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Zhou Hei Ya International Holdings Company Limited

周黑鴨國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1458)

**PROPOSED ISSUE OF HK\$1,550,000,000 IN AGGREGATE
PRINCIPAL AMOUNT OF
1.00% CONVERTIBLE BONDS DUE 2025
UNDER GENERAL MANDATE**

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

CREDIT SUISSE 

PROPOSED ISSUE OF THE BONDS

The Board is pleased to announce that on 28 October 2020 (after trading hours), the Company has entered into the Subscription Agreement with the Manager pursuant to which the Manager has conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer in an aggregate principal amount of HK\$1,550,000,000.

Based on the initial Conversion Price of HK\$10.40 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 149,038,461 Shares, representing:

- i. approximately 6.25% of the existing issued ordinary share capital of the Company of 2,383,140,500 Shares as at the date of this announcement; and
- ii. approximately 5.89% of the issued ordinary share capital of the Company, as enlarged by the allotment and issue of the New Shares upon full conversion of the Bonds.

It is intended that the Bonds will be listed on the Hong Kong Stock Exchange. An application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the New Shares.

The Bonds have not been and will not be offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and none of the Bonds were placed to any connected persons of the Company. The Bonds are offered by way of debt issue to “professional investors” as defined in the SFO only. Completion of the Subscription Agreement is subject to the satisfaction and/or waiver (as the case may be) of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” below for further information.

The Bonds and the New Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are only being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

WARNING: As the Subscription Agreement may or may not complete, and the Bonds and/or the New Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

STOCK BORROWING AND LENDING ARRANGEMENT

In connection with the proposed issue of the Bonds, Credit Suisse as borrower has entered into a stock borrowing and lending agreement with Healthy Origin Holdings Limited as lender, dated 28 October 2020, to allow the lender to provide stock lending to the borrower in respect of 127,797,409 Shares upon and subject to the terms and conditions stated in the stock borrowing and lending agreement.

GENERAL MANDATE

The New Shares will be allotted and issued pursuant to the General Mandate of the Company granted to the Directors at the annual general meeting held on 1 June 2020 and will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date. As of the date of this announcement, no Shares have been issued under the General Mandate.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Manager is an independent third party and is not a connected person of the Company.

The Manager has informed the Company that it intends to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) will be an independent third party and is not a connected person of the Company.

On 28 October 2020, the Company and the Manager entered into the Subscription Agreement with details as follows:

THE SUBSCRIPTION AGREEMENT

Date: 28 October 2020 (after trading hours)

Parties: The Company as the Issuer and Credit Suisse as the Manager

SUBSCRIPTION

Subject to the fulfilment (or waiver) of the conditions set out below under the section headed "Conditions Precedent to Subscription", the Manager agrees to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds at the Issue Price in an aggregate principal amount of HK\$1,550,000,000.

Subscribers

The Manager has informed the Company that it intends to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) will be an independent third party and is not a connected person of the Company.

Conditions Precedent to Subscription:

The obligations of the Manager to subscribe and pay for the Bonds are subject to, among others, the fulfilment of the following conditions precedent:

1. the execution and delivery (on or before the Closing Date) of the other Contracts and the execution and delivery on or before the date of the Subscription Agreement of the Stock Borrowing and Lending Agreement, each in a form reasonably satisfactory to the Manager, by the respective parties;
2. each of Ms. Tang Jianfang, Healthy Origin Holdings Limited, ZHY Holdings II Company Limited, ZHY Holdings III Company Limited and ZHY Holdings IV Company Limited shall have executed valid, binding and enforceable lock-up agreements on or before the date of the Subscription Agreement in the form set out in the Subscription Agreement;
3. on the date of the Subscription Agreement and on the Closing Date, there having been delivered to the Manager letters, each in form and substance satisfactory to the Manager, dated the date of the Subscription Agreement in the case of the first letter and dated the Closing Date in the case of the subsequent letter, and addressed to the Manager from the independent auditors to the Issuer;
4. on the date of the Subscription Agreement, there having been delivered to the Manager a financial officer's certificate, substantially in the form set out in the Subscription Agreement;
5. at the Closing Date:
 - i. the representations and warranties of the Issuer in the Subscription Agreement being true, accurate and correct at, and as if made on, such date;
 - ii. the Issuer having performed all of its obligations and undertakings under the Contracts to which it is a party to be performed on or before such date; and
 - iii. there having been delivered to the Manager a certificate in the form prescribed in the Subscription Agreement dated as of such date, of a duly authorised officer of the Issuer to such effect;

6. after the date of the Subscription Agreement and up to and as at the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or otherwise), prospects, results of operations, business, general affairs or properties of the Issuer or of the Group taken as a whole, which, in the opinion of the Manager, is material and adverse in the context of the issue and offering of the Bonds;
7. the National Development and Reform Commission of the PRC having given its approval in respect of the issue of the Bonds and such approval remaining in full force and effect, and not altering the terms of any Contract, on the Closing Date, and written evidence of such approval having been given to the Manager;
8. on or prior to the Closing Date there shall have been delivered to the Manager copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Issuer's obligations under the Trust Deed, the Agency Agreement and the Bonds;
9. the Hong Kong Stock Exchange having agreed to list the New Shares upon conversion of the Bonds and the Hong Kong Stock Exchange having agreed, subject to any conditions satisfactory to the Manager, to list the Bonds (or, in each case, the Manager being satisfied that such listing will be granted);
10. on or before the Closing Date, there having been delivered to the Manager opinions, in form and substance satisfactory to the Manager, dated the Closing Date of:
 - i. legal advisers to the Issuer as to Cayman Islands law;
 - ii. legal advisers to the Issuer as to PRC law;
 - iii. legal advisers to the Manager as to PRC law; and
 - iv. legal advisers to the Manager as to English law and Hong Kong law.

The Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the conditions precedent (other than condition 1 above).

Termination of the Subscription

The Manager may, by notice to the Issuer given at any time prior to payment of the net subscription moneys for the Bonds to the Issuer, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform, or breach of any of the Issuer's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions specified in the paragraph headed "Conditions Precedent to Subscription" has not been satisfied, or waived by the Manager on or prior to the Closing Date;
3. if in the opinion of the Manager, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency or exchange rates or foreign exchange controls such as would in its view (after prior consultation with the Company to the extent practicable), be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Manager, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Singapore Stock Exchange and/or the Hong Kong Stock Exchange and/or any other stock exchange on which the Issuer's securities are traded; (ii) a suspension or a material limitation in trading in the Issuer's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Issuer's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Singapore, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Singapore, Hong Kong or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Issuer, the Bonds, the Shares to be issued upon conversion of the Bonds or the transfer thereof; or
5. if, in the opinion of the Manager, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God, pandemic or epidemic) as would in its view (after prior consultation with the Company to the extent practicable) be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Company Lock-up Undertaking

The Issuer has undertaken that neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Manager between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds and (ii) any Shares or options granted pursuant to the Issuer's publicly disclosed share option scheme.

Shareholders' Lock-up Undertaking

Each of Ms. Tang Jianfang, Healthy Origin Holdings Limited, ZHY Holdings II Company Limited, ZHY Holdings III Company Limited and ZHY Holdings IV Company Limited, has undertaken with the Manager that, for a period commencing from the date of the Subscription Agreement to 90 calendar days after the Closing Date (the "**Restricted Period**"), without the prior written consent of the Manager, it/she will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares held by it/her directly (or through nominees) or indirectly through companies controlled by it or their subsidiaries (or through their nominees) (the "**Lock-up Shares**") or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. The lock-up undertaking provided by Healthy Origin Holdings Limited shall exclude (i) 127,797,409 Shares which are subject to the Stock Borrowing and Lending Agreement, (ii) Shares which are subject to share pledge(s) created prior to the date of the lock up undertaking, being the date of the Subscription Agreement and (iii) granting of share pledges over up to 90,000,000 Shares by Healthy Origin Holdings Limited as collateral for any share-backed financing.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarized as follows:

Issuer	The Company
Principal Amount	HK\$1,550,000,000
Issue Date	5 November 2020
Maturity Date	5 November 2025
Issue Price	100% of the principal amount
Interest	<p>The Bonds shall bear interest from and including the Issue Date at the rate of 1.00% per annum payable by the Company semi-annually in arrear on 5 May and 5 November each year. Each Bond will cease to bear interest if (i) subject to the Conditions, the conversion right attached to it shall have been exercised by a Bondholder, from and including the interest payment date immediately preceding the relevant Conversion Date, or if none, the Closing Date, or (ii) if the Bond has been redeemed or repaid pursuant to the Conditions, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal or premium (if any) is improperly withheld or refused. In such event, it will continue to bear interest at 5.25% per annum (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).</p>

Conversion

Subject to certain conditions, the Bondholders have the right to convert their Bonds into Shares at the Conversion Price at any time on and after 16 December 2020 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) (but, except as provided in the Conditions, in no event thereafter) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 15 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the relevant holder of such Bond pursuant to the Conditions then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect at the relevant Conversion Date.

Conversion Price

The price at which Shares will be issued upon conversion shall initially be HK\$10.40 per Share, but will be subject to adjustment in the manner as provided in the Conditions, including, amongst other things, (i) consolidation, subdivision, redesignation or reclassification, (ii) capitalisation of profits or reserves, (iii) capital distributions, (iv) rights issues of Shares or options over Shares, (v) rights issues of other securities, (vi) issues at less than Current Market Price, (vii) other issues at less than Current Market Price, (viii) modification of rights of conversion etc. (ix) other offers to Shareholders and (x) other dilutive events as described in the Conditions.

The initial Conversion Price of HK\$10.40 per Share represents: (i) a premium of approximately 22.50% over the last closing price of HK\$8.49 per Share as quoted on the Hong Kong Stock Exchange on 28 October 2020 (being the trading day on which the Subscription Agreement was signed); (ii) a premium of approximately 20.65% over the average closing price of approximately HK\$8.62 per Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 28 October 2020; and (iii) a premium of approximately 16.72% over the average closing price of HK\$8.91 per Share as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including 28 October 2020.

The Conversion Price may not be reduced so that, on conversion of the Bonds, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands and Hong Kong.

Adjustment upon Change of Control If a Change of Control shall occur, the Issuer shall give notice of that fact to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with the Conditions within seven days after it becomes aware of such Change of Control. Following the giving of such notice, upon any exercise of conversion rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the relevant Change of Control and (ii) the date on which the relevant Change of Control notice is given to Bondholders, the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

where:

“**NCP**” means the new Conversion Price;

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date;

“**CP**” means 22.5% expressed as a fraction;

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced below the level permitted by applicable laws and regulations from time to time (if any).

Ranking of Shares The Shares issued upon conversion of the Bonds will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company.

Redemption at Maturity Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem each Bond at 106.58% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date. The Company may not redeem the Bonds at its option prior to that date except as provided below.

Redemption at the option of the Company	<p>The Issuer may, having given not less than 30 nor more than 60 days' notice to the Principal Agent and the Trustee in writing and to the Bondholders in accordance with the Conditions, redeem the Bonds in whole, but not in part, at the Early Redemption Amount, together with interest accrued but unpaid to but excluding the date fixed for redemption, if:</p> <ul style="list-style-type: none"> (i) at any time after 19 November 2023 and prior to the Maturity Date, provided that the closing price of the Shares, for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130% of the of the applicable Early Redemption Amount for each Bond divided by the Conversion Ratio then applicable; or (ii) at any time prior to the Maturity Date, provided that prior to the date upon which notice of such redemption is given, at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.
Redemption for taxation reasons	<p>At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders in accordance with the Conditions and in writing to the Trustee and the Principal Agent, redeem the Bonds in whole but not in part on the date specified in such notice for redemption at the Early Redemption Amount, together with interest accrued but unpaid to but excluding such date (if any), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the PRC, the Cayman Islands or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 28 October 2020, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due. If the Company gives a notice of redemption for taxation reasons, each Bondholder will have the right to elect that its Bond(s) shall not be redeemed.</p>
Redemption at the Option of the Bond Holders	<p>The Company will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on 5 November 2023 at 103.86% of their principal amount, together with interest accrued but unpaid up to but excluding such date.</p>

Redemption for Relevant Event	The holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds at the Early Redemption Amount together with interest accrued but unpaid to but excluding such date if (i) the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, an Alternative Stock Exchange, or (ii) there is a Change of Control.
Form and Denomination	The Bonds are issued in registered form in the denomination of HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof. Upon issue, the Bonds will be represented by a global certificate representing the Bonds which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A.
Status	The Bonds constitute direct, unsubordinated, unconditional and (subject to the negative pledge covenant described below) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge covenant described below, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.
Negative Pledge	So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and shall procure that none of its subsidiaries will, create, permit to subsist or arise or have outstanding, any Encumbrance upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless at the same time or prior thereto the Bonds are secured equally and rateably (i) therewith or by the same Encumbrance or (ii) by such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).
Listing	An application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the New Shares.

COMPARISON OF CONVERSION PRICE

The initial Conversion Price of HK\$10.40 per Share was determined after arm's length negotiations between the Company and the Manager with reference to the prevailing market price of the Shares, representing:

- (i) a premium of approximately 22.50% over the last closing price of HK\$8.49 per Share as quoted on the Hong Kong Stock Exchange on 28 October 2020 (being the trading day on which the Subscription Agreement was signed);
- (ii) a premium of approximately 20.65% over the average closing price of approximately HK\$8.62 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including 28 October 2020; and
- (iii) a premium of approximately 16.72% over the average closing price of approximately HK\$8.91 per Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including 28 October 2020.

CONVERSION SHARES

Based on the initial Conversion Price of HK\$10.40 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 149,038,461 Shares, representing:

- (i) approximately 6.25% of the existing issued ordinary share capital of the Company as at the date of this announcement; and
- (ii) approximately 5.89% of the issued ordinary share capital of the Company, as enlarged by the issue of the New Shares upon full conversion of the Bonds.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

The following table illustrates, so far as is known to the Directors, the existing shareholding structure as at the date of this announcement and the shareholding structure assuming the Bonds are fully converted into 149,038,461 Shares at the initial Conversion Price of HK\$10.40 each (without taking into account the effect of the stock borrowing and lending arrangement below); on the assumptions that (a) there will be no other change to the shareholding structure of the Company from the date of this announcement until the completion of the conversion of the Bonds in full, save for the issue of the New Shares as a result of the conversion of the Bonds in full (as the case may be), and (b) the Bondholders do not and will not hold any Shares other than the New Shares as a result of the conversion of the Bonds. The New Shares to be issued upon conversion of the Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

Assuming the Bonds are fully converted into Shares at the initial Conversion Price of HK\$10.40 each (assuming there is no change in the total number of issued Shares or in the number of Shares held by the Directors and other connected persons of the Company except for the Bonds proposed to be issued as disclosed in this announcement)

	As at the date of this announcement		this announcement	
	<i>Number of issued Shares</i>	<i>% of issued share capital of the Company</i>	<i>Number of issued Shares</i>	<i>% of enlarged share capital of the Company</i>
Shareholder				
Ms. Tang Jianfang ⁽¹⁾	1,478,817,500	62.05%	1,478,817,500	58.40%
Cantrust (Far East) Limited ⁽²⁾	1,224,318,800	51.37%	1,224,318,800	48.35%
ZHY X Holdings Co., Limited ⁽²⁾	1,224,318,800	51.37%	1,224,318,800	48.35%
Healthy Origin Holdings Limited	1,191,838,500	50.01%	1,191,838,500	47.07%
ZHY Holdings IV Company Limited	248,927,200	10.45%	248,927,200	9.83%
Ms. ZHOU Ping ⁽³⁾	136,440,000	5.73%	136,440,000	5.39%
ZHY Holdings III Company Limited	136,440,000	5.73%	136,440,000	5.39%
ZHY Holdings II Company Limited	32,480,300	1.36%	32,480,300	1.28%
Public Shareholders:				
Bondholders	–	–	149,038,461	5.89%
Other public Shareholders	767,883,000	32.22%	767,883,000	30.32%
Total	2,383,140,500	100.00%	2,532,178,961	100.00%

Notes:

- (1) Ms. Tang Jianfang is the spouse of Mr. Zhou Fuyu, an Executive Director and Chairman of the Company. The 1,478,817,500 Shares represent 5,571,500 Shares held by Ms. Tang Jianfang, 1,191,838,500 Shares held by Healthy Origin Holdings Limited, 32,480,300 Shares held by ZHY Holdings II Company Limited and 248,927,200 Shares held by ZHY Holdings IV Company Limited. The entire issued share capital of Healthy Origin Holdings Limited and ZHY Holdings II Company Limited are held by ZHY X Holdings Co., Limited (“**ZHY X**”) which in turn is 100% held by Cantrust (Far East) Limited being the trustee of the Trust. Cantrust (Far East) Limited is the trustee of Fuyu Family Trust established by Ms. Tang Jianfang. The Trustee through indirect interest in each of ZHY Holdings II Company Limited and Healthy Origin Holdings Limited holds 32,480,300 Shares and 1,191,838,500 Shares respectively. ZHY X, which is wholly-owned by the Trustee, through direct interest in each of ZHY Holdings II Company Limited and Healthy Origin Holdings Limited holds 32,480,300 Shares and 1,191,838,500 Shares respectively. Ms. Tang Jianfang is the settlor of the Trust. Therefore, Ms. Tang Jianfang is deemed to be interested in 1,191,838,500 Shares and 32,480,300 Shares held by Healthy Origin Holdings Limited and ZHY Holdings II Company Limited, respectively. Since Ms. Tang Jianfang owns 67.8% of ZHY Holdings IV Company Limited, Ms. Tang Jianfang is also deemed to be interested in 248,927,200 Shares held by ZHY Holdings IV Company Limited.
- (2) Cantrust (Far East) Limited is the trustee of Fuyu Family Trust established by Ms. Tang Jianfang. The Trustee through indirect interest in each of ZHY Holdings II Company Limited and Healthy Origin Holdings Limited holds 32,480,300 Shares and 1,191,838,500 Shares respectively. ZHY X, which is wholly-owned by the Trustee, through direct interest in each of ZHY Holdings II Company Limited and Healthy Origin Holdings Limited holds 32,480,300 Shares and 1,191,838,500 Shares respectively.
- (3) Ms. Zhou Ping owns 72.22% of ZHY Holdings III Company Limited. Ms. Zhou Ping is deemed to be interested in 136,440,000 Shares held by ZHY Holdings III Company Limited.

STOCK BORROWING AND LENDING ARRANGEMENT

In connection with the proposed issue of the Bonds, Credit Suisse as borrower (the “**Borrower**”) has entered into a stock borrowing and lending agreement with Healthy Origin Holdings Limited as lender (the “**Lender**”), dated 28 October 2020 (the “**Stock Borrowing and Lending Agreement**”), to allow the Lender to provide stock lending to the Borrower in respect of 127,797,409 Shares upon and subject to the terms and conditions stated in the Stock Borrowing and Lending Agreement.

PROPOSED USE OF PROCEEDS

The gross proceeds from the issuance of the Bonds will be HK\$1,550,000,000.

The estimated net proceeds from the issuance of the Bonds, after deducting the Manager’s commissions and other estimated expenses payable, will be approximately HK\$1,519.8 million. Based on such net proceeds and assuming the full conversion of the Bonds, the net price per New Share is approximately HK\$10.20.

The net proceeds from the issuance of the Bonds will be used (i) to further penetrate in existing markets and explore new business opportunities, especially in overseas markets; (ii) to enhance product innovation, research and development capabilities; and (iii) for working capital and for general corporate purposes.

INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is a leading brand in the fast-growing casual braised food industry in China, and produce, market and retail casual braised food, in particular, braised ducks and duck parts.

REASONS FOR AND BENEFITS OF THE BOND ISSUE

The Directors are of the view that the raising of funds by the issuance of the Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position.

The Directors consider that the terms and conditions of the Subscription Agreement and the Bonds are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 1 June 2020, the Company granted the General Mandate to the Directors to allot, issue and deal with up to 20% of the total number of issued shares of the Company, being 476,628,100 Shares. At the date of this announcement, no Shares have been issued under the General Mandate. The New Shares will be allotted and issued pursuant to the General Mandate and will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date. As such, the issue of the Bonds and the New Shares thereunder are not subject to Shareholders’ approval at a general meeting.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The Company did not engage in any equity fund raising activities in the last 12 months immediately preceding this announcement.

GENERAL

An application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the New Shares.

The Bonds and the Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds will only be offered and sold outside the United States in reliance on Regulation S under the Securities Act.

None of the Bonds will be offered to the public in Hong Kong.

The Bonds have not been and will not be offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and none of the Bonds were placed to any connected persons of the Company. The Bonds are being offered by way of debt issue to “professional investors” as defined in the SFO only. Completion of the Subscription Agreement is subject to the satisfaction and/or waiver (as the case may be) of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” above for further information.

The Bonds and the New Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are only being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

WARNING: As the Subscription Agreement may or may not complete, and the Bonds and/or the New Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Agency Agreement”	the paying, conversion and transfer agency agreement to be entered into between the Company, the Trustee and the agents named therein
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, such other internationally recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Board”	the board of Directors
“Bondholder(s)”	the person(s) in whose name a Bond is registered
“Bonds”	1.00% convertible bonds due 2025 in an aggregate principal amount of HK\$1,550,000,000
“Change of Control”	means the occurrence of one or more of the following events: <ul style="list-style-type: none">(i) the Permitted Holders together cease to own (directly or indirectly) at least 51.0% of the Issuer;(ii) the Permitted Holders together cease to be the single largest holder of Voting Rights in the Issuer;(iii) any Person or Persons acting together (other than the Permitted Holders) acquires Control of the Issuer; or(iv) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons (other than the Permitted Holders) acquiring Control over the Issuer or the successor entity
“Closing Date”	5 November 2020
“Closing Price”	means, in respect of a Share on a Trading Day, the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day

“Company”	Zhou Hei Ya International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1458)
“Completion”	the completion of the issue and subscription of the Bonds under the Subscription Agreement
“Conditions”	the terms and conditions of the Bonds
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contracts”	the Subscription Agreement, the Agency Agreement and the Trust Deed
“Control”	(i) the right to appoint and/or remove all or the majority of the members of the relevant entity’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise; or (ii) the acquisition or control of more than 50% of the Voting Rights of the issued share capital of the relevant entity
“Conversion Date”	the conversion date in respect of the Bonds
“Conversion Price”	the price per Share at which the Shares will be issued upon conversion of the Bonds, with the initial conversion price being HK\$10.40 per New Share (subject to adjustments)
“Conversion Ratio”	the principal amount of each Bond divided by the Conversion Price then in effect immediately prior to the date upon which a notice of redemption is given
“Credit Suisse”	Credit Suisse (Hong Kong) Limited

“Current Market Price” means, in respect of a Share on a particular date, the average of the Closing Prices for one Share (being a Share carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day-period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the undefined of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the Closing Price on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share

“Director(s)” the director(s) of the Company

“Early Redemption Amount” for each HK\$1,000,000 principal amount of the Bonds, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount a gross yield of 2.25% per annum calculated on a semi-annual basis

“Encumbrance” a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect

“Fair Market Value”	means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Financial Advisor will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of such cash Capital Distribution per Share shall be the amount of such cash Capital Distribution per Share, (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights or securities are or will upon issuance be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor), the fair market value of such options, warrants or other rights or securities shall equal the arithmetic mean of the daily closing price of such options, warrants or other rights or securities during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights or securities are publicly traded. Such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above of this definition, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit
“General Mandate”	the general mandate of the Company granted to the Directors at the annual general meeting held on 1 June 2020, which granted the general mandate to the Directors to allot, issue and deal with up to 20% of the total number of issued shares of the Company in issue as at that date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Independent Financial Advisor”	means a reputable independent financial advisor or financial institution with appropriate expertise selected and appointed by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to select or appoint an Independent Financial Advisor and in any event the Trustee shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by any Independent Financial Advisor
“Issuer”	The Company
“Manager”	Credit Suisse
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	5 November 2025
“New Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds
“Permitted Holders”	means the aggregate shareholding of Ms. Tang Jianfang, and: (a) any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Ms. Tang Jianfang; or (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are any of Ms. Tang Jianfang and/or such other Persons referred to in paragraph (a) above
“Person(s)”	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include (i) the Issuer’s board of directors or any other governing board or (ii) the Issuer’s wholly-owned direct or indirect subsidiaries
“PRC”	the People’s Republic of China
“Principal Agent”	The Bank of New York Mellon, London Branch as principal paying and conversion agent, which expression shall include any successor principal agent appointed from time to time in connection with the Bonds

“Relevant Indebtedness”	any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market
“Securities Act”	the US Securities Act of 1933, as amended
“SFO”	Securities and Futures Ordinance (Cap. 571) of Hong Kong
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	ordinary share(s) with a nominal value of U.S.\$0.000001 each of the Issuer or share(s) of any class or classes resulting from any subdivision, consolidation or re-classification of those share(s), which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer
“Subscription Agreement”	the subscription agreement entered into between the Company and the Manager dated 28 October 2020 in respect of the issue of the Bonds
“subsidiary(ies)” or “Subsidiary(ies)”	(a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees or equivalent body of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles from time to time of the jurisdiction of incorporation of such person, should have its accounts consolidated with those of that person
“Trading Day”	a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days

“Trust Deed”	the trust deed to be entered into between the Company and the Trustee
“Trustee”	The Bank of New York Mellon, London Branch, the trustee to be appointed in relation to the Bonds
“US” or “United States”	the United States of America
“Voting Rights”	the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency)
“%”	per cent.

By order of the Board
Zhou Hei Ya International Holdings Company Limited
Zhou Fuyu
Chairman

Hong Kong, 28 October 2020

As at the date of this announcement, the executive Directors are Mr. ZHOU Fuyu, Mr. ZHANG Yuchen and Mr. WEN Yong; the non-executive Director is Mr. PAN Pan; and the independent non-executive Directors are Mr. WU Chi Keung, Mr. CHAN Kam Ching, Paul and Mr. LU Weidong.