(s) in respect of the Further Subscription(s) in aggregate of the Subscription may exceed 25% but is less than 100% and the Further Subscription(s) may constitute a major transaction on the part of the Company, and is subject to the reporting, announcement requirements and Shareholders’ approval requirements under Chapter 14 of the Listing Rules. On this basis, the Company proposes to comply with the requirements applicable for the highest transaction classification of a major transaction under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, further details of the Further Subscription(s), the Subscription Mandate and a notice of the EGM to be convened and held to consider and, if thought fit, to grant the Directors the Subscription Mandate, is expected to be despatched to the Shareholders on or before 29 December 2023.

As the Subscription and Further Subscription(s) may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	means a day (excluding Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business;
“Company”	Tianyun International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, whose shares are listed on the main board of the Stock Exchange;
“Completion Date”	the third Business Day after the conditions precedent have been fulfilled (or such other date as the Company and Jianlibao Asia may agree in writing);
“Corporate Restructuring”	corporate restructuring to be conducted by existing shareholders of Jianlibao Asia for the purpose of holding the newly issued and allotted Jianlibao Asia Shares through an investment holding company;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, to grant the Directors the Subscription Mandate;
“Further Subscription(s)”	the Company’s plan to make further subscription to hold up to approximately 20% of aggregate interests in Jianlibao (but not exceeding 20%) after the Subscription;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jianlibao Asia”	Jianlibao Asia Limited, a company incorporated in the Cayman Islands with limited liability and limited by shares;
“Jianlibao Asia Share(s)”	the issued ordinary share(s) in Jianlibao Asia;
“Jianlibao”	Guangdong Jianlibao Co., Limited* (廣東健力寶股份有限公司), a company incorporated in the PRC;
“Jianlibao Shares”	the issued share(s) in Jianlibao;
“Jianlibao Group”	Jianlibao Asia and Jianlibao;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Long Stop Date”	30 April 2024 (or such later date as may be agreed between the Company and Jianlibao Asia);
“Mr. Yip”	Mr. Yip Hung Hon;
“Mr. Yeung”	Mr. Yeung Wan Chun;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Subscription”	the subscription of approximately 9.18% shares in Jianlibao Asia by the Company pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 20 November 2023 entered into between the Company as subscriber and Jianlibao Asia as issuer;
“Subscription Completion”	completion of the Subscription pursuant to the Subscription Agreement;
“Subscription Consideration”	the consideration payable for the Subscription in the amount of RMB300million equivalent Hong Kong Dollars;
“Subscription Date”	20 November 2023, being the date of the Subscription Agreement;
“Subscription Earnest Money”	RMB60 million, being 20% of the Subscription Consideration;
“Subscription Mandate”	the specific mandate to be granted by the Shareholders to the Directors for the Further Subscription(s);
“Subscription Mandate Period”	the period of 12-month from the date of passing of the relevant resolution(s) approving the Subscription Mandate at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board

Tianyun International Holdings Limited

Yang Ziyuan

Chairman and Executive Director

Hong Kong, 20 November 2023

As at the date of this announcement, the Board comprises (i) Mr. Yang Ziyuan (Chairman), Mr. Yeung Wan Yiu (Vice Chairman), Mr. Sun Xingyu and Ms. Lv Chunxia as executive Directors; (ii) Ms. Chu Yinghong and Mr. Wong Yim Pan as non-executive Directors; and (iii) Mr. Liang Zhongkang, Mr. Shiu Shu Ming and Prof. Ye Xingqian as independent non- executive Directors.

**for identification purposes only*