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China Youzan Limited

中國有贊有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

COMPLETION OF CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES IN A NON-WHOLLY OWNED SUBSIDIARY

Reference is made to the announcement of the Company dated 16 July 2018 (the "**Announcement**") regarding the connected transaction in relation to the Subscription. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

According to the Announcement, pursuant to the Subscription Agreement, Franchise Fund Limited ("**Franchise Fund**") agreed to subscribe for approximately 7 million Qima Shares. Franchise Fund, which was managed by Franchise Capital Limited and, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, was an Independent Third Party. During the negotiation in relation to the Subscription Agreement, Franchise Fund had expressed its optimism towards the principal business, operations and development of Qima Holdings Ltd. and viewed the subscription of Qima Shares as a long-term investment. Although the Company agreed to subscribe for approximately 21 million Qima Shares under the Subscription Agreement, the Company is of the view that Franchise Fund played a leading role in the Subscription, and the Company's subscription of Qima Shares was a result of its intention of maintaining not less than 51% equity holding in Qima Holdings Ltd in order to avoid a potential dilution effect due to the aforementioned subscription by Franchise Fund.

The Board announces that Completion took place on 3 August 2018 in accordance with the terms of the Subscription Agreement. As at the date of this announcement, the Company and Franchise Fund held approximately 724 million Qima Shares and 24.6 million Qima Shares respectively, representing approximately 51.48% and 1.75% of the total issued Qima Shares, respectively. Following Completion, Qima Holdings Ltd. will remain as a non-wholly owned subsidiary of the Company. The Subscription Shares rank *pari passu* in all respects among themselves and with the Qima Shares in issue as of the date of this announcement.

By Order of the Board
China Youzan Limited
Guan Guisen
Chairman

Hong Kong, 3 August 2018

As at the date of this announcement, the Board comprises seven executive Directors, Mr. Guan Guisen, Mr. Cao Chunmeng, Mr. Yan Xiaotian, Mr. Zhu Ning, Mr. Cui Yusong, Mr. Yu Tao and Ms. Ying Hangyan; and four independent non-executive Directors, Dr. Fong Chi Wah, Mr. Gu Jiawang, Mr. Xu Yanqing and Mr. Deng Tao.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the Company's website at www.chinayouzan.com.