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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)

ADOPTION OF RESTRICTED SHARE UNIT SCHEME

The Board is pleased to announce that the Company has adopted the RSU Scheme on 25 July 2018. The purpose of the RSU Scheme is to incentivize Directors, senior management and employees of the Group for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests of the Company.

The Board may, from time to time and at its sole discretion, select any Eligible Person to participate in the RSU Scheme and determine the number of Shares to be granted and the terms and conditions of the grant. An offer to grant a RSU will be made to any Eligible Person selected by the Board by a Grant Letter. A Selected Person may accept an offer of the granting of RSUs in such manner as set out in the Grant Letter. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the Scheme Rules) shall be such number of Shares held or to be held by the Trustee for the purpose of the RSU Scheme from time to time. The Board can determine the vesting criteria, conditions and the schedule on when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the Grant Letter. The Company may appoint the Trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. The Board may at its discretion to cancel any RSU that has not vested or lapsed under certain conditions. Subject to early termination by the Board, the RSU Scheme shall be valid and effective for ten (10) years commencing on the date of the first grant of the RSUs.

The Company has appointed Computershare Hong Kong Trustees Limited as the Trustee to hold Shares for the purpose of the RSU Scheme. No RSU has been granted under the RSU Scheme as of the date of this announcement.

The RSU Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. It is a discretionary scheme of the Company.

INTRODUCTION

The Board is pleased to announce that it has adopted a RSU Scheme on 25 July 2018. The purpose and the principal terms of the RSU Scheme are summarized below.

1. Purpose

The purpose of the RSU Scheme is to incentivize Directors, senior management and employees of the Group for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests of the Company.

2. Administration

The Board has the power to administer the RSU Scheme, including the power to construe and interpret the Scheme Rules and the terms of the RSUs granted under it. The Board may delegate the authority to administer the RSU Scheme to a committee of the Board (such as the remuneration committee). The Board may also appoint one or more independent third party contractors to assist in the administration of the RSU Scheme and delegate such powers and/or functions relating to the administration of the RSU Scheme as the Board thinks fit.

The Board's determinations under the RSU Scheme need not be uniform and may be made to any selected persons who are granted, or are eligible to be granted, RSUs under it. If a Director is a Participant, he may, notwithstanding his/her own interest and subject to the Articles, vote on any Board resolution concerning the RSU Scheme (other than in respect of his/her own participation in it), and may retain RSUs under it.

Each Participant waives any right to contest, amongst other things, the value and number of RSUs or Shares or equivalent value of cash underlying the RSUs or Shares and the Board's administration of the RSU Scheme.

3. **Term**

Subject to early termination by the Board, the RSU Scheme shall be valid and effective for ten (10) years commencing on the date of the first grant of the RSUs.

4. **Grant and acceptance**

(i) *Making an offer*

An offer to grant a RSU will be made to a Eligible Person selected by the Board by a Grant Letter, in such form as the Board may determine. The RSU Grant Letter will specify the Selected Person's name, the manner of acceptance of the RSU, the number of RSUs granted and the number of underlying Shares represented by the RSUs, the vesting criteria and conditions, the vesting schedule and such other details as the Board considers necessary and are not inconsistent with the RSU Scheme, and will require the Selected Person to undertake to hold the RSU on the terms on which it is granted and to be bound by the provisions of the RSU Scheme.

(ii) *Acceptance of an offer*

A Selected Person may accept an offer of the grant of RSUs in such manner as set out in the Grant Letter. Once accepted, the RSUs are deemed granted from the date of the Grant Letter. Upon acceptance, the Selected Person becomes a Participant in the RSU Scheme.

(iii) *Restrictions on grants*

The Board may not grant any RSUs to any Selected Persons in any of the following circumstances:

- the laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the RSUs or in respect of the RSU Scheme, unless the Board determines otherwise;
- where granting the RSUs would result in a breach by the Company, the Subsidiaries or any of their directors of any applicable laws, rules or regulations; or
- where such grant of any RSUs would result in a breach of the limits of the RSU Scheme (as set out in paragraph 5 below).

5. Maximum number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the Scheme Rules) shall be such number of Shares held or to be held by the Trustee for the purpose of the RSU Scheme from time to time.

6. Rights attached to RSUs

A Participant does not have any contingent interest in any Shares underlying the RSUs unless and until such Shares are actually transferred to the Participant. Further, a Participant may not exercise voting rights in respect of the Shares underlying the RSUs prior to their vesting and, unless otherwise specified by the Board in its entire discretion in the Grant Letter to the Participant, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs.

7. Rights attached to Shares

Any Shares transferred to a Participant in respect of any RSUs will be subject to all the provisions of the Articles and will rank *pari passu* with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, and accordingly will entitle the holder to participate in all dividends or other distributions paid or made on or after the date of the transfer or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members.

8. Assignment of RSUs

The RSUs granted pursuant to the RSU Scheme are personal to each Participant, and are not assignable. Participants are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favour of any other person over or in relation to any property held by the Trustee on trust for the Participants, the RSUs, or any interest or benefits therein.

9. Vesting of RSUs

The Board can determine the vesting criteria, conditions and the schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the Grant Letter.

Within a reasonable time after the vesting criteria, conditions and schedule have been reached, fulfilled, satisfied or waived, the Board shall send the Vesting Notice to each of the relevant Participants. The Vesting Notice will confirm the extent to which the vesting criteria, conditions and schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

10. Appointment of the RSU Trustee

The Company may appoint a Trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. The Company may (i) allot and issue Shares to the Trustee to be held by the Trustee and which will be used to satisfy the RSUs and/or (ii) direct and procure the Trustee to receive existing Shares from any shareholder of the Company or purchase existing Shares (either on-market or off-market) to satisfy the RSUs. The Company shall procure that sufficient funds are provided to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

11. Rights on a takeover

If a general offer to acquire the Shares (whether by takeover offer, merger, or otherwise in a like manner) is made to all of the shareholders of the Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the Shares is approved and the offer becomes or is declared unconditional in all respects, a Participant's RSUs will vest immediately, even if the vesting period has not yet commenced.

12. Rights on a compromise or arrangement

If a compromise or arrangement between the Company and its shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its shareholders to convene a general meeting to consider and if thought fit to approve such compromise or arrangement and such shareholders' approval is obtained, a Participant's RSUs will vest immediately, even if the vesting period has not yet commenced.

13. **Rights on voluntary winding-up**

If an effective resolution is passed during the Scheme Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), all outstanding RSUs shall be treated as having vested immediately. No Shares will be transferred, and no cash alternative will be paid, to the Participant, but the Participant will be entitled to receive out of the assets available in liquidation on an equal basis with the Company's shareholders such sum as they would have received in respect of the RSUs.

14. **Lapse of RSUs**

(i) *Full lapse of RSU*

Any unvested RSU will automatically lapse immediately where:

- such Participant's employment or service terminates for any reason; or
- the Participant makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSUs or any interests or benefits pursuant to the RSUs.

(ii) *If at any time, a Participant:*

- ceases to be an employee of the Group;
- fails, during the course of his/her employment, to devote the whole of his/her time and attention to the business of the Group or to use his/her best endeavours to develop the business and interests of the Group;
- is concerned during the course of his/her employment with the Group (without the prior written consent of the Company) with any (competitive or other) business other than that of the Group; and/or
- is in breach of his/her contract of employment with or any other obligation to the Group (including without limitation certain restrictive covenants),

then all vested and unvested RSUs shall automatically lapse and such Participant shall have no claim whatsoever in respect of the RSUs or the underlying Shares.

15. Cancellation of RSUs

The Board may at its discretion to cancel any RSU that has not vested or lapsed, provided that:

- the Company or the Subsidiaries pay to the Participant an amount equal to the fair value of the RSU at the date of the cancellation as determined by the Board, after consultation with the Auditors or an independent financial adviser appointed by the Board;
- the Company or the relevant Subsidiary provides to the Participant a replacement award (or a grant or option under any other restricted share unit scheme, share option scheme or share-related incentive scheme) of equivalent value to the RSUs to be cancelled; or
- the Board makes any arrangement as the Participant may agree in order to compensate him/her for the cancellation of the RSUs.

16. Reorganization of capital structure

In the event of any capitalization issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, the Board may make such equitable adjustments, designed to protect the Participants' interests, to the number of Shares underlying the outstanding RSUs or to the amount of the equivalent value, as it may deem appropriate at its absolute discretion.

17. Amendment of the RSU Scheme

Save as provided in the RSU Scheme, the Board may alter any of the terms of the RSU Scheme at any time. Written notice of any amendment to the RSU Scheme shall be given to all Participants.

Any alterations to the terms and conditions of the RSU Scheme which are of a material nature or any changes to the terms of the RSUs granted which shall operate to affect materially adversely any subsisting rights of any Participant shall be subject to the consent of the Participants amounting to three-fourths in nominal value of all underlying RSUs so held by the Participants on the date of the relevant resolution passed by the Board in approving the amendment of the RSU Scheme or the terms of the RSUs granted (as the case may be), except where the alterations or changes take effect automatically under the existing terms of the RSU Scheme. The Board's determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme or the terms of the RSUs granted (as the case may be) is material shall be conclusive.

18. Termination of the RSU Scheme

The Board may terminate the RSU Scheme at any time before the expiry of the RSU Scheme Period. The provisions of the RSU Scheme shall remain in full force and effect in respect of RSUs which are granted pursuant to the Scheme Rules prior to the termination of the operation of the RSU Scheme. The Company or the Subsidiaries shall notify the Trustee and all Participants of such termination and of how any property held by the Trustee on trust for the Participants (including, but not limited to, any Shares held) and the outstanding RSUs shall be dealt with.

APPOINTMENT OF TRUSTEE

The Company has appointed Computershare Hong Kong Trustees Limited as the Trustee to hold Shares for the purpose of the RSU Scheme. No RSU has been granted under the RSU Scheme as of the date of this announcement.

LISTING RULES IMPLICATIONS

The RSU Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. It is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the RSU Scheme.

DEFINITIONS

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

“Adoption Date” means July 25, 2018, the date of the adoption of the RSU Scheme approved by the Board;

“Articles” means the articles of association of the Company (as amended from time to time);

“Auditors” means the auditors of the Company, as appointed from time to time;

“Board” means the board of Directors of the Company;

“Company” means Zhou Hei Ya International Holdings Company Limited, a company incorporated in Cayman Islands with limited liability. The shares of which are listed on the main board of the Stock Exchange;

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

“Eligible Persons” means persons eligible to receive RSUs under the RSU Scheme, who are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of the Group;

“Grant Date” means the date on which RSUs, are granted under the RSU Scheme pursuant to a Grant Letter;

“Grant Letter” means the letter pursuant to which RSUs are granted to a Selected Person;

“Group” means the Company and the Subsidiaries;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

“Participant(s)” means a Selected Person who accepts the offer of the grant of RSUs in accordance with the terms of the RSU Scheme;

“RSU Scheme” means the restricted share unit scheme of the Company approved and adopted by the Board on 25 July 2018, the principal terms of which are set out in this announcement, as amended from time to time;

“RSUs” means restricted share units, each restricted share unit represents one underlying Share, and represent a conditional right granted to any Selected Person under the RSU Scheme to obtain Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion;

“Scheme Period” means the period of ten (10) years commencing from the date of the first grant of the RSUs, or until the RSU Scheme is terminated pursuant to paragraph 18, whichever is earlier;

“Scheme Rules” means the rules of the RSU Scheme as amended from time to time;

“Selected Person(s)” means Eligible Persons selected by the Board to be granted RSUs under the RSU Scheme at its discretion;

“Share(s)” means ordinary shares of US\$0.000001 each in the Company;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Subsidiary” has the meaning ascribed to this term under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended or supplemented or otherwise modified from time to time;

“Trustee” means a professional trustee to be appointed by the Board to hold Shares for the purpose of the RSU Scheme;

“Vesting Notice” means a notice to be sent by the Company to each of the relevant Participants after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived.

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

Hong Kong, July 25, 2018

As at the date of this announcement, Mr. Zhou Fuyu, Mr. Hao Lixiao, Ms. Li Ying, 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.