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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)

CONNECTED TRANSACTION

**ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
HEBEI INDUSTRIAL PARK**

THE ACQUISITION

The Board is pleased to announce that on June 19, 2017 (after trading hours), ZHY Management, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with ZHY Foods, pursuant to which ZHY Management conditionally agreed to purchase, and ZHY Foods conditionally agreed to sell, 100% equity interest in Hebei Industrial Park at a cash consideration of RMB17,937,500 (equivalent to approximately HK\$20,448,750). Upon completion of the Acquisition, Hebei Industrial Park will become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Zhou is the chairman and executive director of the Company. As at the date of this announcement, Mr. Zhou is a controlling shareholder controlling together with his wife, Mrs. Zhou, 61.78% of the issued share capital of the Company. ZHY Foods, being an associate of Mr. Zhou and Mrs. Zhou, is a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 0.1% but are below 5%, the Acquisition is subject to reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the Completion is subject to the satisfaction and/or waiver, where applicable, of the conditions precedent set out in the Equity Transfer Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

THE ACQUISITION

The Equity Transfer Agreement

The Board is pleased to announce that on June 19, 2017 (after trading hours), ZHY Management, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with ZHY Foods in relation to the Acquisition. The principal terms of the Equity Transfer Agreement are as follows:

Date: June 19, 2017

Parties: (i) ZHY Management (as the purchaser); and
(ii) ZHY Foods (as the vendor)

Assets to be acquired

Pursuant to the Equity Transfer Agreement, ZHY Management conditionally agreed to purchase, and ZHY Foods conditionally agreed to sell, 100% equity interest in Hebei Industrial Park. Upon Completion, Hebei Industrial Park will become an indirect wholly-owned subsidiary of the Company.

Consideration

The Consideration is RMB17,937,500 (equivalent to approximately HK\$20,448,750), which shall be settled by ZHY Management to ZHY Foods in cash within 120 days after the Completion.

The Consideration has been determined after arm's length negotiation between ZHY Management and ZHY Foods with reference to the audited net asset value of Hebei Industrial Park as at December 31, 2015 and 2016 and the appraised net asset value

of Hebei Industrial Park as at March 31, 2017 of RMB17,937,500 (equivalent to approximately HK\$20,448,750) as set out in the valuation report prepared by an independent valuer. The Consideration will be funded by the proceeds raised from the global offering of the Company's shares in November 2016.

Conditions Precedent

Unless otherwise waived by ZHY Management and ZHY Foods in writing (where applicable), Completion shall be subject to the satisfaction of the following conditions precedent:

1. all necessary consents and approvals (if any) required for the signing and performance of the Equity Transfer Agreement by ZHY Foods and Hebei Industrial Park and the Completion have been obtained and continue to be effective;
2. no material adverse change in the operations and financial condition of Hebei Industrial Park having occurred since December 31, 2016;
3. there not being any necessary governmental order, law, regulation or decree which prohibit, limit or practically delay the transaction contemplated under the Equity Transfer Agreement; and
4. the representations and warranties set out in the Equity Transfer Agreement being true, accurate and not misleading in all respects.

Completion

Completion shall take place after the fulfilment or waiver of the conditions precedent (as the case may be) as set out in the Equity Transfer Agreement, and subsequent to the completion of the registration with the relevant industry and commerce authorities in the PRC in respect of the transfer of the entire equity interests in Hebei Industrial Park from ZHY Foods to ZHY Management.

Upon Completion, Hebei Industrial Park will become an indirect wholly-owned subsidiary of the Company and the financial results of Hebei Industrial Park will be consolidated in the Company's accounts.

INFORMATION ON ZHY MANAGEMENT, ZHY FOODS AND HEBEI INDUSTRIAL PARK

Information on ZHY Management

ZHY Management is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal business activity is investment holding.

Information on ZHY Foods

ZHY Foods is a company established in the PRC with limited liability. Its principal business activity is investment holding.

Information on Hebei Industrial Park

Hebei Industrial Park is a limited liability company established in the PRC on August 13, 2014 and a wholly-owned subsidiary of ZHY Foods as at the date of this announcement. Hebei Industrial Park has no business operations other than the holding of land use right or ownership right (as the case may be) in respect of the Premises. The Premises comprise of (i) a land parcel located at Chengdong Economic Development Zone, South of Beihuan East Road, North of Xinsheng Road, Qing County, Cangzhou City, Hebei, PRC (中國河北省滄州市青縣城東經濟開發區北環東路南側新勝路北側) with a total site area of 70,456 square meters and (ii) production facilities located on such land with an approximate gross floor area of 52,400 square meters, which are under construction. The acquisition cost of the land parcel and the construction cost of the production facilities paid by ZHY Foods as at the date of this announcement amounted to approximately RMB136.80 million. Upon Completion, ZHY Management will continue with the construction of the production facilities, which is expected to be completed by end of 2017.

Financial Information of Hebei Industrial Park

Given Hebei Industrial Park has no business operations and the aforementioned production facilities are still under construction, there were no net profits/losses before and after taxation of Hebei Industrial Park for each of the years ended December 31, 2015 and 2016.

Based on the PRC audited accounts of Hebei Industrial Park prepared under the relevant accounting principles and regulations applicable to enterprises established in the PRC, the audited net asset value and total assets of Hebei Industrial Park as at December 31, 2016 were approximately RMB18.0 million and RMB136.14 million, respectively.

According to the valuation report prepared by an independent valuer, which made reference to the market value of the assets of Hebei Industrial Park and adopted the asset based valuation approach, the appraised net asset value of Hebei Industrial Park was RMB17,937,500 as at March 31, 2017.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The principal activity of the Group is to produce, market and retail casual braised food.

In view of the growth in terms of the number of the Group's self-operated retail stores and revenue contribution in northern China region, the Board believes that the Acquisition can enhance the Group's production capacity and ease the increasing demand in northern China region. The Board also believes that the additional production facilities acquired through this Acquisition, together with the Group's current production facilities, will effectively extend and enhance the service radius of the Group's cold chain logistics and increase the supply of its products at its stores which require low-temperature preservation.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since (i) the executive Directors, namely Mr. Zhou, Mr. Zhu Yulong, Mr. Hu Jiaqing, Mr. Wen Yong and Mr. Hao Lixiao, have equity interests in ZHY Foods, and (ii) the non-executive Director, Mr. Pan Pan, serves as a director of ZHY Foods, they have abstained from voting on the resolutions in respect of the Equity Transfer Agreement in the relevant Board meeting. Save for Mr. Zhou, Mr. Zhu Yulong, Mr. Hu Jiaqing, Mr. Wen Yong, Mr. Hao Lixiao and Mr. Pan Pan, none of the Directors is materially interested in the Equity Transfer Agreement and is required to abstain from voting on the resolutions in respect of the Equity Transfer Agreement in the relevant Board meeting.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Zhou is the chairman and executive director of the Company. As at the date of this announcement, Mr. Zhou is a controlling shareholder controlling together with his wife, Mrs. Zhou, 61.78% of the issued share capital of the Company. ZHY Foods, being an associate of Mr. Zhou and Mrs. Zhou, is a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 0.1% but are below 5%, the Acquisition is subject to reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the Completion is subject to the satisfaction and/or waiver, where applicable, of the conditions precedent set out in the Equity Transfer Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of 100% equity interest in Hebei Industrial Park by ZHY Management from ZHY Foods pursuant to the terms and conditions of the Equity Transfer Agreement
“acting in concert”	has the meaning ascribed to it by the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Zhou Hei Ya International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange

“Completion”	completion of the Acquisition pursuant to the Equity Transfer Agreement, as described in the paragraph headed “The Acquisition — Completion”
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	RMB17,937,500 (equivalent to approximately HK\$20,448,750), being the purchase price for 100% equity interests in Hebei Industrial Park
“Directors”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated June 19, 2017 entered into between ZHY Management and ZHY Foods in respect of the acquisition of 100% equity interest in Hebei Industrial Park by ZHY Management from ZHY Foods
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hebei Industrial Park”	河北周黑鴨食品工業園有限公司 (Hebei Zhou Hei Ya Foods Industrial Park Co., Ltd.*), a limited liability company established under the laws of the PRC on August 13, 2014 and a wholly-owned subsidiary of ZHY Foods as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	an individual(s) or a company(ies) who or which is(are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zhou”	Mr. Zhou Fuyu (周富裕), the chairman, executive director and a controlling shareholder of the Company
“Mrs. Zhou”	Ms. Tang Jianfang (唐建芳), Mr. Zhou’s wife and a party acting in concert with Mr. Zhou, and a controlling shareholder of the Company

“Premises”	(i) a land parcel located at Chengdong Economic Development Zone, South of Beihuan East Road, North of Xinsheng Road, Qing County, Cangzhou City, Hebei, PRC (中國河北省滄州市青縣城東經濟開發區北環東路南側新勝路北側) with a total site area of 70,456 square meters and (ii) production facilities located on such land with an approximate gross floor area of 52,400 square meters, which are under construction
“Share(s)”	ordinary shares of US\$0.000001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“ZHY Foods”	周黑鴨食品股份有限公司(Zhou Hei Ya Foods Joint Stock Limited Company [*]), a limited liability company established under the laws of the PRC on June 13, 2006. As at the date of this announcement, ZHY Foods was owned as to (i) 66.85% by Mr. Zhou and Mrs. Zhou; (ii) 10.94% by family members and relatives of Mr. Zhou and Mrs. Zhou; (iii) 2.53% by Mr. Zhu Yulong (朱于龍), an executive Director; (iv) 0.84% by Mr. Hu Jiaqing (胡佳慶), an executive Director; (v) 0.84% by Mr. Wen Yong (文勇), an executive Director; (vi) 0.59% by Mr. Hao Lixiao (郝立曉), an executive Director; (vii) 2.3% by current and ex-employees of the Company; and (viii) 15.11% by independent third parties. Hence, ZHY Foods is an associate of Mr. Zhou and Mrs. Zhou, and therefore a connected person of the Company

“ZHY Management” 湖北周黑鴨管理有限公司 (Hubei Zhou Hei Ya Management Co., Ltd.*), a limited liability company established under the laws of the PRC on June 12, 2015 and an indirect wholly-owned subsidiary of the Company

“%” per cent.

This announcement contains translations between RMB and HK\$ at the exchange rate of RMB1=HK\$1.14. The translations are not representations that the RMB and HK\$ amounts can be or could have been converted at the above rate or any other rate or at all.

The Chinese name of the entities incorporated in the PRC is the official name and the English name is the translation for identification purpose only.

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

Hong Kong, June 19, 2017

As at the date of this announcement, Mr. Zhou Fuyu, Mr. Hao Lixiao, Mr. Zhu Yulong, Mr. Wen Yong and Mr. Hu Jiaqing are the executive Directors; Mr. Pan Pan is the non-executive Director; and Mr. Wu Chi Keung, Mr. Chan Kam Ching, Paul and Mr. Lu Weidong are the independent non-executive Directors.

* *For identification purpose only*