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Zheng Li Holdings Limited

正力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8283)

VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

Reference is made to the announcement of the Company dated 12 January 2022 in relation to the memorandum of understanding entered into between the Company and Churen Yiliao.

The Board is pleased to announce that on 27 January 2022 (after trading hours of the Stock Exchange), the Company and Churen Yiliao entered into the Joint Venture Agreement in relation to the formation of the JV Company in the PRC to carry out the development of various smart solutions in connection with kitchen and food storage, and the manufacturing, consultancy and sales of smart kitchen appliances.

Pursuant to the Joint Venture Agreement, the registered share capital will be RMB2,000,000. Among which, the Company will contribute RMB1,200,000 and Churen Yiliao will contribute RMB800,000 respectively towards the registered capital of the JV Company. The JV Company will be owned as to 60% by the Company upon its establishment, and its financial results will be consolidated into the Group's consolidated financial statements.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) are less than 5% in respect of the transactions contemplated under the Joint Venture Agreement, the transactions contemplated under the Joint Venture Agreement do not constitute notifiable transactions of the Company under Chapter 19 of the GEM Listing Rules.

This announcement is made by the Company on a voluntary basis. The purpose of this announcement is to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

FORMATION OF JOINT VENTURE COMPANY

Reference is made to the announcement of the Company dated 12 January 2022 in relation to the memorandum of understanding entered into between the Company and Churen Yiliao.

The Board is pleased to announce that on 27 January 2022 (after trading hours of the Stock Exchange), the Company and Churen Yiliao entered into the Joint Venture Agreement in relation to the formation of the JV Company in PRC to carry out, amongst other things, the development of various smart solutions in connection with kitchen and food storage, and the manufacturing, consultancy and sales of smart kitchen appliances.

The principal terms of the Joint Venture Agreement are set out below:

Date : 27 January 2022 (after trading hours of the Stock Exchange)

Parties : (1) The Company; and
(2) Churen Yiliao

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Churen Yiliao and its ultimate beneficial owners are Independent Third Parties and not connected with the Group and its connected persons.

Place of incorporation : PRC

Proposed Name of the JV Company : Beijing Zhengli Zhongshi Technology Co., Ltd.* (北京正力中食科技有限公司) (subject to the final name as approved and registered by the relevant government authority in the PRC), a company with limited liability proposed to be established in the PRC.

Proposed Business Scope of the JV Company : (i) Technology development, technology consultation, technology services, technology promotion and technology transfer; (ii) computer systems services; (iii) basic software services; (iv) application software services; (v) software development; (vi) sales of electrical appliances, mechanical facilities, electronic products, fresh fruit and vegetables, and kitchen appliances; (vii) prepackaged food; (viii) market research; (ix) corporate planning; and (x) advertisement design, production, agency and publication (subject to the business scope as approved and registered by the business registration authority in the PRC).

- Details of contribution to : The total registered capital of RMB2,000,000 will be
the registered capital of contributed in cash as follows:
the JV Company
- (1) RMB1,200,000 by the Company, representing 60% of the registered capital of the JV Company; and
 - (2) RMB800,000 by Churen Yiliao, representing 40% of the registered capital of the JV Company.

The Company and Churen Yiliao shall pay up their respective amount of the capital contribution by cash into the JV Company respectively within ninety (90) days after the establishment of the JV Company.

The JV Company will be owned as to 60% by the Company upon its establishment, and its financial results will be consolidated into the Group's consolidated financial statements, the JV Company will be owned as to 40% by Churen Yiliao.

- Board composition and : The board of directors of the JV Company shall consist
management of the JV of five directors, of whom three shall be appointed by the
Company Company and two shall be appointed by Churen Yiliao.

The Company shall also appoint the following management roles of the JV Company:

- (1) The chief executive officer of the JV Company, who is responsible for the decision-making of the JV Company in its ordinary and usual course of business;
- (2) The chief financial officer of the JV Company, who is responsible for the financial operations of the JV Company; and
- (3) The chief operation officer of the JV Company, who is responsible for the daily operations of the JV Company, shall be appointed by Churen Yiliao.

Restriction on transfers and pre-emption rights on the equity interests in the JV Company : Any transfer of all or part of a party's equity interest in the JV Company by an equity interest holder of the JV Company (the "**Selling Party**") shall be subject to the written consent of the other equity interest holder of the JV Company (the "**Non-selling Party**"). In the event that a transfer of a party's equity interest in the JV Company is permitted, the Non-selling Party shall have the pre-emption right to acquire the equity interest proposed to be transferred by the Selling Party on the same terms of transfer as proposed by the Selling Party.

The amount of capital contribution was determined after arm's length negotiations between the Company and Churen Yiliao with reference to the initial capital requirement of the JV Company. The Group intends to finance its investment from its internal resources.

The Directors consider the terms of the Joint Venture Agreement (including the amount of registered capital) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF CHUREN YILIAO

Churen Yiliao is a company incorporated in Beijing of the PRC with limited liability, it is a comprehensive enterprise which engages in the development of smart kitchen solutions; manufacturing, consultancy and sales of smart kitchen appliances and different smart solutions in connection with kitchen and food storage; and production of semi-prepared food for meals.

INFORMATION OF THE GROUP

The Company is an investment-holding company, and the Group is principally engaged in (i) maintenance and repair of passenger cars; (ii) modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories; (iii) provision of motor finance services; and (iv) provision of a sales-integrated service platform; and trading of passenger cars.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Board believes the expansion of the Group's business scope towards the development of various smart solutions on kitchen and food storage, and the market of smart kitchen appliances represents a good opportunity for the Group to diversify its business. The Board believes the new expansion of business will broaden the income stream of the Group and is therefore in the interests of the Company and the Shareholders as a whole.

Furthermore, the Board considers that through the formation of the JV Company, the Group can take more efficient use of group internal resources and leverage the resources and network of Churen Yiliao to enter into the market of smart kitchen solutions, which are beneficial to the development of the Group.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) are less than 5% in respect of the transactions contemplated under the Joint Venture Agreement, the transactions contemplated under the Joint Venture Agreement do not constitute notifiable transactions of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

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| “Board” | the board of Directors |
| “Churen Yiliao” | Beijing Churen Yiliao Technology Co., Ltd.* (北京廚人易料科技有限公司), a company incorporated in Beijing of the PRC with limited liability engaged in the business of, amongst other things, development of smart kitchen appliances |
| “Company” | Zheng Li Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8283) |
| “connected person(s)” | has the meaning ascribed thereto in the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the GEM Listing Rules) |
| “Joint Venture Agreement” | the joint venture agreement dated 27 January 2022 entered into between the Company and Churen Yiliao in respect of the formation of the JV Company |

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| “JV Company” | Beijing Zhengli Zhongshi Technology Co., Ltd.* (北京正力中食科技有限公司) (subject to the final name as approved and registered by the relevant government authority in the PRC), a company with limited liability proposed to be established in the PRC by the Company and Churen Yiliao pursuant to the Joint Venture Agreement |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | the ordinary shares in the issued share capital of the Company, in the par value of HK\$0.0025 |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

By order of the Board
Zheng Li Holdings Limited
YAN Jianqiang
*Co-Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 27 January 2022

As at the date of this announcement, the executive Directors are Mr. YAN Jianqiang, Mr. FENG Wei and Mr. CHUA Boon Hou (CAI Wenhao); the non-executive Director is Mr. WANG Bing; and the independent non-executive Directors are Mr. LEUNG Yiu Cho, Mr. CHEN Huichun and Mr. ZHAO Wei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication. This announcement will also be published on the website of the Company at www.zhengliholdings.com.

* For identification purpose only