China Youzan Limited
中國有贊有限公司

(formerly known as China Innovationpay Group Limited 中國創新支付集團有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

GRANT OF SHARES UNDER THE SHARE AWARD SCHEME AND ISSUE OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 31 May 2018 in respect of the adoption of the Scheme (the "**Announcement**"). The Scheme does not constitute a share option scheme within the meaning of Chapter 23 of the GEM Listing Rules. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcement.

GRANT OF AWARDED SHARES

The Board announces that on 7 September 2018, the Company granted 551,522,400 Awarded Shares, representing approximately 4.28% of the total issued Shares as at the date of this announcement, to 388 Selected Participants across ten different key business units of the Group, all of whom are not connected persons of the Company (the "**Grantees**"), in accordance with the Scheme Rules at nil consideration (the "**Grant**").

Selection criteria

The Grantees were selected by the Board after taking into account, among other matters, recommendations from their supervisors, years of services and their seniority, details of which are as follows:

– **Recommendations from supervisors:** Positive recommendations obtained indicating quality of the potential participants of the Scheme, potentials of becoming management and possession of experience in their respective professional fields.

– **Years of services:** Typically one year or above.

– **Seniority:** Team leader level or above.

In determining the selection of the Grantees and their respective number of Awarded Shares, the Board considered various aforementioned factors as a whole, instead of a standalone factor.

Vesting conditions

The Awards are subject to the acceptance of the Grantees and a minimum of two years of continuous services to the Company or any of its subsidiaries.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, all of the Grantees are not connected persons of the Company or its associates.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE SHARE AWARD SCHEME

The Board announces that it has approved the allotment and issue of 551,522,400 new Shares (the New Shares) to the Trustee at HK$0.63 per Share, being the closing price of the Shares as at the date immediately preceding the date of this announcement, under the General Mandate in order to satisfy the Awards granted to the Grantees pursuant to the Scheme Rules as incentives for their contributions to the Group.

As approved by the Shareholders at the annual general meeting held on 4 May 2018, the Company can allot and issue up to a total of 1,395,791,039 Shares under the General Mandate. Accordingly, the New Shares will be allotted and issued by utilising part of the General Mandate. After completion of issue and allotment of the New Shares, the remaining balance of the General Mandate will stand at 844,268,639 Shares.

Upon the allotment and issue of the New Shares, the Trustee will hold the New Shares on trust for the Grantees, which shall then be transferred to the Grantees at no cost upon satisfaction of the abovementioned vesting conditions. Accordingly, no funds will be raised from the issue of the New Shares.

The New Shares to be allotted and issued by the Company to the Trustee represent (i) approximately 4.28% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.10% of the total issued share capital of the Company as enlarged by such allotment and issue. The New Shares, when issued and allotted, shall rank pari passu among themselves and with the fully paid Shares in issue. Pursuant to the Scheme Rules, the Trustee shall not exercise any voting rights and powers in respect of any Shares held under the Trust.

Computershare Hong Kong Investor Services Limited, an associate company of the Trustee, is the share registrar of the Company in Hong Kong. The Company does not have any prior business or other relationship with the Trustee save as aforesaid.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the abovementioned relationship between the Trustee and the Company, the Trustee (or its nominee) and its parent company are not connected persons (as defined by the GEM Listing Rules) of the Company and are third parties independent of the Company and its connected persons (as defined by the GEM Listing Rules).

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the New Shares. Save for the approval from the Stock Exchange, the allotment and issue of the New Shares is not subject to any other approvals.

Equity Fundraising Activities in the Past Twelve Months

The Company has conducted the following equity fund raising activity for the twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Use of proceeds
16 April 2018 and 16 July 2018	SM Placing	Approximately HK$187.0 million	All the net proceeds from the SM Placing will be used towards the subscription of new shares in Qima Holdings Ltd., a non-wholly owned subsidiary of the Company

Save as disclosed above, there were no other equity fundraising activities by the Company through the issue of equity securities in the twelve months immediately preceding this announcement.

DEFINITIONS

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

"Award(s)"	the share awards involving the 551,522,400 Shares granted by the Board to the Grantees pursuant to the Scheme Rules;
"Awarded Shares"	the 551,522,400 Shares granted to the Grantees in the Awards;
"General Mandate"	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 4 May 2018, under which up to a total of 1,395,791,039 Shares (being up to 20% of the total issued share capital of the Company as at the date of the passing of the relevant resolution, which was 4 May 2018) can be allotted and issued by the Directors;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"New Shares"	the 551,522,400 new Shares that will be allotted and issued to the Trustee under the General Mandate for satisfying the Awards;

"Qima Holdings Ltd."	Qima Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and is a non-wholly owned subsidiary of the Company as at the date of this announcement;
"SM Placing"	the placing under specific mandate of the Company completed on 16 April 2018;
"Trust Deed"	a trust deed entered into between the Company and the Trustee on 20 June 2018 (as restated, supplemented and amended from time to time);
"Trustee"	Computershare Hong Kong Trustees Limited, being the trustee appointed by the Company for the administration of the Scheme, who will hold the New Shares on trust for the Grantees

By Order of the Board
China Youzan Limited
Guan Guisen
Chairman

Hong Kong, 7 September 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.