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China Youzan Limited

中國有贊有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 8083)

(1) PROPOSED ADOPTION BY YOUZAN TECHNOLOGY OF:

**(A) YOUZAN TECHNOLOGY SHARE AWARD PLAN A,
A SPECIAL DEAL ARRANGEMENT IN CONNECTION WITH
THE PROPOSAL**

(B) YOUZAN TECHNOLOGY SHARE AWARD PLAN B

**(C) YOUZAN TECHNOLOGY RSU PLAN C,
A SPECIAL DEAL ARRANGEMENT IN CONNECTION WITH
THE PROPOSAL**

**(2) PROPOSED DISCLOSEABLE TRANSACTIONS AND
CONNECTED TRANSACTIONS IN CONNECTION WITH CERTAIN
YOUZAN TECHNOLOGY SHARE INCENTIVE PLANS**

Reference is made to (i) the Joint Announcement dated 26 February 2021 made by the Offeror and China Youzan pursuant to which the Offeror and China Youzan jointly announced that, on 26 February 2021, the Offeror requested the Board to, subject to the satisfaction of the Scheme Pre-Conditions, put forward the Proposal which comprises (a) the Distribution of the Youzan Technology Shares held by China Youzan to all China Youzan Shareholders (including, for the avoidance of doubt, the China Youzan Excluded Shareholders and/or the China Youzan Excluded Shareholders Entities), such shares which are proposed to be listed on the Main Board of the Stock Exchange by way of introduction pursuant to the Youzan Technology Listing; and (b) the taking private of China Youzan, after completion of the Distribution, by way of a scheme of arrangement under section 99 of the Companies Act; and (ii) the A1 Announcement dated 26 February 2021 made by China Youzan pursuant to which China Youzan announced that an application has been made to the Stock Exchange for the listing of Youzan Technology Shares on the Main Board of the Stock Exchange by way of introduction.

Unless otherwise defined herein, words and expressions defined in the Joint Announcement shall have the same meanings when used herein.

INTRODUCTION

The Board would like to announce that each of the Board and the board of directors of Youzan Technology proposed that:

- (A) *Adoption of the Youzan Technology Share Award Plan A*: Conditional upon the fulfilment of the Plan A Effectiveness Conditions and prior to (and regardless of) the Youzan Technology Listing, the Youzan Technology 2019 Share Award Plan shall be amended and substituted by the Youzan Technology Share Award Plan A and grants of share awards will be made thereunder.
- (B) *Adoption of the Youzan Technology Share Award Plan B*: Conditional upon the fulfilment of the Plan B Effectiveness Conditions and prior to the Youzan Technology Listing, the Youzan Technology Share Award Plan B will be adopted and a grant of share award will be made thereunder to Mr. Zhu Ning (or Whitecrow).
- (C) *Implementation of the China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C*: Conditional upon the fulfilment of the Plan C Effectiveness Conditions, and immediately after the Scheme having become effective but prior to the Youzan Technology Listing, (i) the outstanding China Youzan Options will lapse automatically upon the Scheme becoming effective; and (ii) the Youzan Technology RSU Plan C will be adopted and implemented to provide the China Youzan Optionholders with entitlements to new Youzan Technology Shares in substitution for their respective existing entitlements with respect to the China Youzan Options held by them under the China Youzan 2019 Option Scheme.

(1) PROPOSED ADOPTION OF YOUZAN TECHNOLOGY SHARE INCENTIVE PLANS

(A) PROPOSED ADOPTION OF THE YOUZAN TECHNOLOGY SHARE AWARD PLAN A

(I) *Youzan Technology 2018 Share Award Plan and the existing Youzan Technology 2019 Share Award Plan*

On 16 May 2018, the board of Youzan Technology resolved to adopt the Youzan Technology 2018 Share Award Plan, and in connection with the implementation of such plan, each of Qima Teamwork (for the purpose of attracting, retaining and providing additional incentives to employees and consultants of Youzan Technology) and China Youzan (for the purpose of anti-dilution) were allotted and issued 78,314,984 and 81,511,508 Youzan Technology Shares respectively, in each case for nominal consideration. Upon the completion of such allotment and issuance, Qima Teamwork and China Youzan held 5.69% and 51.0% of the then total issued share capital of Youzan Technology as enlarged by such allotment and issuance, respectively.

On 2 August 2019, the board of Youzan Technology resolved to adopt the Youzan Technology 2019 Share Award Plan to replace the Youzan Technology 2018 Share Award Plan, following which the Youzan Technology 2018 Share Award Plan was terminated. In connection with the implementation of the Youzan Technology 2019 Share Award Plan, a further 28,113,407 Youzan Technology Shares were allotted and issued to Qima Teamwork for nominal consideration. Upon such allotment and issuance, Qima Teamwork held 7.42% of the then total issued share capital of Youzan Technology as enlarged by such allotment and issuance.

As at the date of this announcement, Qima Teamwork held, and the Youzan Technology 2019 Share Award Plan involved, a total of 106,428,391 existing Youzan Technology Shares (representing approximately 7.03% of the total issued share capital of Youzan Technology as at the date of this announcement).

Under the existing arrangements and rules of the Youzan Technology 2019 Share Award Plan, upon the grant and vesting of the share awards with the relevant grantees, Qima Teamwork shall issue its own shares to the relevant grantees in accordance with the rules of the Youzan Technology 2019 Share Award Plan. Since the adoption of the Youzan Technology 2018 Share Award Plan and Youzan Technology 2019 Share Award Plan, no grant of share awards has been made by Youzan Technology thereunder. In view of the Proposal, Youzan Technology does not intend to grant any share awards under the Youzan Technology 2019 Share Award Plan up to the earlier of the Scheme Effective Date or the date on which the Scheme lapses. However, as further elaborated below in this announcement, if the proposed Youzan Technology Share Award Plan A becomes effective, it is intended that prior to the Record Date (which will be prior to the Scheme becoming effective and the Youzan Technology Listing), grants of share awards under the proposed Youzan Technology Share Award Plan A will be made to the proposed grantees thereunder.

(II) The proposed Youzan Technology Share Award Plan A

In connection with the preparation for the Youzan Technology Listing, in order to simplify the structure of the existing Youzan Technology 2019 Share Award Plan and to make grants to reward directors, management members and employees of the Youzan Technology Group for their historical contributions to the success of the business of the Youzan Technology Group, it is proposed that, conditional upon the fulfilment of the Plan A Effectiveness Conditions and prior to (and regardless of) the Youzan Technology Listing, the Youzan Technology 2019 Share Award Plan shall be amended and substituted by the Youzan Technology Share Award Plan A. Pursuant to such proposal, Qima Teamwork shall transfer all of the 106,428,391 Youzan Technology Shares (representing approximately 7.03% of the total issued share capital of Youzan Technology as at the date of this announcement) currently held by it to Trustee A and grants of share awards will be made to the proposed grantees thereunder.

(III) Principal terms of the Youzan Technology Share Award Plan A

The principal terms of the Youzan Technology Share Award Plan A are as follows:

- (a) **Term:** The Youzan Technology Share Award Plan A shall become effective upon the fulfilment of the Plan A Effectiveness Conditions, and shall terminate prior to (and regardless of) the Youzan Technology Listing after all of the share awards under the Youzan Technology Share Award Plan A have been fully granted and vested with the relevant grantees thereunder.
- (b) **Proposed grantees of the Youzan Technology Share Award Plan A:** The board of directors of Youzan Technology proposes to make grants to approximately 520 grantees who are currently directors, management members and employees of the Youzan Technology Group. Amongst these approximate 520 proposed grantees, four of them are connected persons of China Youzan and the total grants to them are proposed to involve 44,000,000 existing Youzan Technology Shares. The identity and proposed respective entitlements of such connected persons are set out in the section headed “(2)(A)(I). Proposed grants of share awards to connected persons of China Youzan” below.
- (c) **Number of Youzan Technology Shares involved:** 106,428,391 existing Youzan Technology Shares (representing approximately 7.03% of the total issued share capital of Youzan Technology as at the date of this announcement) currently held by Qima Teamwork which will be transferred to Trustee A for the granting of share awards to the proposed grantees.
- (d) **Nature of rights upon grant:** Share award.
- (e) **Nature of rights upon vesting:** Existing Youzan Technology Shares.
- (f) **Proposed timing of grant:** Subject to the satisfaction of the Plan A Effectiveness Conditions, all grants are intended to be made prior to (and regardless of) the Youzan Technology Listing and prior to the Record Date.
- (g) **Proposed timing of vesting:** Immediately upon grant.
- (h) **Vesting conditions:** None.

- (i) **Holder of the Youzan Technology Shares upon vesting:** Trustee A, being a professional independent trustee to be appointed by Youzan Technology. Notwithstanding the termination of the Youzan Technology Share Award Plan A upon the granting and vesting of all of the share awards thereunder, Trustee A will continue to hold the Youzan Technology Shares on trust for and for the benefit of the grantees thereunder until all Youzan Technology Shares held by Trustee A have been disposed of.
- (j) **Subscription price:** None. Given that the plan concerns existing Youzan Technology Shares, there will be no subscription price or exercise price upon the granting and vesting of share awards.

(IV) Conditionality

Plan A Effectiveness Conditions

The effectiveness of the amendment and substitution of the Youzan Technology 2019 Share Award Plan by the Youzan Technology Share Award Plan A and the granting of share awards to the proposed grantees thereunder are conditional upon the fulfilment of the following Plan A Effectiveness Conditions:

- (a) the Independent Financial Adviser stating in its opinion that the proposed terms of the Youzan Technology Share Award Plan A, and its replacement of the Youzan Technology 2019 Share Award Plan, are fair and reasonable; and
- (b) the passing of an ordinary resolution by the Disinterested Scheme Shareholders (other than those China Youzan Shareholders who are involved or interested in any of the Special Deal Arrangements) at the First SGM to approve the adoption of the Youzan Technology Share Award Plan A as a connected transaction under Chapter 20 of the GEM Listing Rules and a special deal under Rule 25 of the Takeovers Code.

A waivable Scheme Pre-Condition, and will be implemented subject to the satisfaction of the Plan A Effectiveness Conditions but regardless of whether the Youzan Technology Listing or the Scheme is completed

The effectiveness of the amendment and substitution of the Youzan Technology 2019 Share Award Plan by the Youzan Technology Share Award Plan A will **not** be conditional upon the implementation of the Youzan Technology Listing nor the Scheme becoming effective.

It is expected that the existing total issued share capital of Youzan Technology as at the date of this announcement will not be enlarged as a result of the amendment to and substitution of the Youzan Technology 2019 Share Award Plan by the Youzan Technology Share Award Plan A as the grants of share awards thereunder concern the same number of Youzan Technology Shares as those currently held by Qima Teamwork pursuant to the Youzan Technology 2019 Share Award Plan. Accordingly, the adoption of and grants of share awards made under the Youzan Technology Share Award Plan A will not have any dilution impact on the current shareholding interest held by China Youzan in Youzan Technology (which is approximately 51.90% as at the date of this announcement).

(B) PROPOSED ADOPTION OF THE YOUZAN TECHNOLOGY SHARE AWARD PLAN B

(I) Youzan Technology Share Award Plan B

It is proposed that, conditional upon the fulfilment of the Plan B Effectiveness Conditions and prior to the Youzan Technology Listing, the Youzan Technology Share Award Plan B will be adopted (and a grant of share award be made thereunder to Mr. Zhu Ning (or Whitecrow)) in order to recognise the extensive contributions of Mr. Zhu Ning (Mr. Zhu Ning being instrumental to the foundation and continued success of Youzan Technology), and incentivise Mr. Zhu Ning to stay with Youzan Technology to continue to promote the future development of Youzan Technology's business.

It is proposed that, conditional upon the fulfilment of the Plan B Effectiveness Conditions, 84,432,360 new Youzan Technology Shares (representing approximately 5.58% of the total issued share capital of Youzan Technology as at the date of this announcement, and approximately 5.00% of the total issued share capital of Youzan Technology as enlarged by the proposed issuance of new Youzan Technology Shares under the Youzan Technology Share Award Plan B and the Anti-Dilution Issue but prior to the impact of the proposed issuance of new Youzan Technology Shares under the Youzan Technology RSU Plan C) will be issued and allotted by Youzan Technology, and granted as a share award to Mr. Zhu Ning or Whitecrow (being a company 100% beneficially owned by Mr. Zhu Ning) prior to the completion of the Youzan Technology Listing.

The Company understands from Mr. Zhu Ning and Whitecrow that, should they be successful in receiving a grant of share award under the Youzan Technology Share Award Plan B and if conditions and circumstances permit at the relevant time, they may consider utilising part or all of such new Youzan Technology Shares to set up an incentive plan to attract, retain and incentivise existing and future management members and employees of the Youzan Technology Group. As at the date of this announcement, no such incentive plan has been established and no possible or potential grantees has been identified.

(II) Principal terms of the Youzan Technology Share Award Plan B

The principal terms of the Youzan Technology Share Award Plan B are as follows:

- (a) **Term:** The Youzan Technology Share Award Plan B shall become effective upon the fulfilment of the Plan B Effectiveness Conditions, and shall terminate immediately prior to the date of the Youzan Technology Listing upon completion of the grant and vesting of a share award thereunder to and with Mr. Zhu Ning (or Whitecrow).
- (b) **Proposed grantee of the Youzan Technology Share Award Plan B:** Mr. Zhu Ning (or Whitecrow).
- (c) **Total number of Youzan Technology Shares involved:** 84,432,360 Youzan Technology Shares (representing approximately 5.58% of the total issued share capital of Youzan Technology as at the date of this announcement, and approximately 5.00% of the total issued share capital of Youzan Technology as enlarged by the issuance of the Youzan Technology Shares under the Youzan Technology Share Award Plan B and the Anti-Dilution Issue but prior to the impact of the proposed issuance of new Youzan Technology Shares under the Youzan Technology RSU Plan C).
- (d) **Nature of rights upon grant:** Share award.
- (e) **Nature of rights upon vesting:** New Youzan Technology Shares.
- (f) **Proposed timing of grant:** Subject to the satisfaction of the Plan B Effectiveness Conditions, prior to the Record Date and the completion of the Youzan Technology Listing.
- (g) **Proposed timing of vesting:** Immediately upon grant.
- (h) **Vesting conditions:** None.
- (i) **Holder of the Youzan Technology Shares upon vesting:** Mr. Zhu Ning (or Whitecrow).
- (j) **Subscription price:** Nominal subscription price of US\$0.00001 per Youzan Technology Share shall be payable by Youzan Technology upon the vesting of the share award.

(III) Anti-Dilution Issue of new Youzan Technology Shares to China Youzan

In order to ensure that there will be no dilution impact to China Youzan as a result of the adoption of the Youzan Technology Share Award Plan B and the grant of share award thereunder, it is proposed that, concurrent with the issue of 84,432,360 new Youzan Technology Shares thereunder which is conditional upon the fulfilment of the Plan B Effectiveness Conditions, China Youzan will subscribe for 91,087,206 new Youzan Technology Shares at par value (representing 6.02% of the total issued share capital of Youzan Technology as at the date of this announcement, and approximately 5.39% of the total issued share capital of Youzan Technology as enlarged by the issuance of new Youzan Technology Shares under the Youzan Technology Share Award Plan B and the Anti-Dilution Issue but prior to the impact of the proposed issuance of new Youzan Technology Shares under the Youzan Technology RSU Plan C), such that the percentage of China Youzan's current shareholding in Youzan Technology (being approximately 51.90%) will not be diluted by the proposed issue of new Youzan Technology Shares under the Youzan Technology Share Award Plan B (the "**Anti-Dilution Issue**"). As a result, China Youzan will continue to hold approximately 51.90% of the total issued share capital of Youzan Technology as enlarged by the proposed issue of new Youzan Technology Shares under the Youzan Technology Share Award Plan B and the Anti-Dilution Issue (but prior to the dilution impact resulting from the proposed issuance of new Youzan Technology Shares under the Youzan Technology RSU Plan C as detailed below).

(IV) Conditionality

Plan B Effectiveness Conditions

The effectiveness of the adoption of the Youzan Technology Share Award Plan B (and the grant of share award thereunder) and the Anti-Dilution Issue to China Youzan are conditional upon the fulfilment of the following Plan B Effectiveness Conditions:

- (a) the passing of an ordinary resolution by the independent China Youzan Shareholders (being all China Youzan Shareholders other than Whitecrow and its associates under the GEM Listing Rules, including Mr. Zhu Ning) to approve the adoption of the Youzan Technology Share Award Plan B and the grant of share award thereunder in favour of Mr. Zhu Ning (or Whitecrow) and the Anti-Dilution Issue to China Youzan as a connected transaction under Chapter 20 of the GEM Listing Rules; and
- (b) the Stock Exchange having granted its in-principle approval for the listing of the Youzan Technology Shares on the Stock Exchange pursuant to the Youzan Technology Listing.

A non-waivable Scheme Pre-Condition, and will be implemented subject to the satisfaction of the Plan B Effectiveness Conditions and after the Stock Exchange has granted the in-principle approval for the Youzan Technology Listing but before the Scheme becoming effective

The passing of the requisite ordinary resolution as referred to in paragraph (a) above is a non-waivable Scheme Pre-Condition. The effectiveness of the Youzan Technology Share Award Plan B (and the grant of share award thereunder) and the Anti-Dilution Issue to China Youzan will be conditional upon the Stock Exchange having granted in-principle approval for the Youzan Technology Listing, but will **not** be conditional upon the Scheme becoming effective.

(C) PROPOSED ADOPTION OF THE YOUZAN TECHNOLOGY RSU PLAN C

(I) China Youzan 2019 Option Scheme

As at the date of this announcement, there are an aggregate of 292,804,000 outstanding China Youzan Options which have been granted under the China Youzan 2019 Option Scheme, each entitling an optionholder to subscribe for one China Youzan Share, of which (i) 100,000,000 outstanding China Youzan Options were granted to Mr. Zhu Ning, (ii) 20,000,000 outstanding China Youzan Options were granted to Mr. Cui Yusong; (iii) 15,000,000 outstanding China Youzan Options were granted to each of Mr. Yu Tao and Ms. Ying Hangyan; (iv) 15,000,000 outstanding China Youzan Options were granted to Mr. Zhou Kai; (v) 11,252,000 outstanding China Youzan Options were granted to Mr. Huan Fang; and (vi) the remaining 116,552,000 outstanding China Youzan Options were granted to certain other employees of the China Youzan Group. Among these outstanding China Youzan Options, 161,252,000 China Youzan Options were granted to and are held by connected persons of China Youzan, and 131,552,000 China Youzan Options were granted to and are held by non-connected persons of China Youzan.

China Youzan does not intend to grant any further China Youzan Options under the China Youzan 2019 Option Scheme up to the earlier of the Scheme Effective Date or the date on which the Scheme otherwise lapses. Under the terms of the China Youzan 2019 Option Scheme, upon the Scheme becoming effective, all outstanding (and unexercised) China Youzan Options will automatically lapse.

As at the date of this announcement, out of the 292,804,000 outstanding China Youzan Options:

- (a) a total of 48,304,000 outstanding China Youzan Options have vested and are exercisable by the relevant option holders; and
- (b) a total of 244,500,000 outstanding China Youzan Options remain unvested, a portion of which would vest on each of 1 July 2021, 1 July 2022 and 1 July 2023, unless any of them lapses pursuant to the terms of the China Youzan 2019 Option Scheme.

(II) China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C

In view that the vast majority of the outstanding China Youzan Options are unvested at the time of the Joint Announcement and in order to provide a fair and equal treatment to all China Youzan Optionholders, as an alternative to an acceleration of vesting of such China Youzan Options in connection with the Scheme and an early exercise of such China Youzan Options by the optionholders, it is proposed that the following arrangements be implemented so that all China Youzan Optionholders (including but not limited to Mr. Zhu Ning, Mr. Cui Yusong, Mr. Yu Tao, Ms. Ying Hangyan, Mr. Huan Fang and Mr. Zhou Kai) will obtain their respective ‘see through’ entitlements in the Distribution with respect to the outstanding China Youzan Options held by the China Youzan Optionholders on the Record Date, determined on a basis as if all the outstanding China Youzan Options are fully vested and exercised (by the payment of the relevant exercise price) with the vesting of such ‘see through’ entitlements under the new Youzan Technology RSU Plan C being in accordance with the original vesting schedule under the China Youzan 2019 Option Scheme (the “**China Youzan Options Conversion Proposal**”):

- (a) each of the China Youzan Optionholders will provide an Optionholder Irrevocable Undertaking to the Offeror and China Youzan under which he/she will unconditionally and irrevocably undertake that: (i) he/she will not exercise his/her outstanding China Youzan Options (whether or not vested) unless the Scheme lapses, (ii) he/she will accept grants under the Youzan Technology RSU Plan C as a substitution for his/her entitlements under the China Youzan Options (whether or not vested) pursuant to the China Youzan Options Conversion Proposal, and (iii) he/she will not accept any offer in respect of the China Youzan Options, even if such an offer were to be made by the Offeror or otherwise as part of the Proposal or the take private of China Youzan (each an “**Optionholder Irrevocable Undertaking**”);
- (b) each of the Board and the board of Youzan Technology resolves to adopt the Youzan Technology RSU Plan C, the effectiveness of which is subject to the satisfaction of the Plan C Effectiveness Conditions; and
- (c) each of the China Youzan Optionholders will receive grants of Plan C RSUs under the Youzan Technology RSU Plan C which will entitle him/her to receive new Youzan Technology Shares corresponding to their respective Plan C See Through Entitlements (as elaborated below), with the vesting of such grants under the new Youzan Technology RSU Plan C being in accordance with the original vesting schedule under the China Youzan 2019 Option Scheme.

Accordingly, pursuant to the above arrangements, no offer will be made by the Offeror in respect of the outstanding China Youzan Options (whether or not vested) as part of the Proposal or the take private of China Youzan and instead, it is proposed that the China Youzan Option Conversion Proposal will be implemented. Upon the effectiveness of the Youzan Technology RSU Plan C, all such outstanding China Youzan Options will lapse and the entitlements of the China Youzan Optionholders under the China Youzan 2019 Option Scheme will be substituted by the Plan C See Through Entitlements of such China Youzan Optionholders under the proposed Youzan Technology RSU Plan C.

(III) Principal terms of the Youzan Technology RSU Plan C

The principal terms of the Youzan Technology RSU Plan C are as follows:

- (a) **Term:** The proposed term of the Youzan Technology RSU Plan C shall be ten years from the date of the adoption of the Youzan Technology RSU Plan C.
- (b) **Proposed grantees under the Youzan Technology RSU Plan C:** Initially, all of the existing China Youzan Optionholders. The board of Youzan Technology shall be entitled to make grants of the Plan C RSUs after the Youzan Technology Listing for the purpose of attracting, retaining and providing incentives to employees of the Youzan Technology Group to the extent that there is any Youzan Technology Share remaining in the Youzan Technology RSU Plan C as a result of the lapsing of any China Youzan Option between the date of the Joint Announcement and the Record Date in accordance with the terms of the China Youzan 2019 Option Scheme or the Plan C RSUs not becoming vested in accordance with the terms of Youzan Technology RSU Plan C.
- (c) **Number of Plan C RSUs to be granted to each China Youzan Optionholder:** the number of Plan C RSUs to be granted to each China Youzan Optionholder under the Youzan Technology RSU Plan C with respect to the outstanding China Youzan Options held by him/her shall be determined based on their respective ‘see through’ entitlements in the Distribution and as if all such outstanding China Youzan Options have been fully vested and exercised (by the payment of the relevant exercise price) prior to the Record Date, being the “**Plan C See Through Entitlements**”:

$$A = \frac{(B \times C)}{D} \times \frac{E}{F}$$

where:

A = the number of Plan C RSUs to be granted to a China Youzan Optionholder under the Youzan Technology RSU Plan C

B = the number of outstanding China Youzan Options (whether or not vested) held on the Record Date by a China Youzan Optionholder

C = the difference between the closing price per China Youzan Share as at 25 February 2021 (being the last trading day prior to the date of the Joint Announcement) and the relevant exercise price of the China Youzan Option held by such China Youzan Optionholder

D = the closing price per China Youzan Share as at 25 February 2021

E = the total number of Youzan Technology Shares held by China Youzan as at the Record Date (which shall include, for the avoidance of doubt, the 91,087,206 Youzan Technology Shares proposed to be issued to China Youzan under the Anti-Dilution Issue to be effected prior to the Record Date, if approved)

F = the total number of China Youzan Shares in issue as at the Record Date plus the number of additional China Youzan Shares that would be issued if all the outstanding China Youzan Options as at the date of the Joint Announcement had not lapsed and had been fully vested and exercised,

and each China Youzan Optionholder will determine its Plan C See Through Entitlements by using the above formula and by reference to the number of outstanding China Youzan Options held by him/her on the Record Date.

- (d) **Total number of new Youzan Technology Shares involved:** 10,815,887 new Youzan Technology Shares, as determined by reference to the total outstanding China Youzan Options as at the date of the Joint Announcement and applying the above formula with the Record Date being the date of the Joint Announcement, and this number of new Youzan Technology Shares will not be reduced notwithstanding that some China Youzan Options may lapse between the date of the Joint Announcement and the Record Date in accordance with the terms of the China Youzan 2019 Option Scheme.
- (e) **Nature of rights upon grant:** RSUs, each entitling the grantee to obtain one Youzan Technology Share upon vesting.
- (f) **Nature of rights upon vesting:** Conditional upon the fulfilment of the Plan C Effectiveness Conditions, new Youzan Technology Shares will be issued and allotted to Trustee C immediately after the Scheme becoming effective but prior to the Youzan Technology Listing. Grantees will be entitled to existing Youzan Technology Shares then held by Trustee C upon the vesting of the relevant Plan C RSUs.

- (g) **Proposed timing of grant:** Subject to the satisfaction of the Plan C Effectiveness Conditions, initial grants of the Plan C RSUs to all the existing China Youzan Optionholders will be made immediately after the Scheme becoming effective but prior to the Youzan Technology Listing. The board of Youzan Technology shall be entitled to determine, in its absolute discretion, the timing or terms of any further grants of the Plan C RSUs to the extent that there is any Youzan Technology Shares remaining in the Youzan Technology RSU Plan C as a result of the lapse of China Youzan Options between the date of the Joint Announcement and the Record Date in accordance with the terms of the China Youzan 2019 Option Scheme or the Plan C RSUs not becoming vested in accordance with the terms of Youzan Technology RSU Plan C.
- (h) **Proposed timing of vesting:** In respect of the initial grants of the Plan C RSUs to all the existing China Youzan Optionholders, same vesting schedule as that under the China Youzan 2019 Option Scheme, namely (i) to the extent the China Youzan Options have been or will be vested prior to the timing of grant mentioned under sub-paragraph (g) above, the Plan C RSUs that correspond to such vested China Youzan Options would be immediately vested upon grant; and (ii) to the extent the China Youzan Options have not become vested prior to the timing of grant mentioned under sub-paragraph (g) above, the vesting of the Plan C RSUs that correspond to such unvested China Youzan Options would be in accordance with the original remaining vesting schedule under the China Youzan 2019 Option Scheme. The board of Youzan Technology shall be entitled to determine, in its absolute discretion, the timing or terms of any further vesting of the Plan C RSUs to the extent that there is any Youzan Technology Shares remaining in the Youzan Technology RSU Plan C as a result of the lapse of China Youzan Options between the date of the Joint Announcement and the Record Date in accordance with the terms of the China Youzan 2019 Option Scheme or the Plan C RSUs not becoming vested in accordance with the terms of Youzan Technology RSU Plan C.
- (i) **Holder of the Youzan Technology Shares:** Trustee C, being a professional independent trustee to be appointed by Youzan Technology, shall hold the new Youzan Technology Shares upon issuance on trust partially for the benefit of the grantees of the Plan C RSUs under the Youzan Technology RSU Plan C and partially for the benefit of the plan, and shall assist with the administration of, and the granting and vesting of the Plan C RSUs.
- (j) **Subscription price:** Nominal subscription price of US\$0.00001 per Youzan Technology Share shall be payable by Youzan Technology upon the issuance of the relevant new Youzan Technology Shares to Trustee C.

(IV) Conditionality

Plan C Effectiveness Conditions

The effectiveness of the Youzan Technology RSU Plan C is conditional upon the fulfilment of the following Plan C Effectiveness Conditions:

- (a) the obtaining of the Optionholder Irrevocable Undertaking from each of the China Youzan Optionholders as at the date of the Joint Announcement (which is, itself, a Scheme Pre-Condition that is not waivable);
- (b) the Independent Financial Adviser stating in its opinion that the proposed terms of the China Youzan Options Conversion Proposal and the terms of the Youzan Technology RSU Plan C are fair and reasonable;
- (c) the passing of an ordinary resolution by the Disinterested Scheme Shareholders (other than those China Youzan Shareholders who are involved or interested in any of the Special Deal Arrangements) at the First SGM to approve the China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C as a special deal under Rule 25 of the Takeovers Code;
- (d) the Stock Exchange having granted its formal approval for the listing of, and permission to deal in, the Youzan Technology Shares on the Stock Exchange pursuant to the Youzan Technology Listing; and
- (e) the Scheme becoming effective.

A waivable Scheme Pre-Condition, and will only be implemented subject to the satisfaction of the Plan C Effectiveness Conditions and after the Stock Exchange has granted the formal approval for the Youzan Technology Listing and the Scheme becoming effective but prior to the Youzan Technology Listing

The effectiveness of the Youzan Technology RSU Plan C will be conditional upon the Stock Exchange having granted formal approval for the Youzan Technology Listing and the Scheme becoming effective.

Conditional upon the fulfilment of the Plan C Effectiveness Conditions, 10,815,887 new Youzan Technology Shares (representing approximately 0.71% of the total issued share capital of Youzan Technology as at the date of this announcement, and approximately 0.64% of the total issued share capital of Youzan Technology as enlarged by the proposed issuance of new Youzan Technology Shares under the Youzan Technology Share Award Plan

B, the Anti-Dilution Issue and the Youzan Technology RSU Plan C) will be issued and allotted by Youzan Technology to Trustee C immediately after the Scheme becoming effective but prior to the Youzan Technology Listing. Accordingly, if the Youzan Technology RSU Plan C is adopted and becomes effective, the aggregate shareholding interest to be held by all of the China Youzan Shareholders in Youzan Technology (after the Distribution) will be marginally diluted from 51.90% to 51.57% (assuming that the proposed issues of new Youzan Technology Shares pursuant to the Youzan Technology Share Award Plan B and the Anti-Dilution Issue have been approved and completed and the Distribution has been made).

(2) PROPOSED DISCLOSEABLE TRANSACTIONS, CONNECTED TRANSACTIONS AND SPECIAL DEAL ARRANGEMENTS

(A) Under the Youzan Technology Share Award Plan A

(I) Proposed grants of share awards to connected persons of China Youzan

Conditional upon the effectiveness of the amendment and substitution of the Youzan Technology 2019 Share Award Plan by the Youzan Technology Share Award Plan A, the board of directors of Youzan Technology proposes to make grants to approximately 520 grantees who are currently directors, management members and employees of the Youzan Technology Group. Amongst these approximate 520 proposed grantees, four of them are connected persons of China Youzan and the total grants to them are proposed to involve 44,000,000 existing Youzan Technology Shares. The identity and proposed respective entitlements of such connected persons (the “**Plan A Connected Grantees**”) are as follows:

	Identity of the Plan A Connected Grantees	Proposed number of share awards of existing Youzan Technology Shares to be granted
1.	Huang Rongrong	16,300,000
2.	Cui Yusong	16,700,000
3.	Yu Tao	5,500,000
4.	Ying Hangyan	5,500,000
Total:		44,000,000

It is expected that grants of share awards under the Youzan Technology Share Award Plan A will occur regardless of whether the Youzan Technology Listing is completed.

(II) Adoption of the Youzan Technology Share Award Plan A with grants of share awards to existing China Youzan Shareholders as a special deal under the Takeovers Code

As disclosed in the Joint Announcement, as certain proposed grantees under the Youzan Technology Share Award Plan A are Scheme Shareholders and the proposed grant of share awards under the Youzan Technology Share Award Plan A are not extended to all Scheme Shareholders, the proposed adoption of the Youzan Technology Share Award Plan A with grants of share awards to grantees who are also Scheme Shareholders constitutes a special deal under Rule 25 of the Takeovers Code. The Offeror will make an application for the consent from the Executive to adopt the Youzan Technology Share Award Plan A conditional on (i) the Independent Financial Adviser stating in its opinion that the proposed terms of the Youzan Technology Share Award Plan A, and its replacement of the Youzan Technology 2019 Share Award Plan, are fair and reasonable; and (ii) the passing of an ordinary resolution by the Disinterested Scheme Shareholders (other than those China Youzan Shareholders who are involved or interested in any of the Special Deal Arrangements) at the First SGM to approve the adoption of the Youzan Technology Share Award Plan A.

(B) Under the Youzan Technology Share Award Plan B

(I) Proposed grant of share award to Mr. Zhu Ning (or Whitecrow), a connected person of China Youzan

The proposed grantee of share award under the Youzan Technology Share Award Plan B is Mr. Zhu Ning, an executive Director of China Youzan (or Whitecrow, being a company 100% beneficially owned by Mr. Zhu Ning). It is expected that 84,432,360 Youzan Technology Shares (representing approximately 5.58% of the total issued share capital of Youzan Technology as at the date of this announcement, and approximately 5.00% of the total issued share capital of Youzan Technology as enlarged by the proposed issuance of new Youzan Technology Shares under the Youzan Technology Share Award Plan B and the Anti-Dilution Issue but prior to the impact of the proposed issuance of new Youzan Technology Shares under the Youzan Technology RSU Plan C) will be issued and allotted by Youzan Technology, and granted as a share award to Mr. Zhu Ning (or Whitecrow) prior to the completion of the Youzan Technology Listing. Mr. Zhu Ning and Whitecrow (an associate of Mr. Zhu Ning) are connected persons of China Youzan under Chapter 20 of the GEM Listing Rules.

(II) Anti-Dilution Issue

Under the Anti-Dilution Issue, China Youzan will subscribe for 91,087,206 new Youzan Technology Shares at par value (representing 6.02% of the total issued share capital of Youzan Technology as at the date of this announcement, and approximately 5.39% of the total issued share capital of Youzan Technology as enlarged by the proposed issuance of new Youzan Technology Shares under the Youzan Technology Share Award Plan B and the Anti-Dilution Issue but prior to the impact of the issuance of new Youzan Technology Shares under the Youzan Technology RSU Plan C). Youzan Technology is a connected subsidiary of China Youzan, hence a connected person of China Youzan under Chapter 20 of the GEM Listing Rules.

(C) Implementation of the China Youzan Options Conversion Proposal with the adoption of the Youzan Technology RSU Plan C

(I) Proposed grants of RSUs to connected persons of China Youzan

Conditional upon the effectiveness of the Youzan Technology RSU Plan C, the board of directors of Youzan Technology proposes to grant the Plan C RSUs thereunder to a total of 30 grantees (who are currently the China Youzan Optionholders), 5 of whom are connected persons of China Youzan (the “**Plan C Connected Grantees**”). The total Plan C RSUs would entitle the grantees to receive a total of 10,815,887 new Youzan Technology Shares, amongst which the Plan C Connected Grantees would be entitled to receive a total of 5,736,252 new Youzan Technology Shares. The identity of, the China Youzan Options held by, and the proposed respective grants of Plan C RSUs under the Youzan Technology RSU Plan C to, the Plan C Connected Grantees are as follows:

	Identity of the Plan C Connected Grantee	Number of China Youzan Options held as of the date of this announcement	Proposed number of Plan C RSUs (hence new Youzan Technology Shares) to be granted
1.	Zhu Ning	100,000,000	3,484,240
2.	Cui Yusong	20,000,000	727,014
3.	Yu Tao	15,000,000	545,261
4.	Ying Hangyan	15,000,000	545,261
5.	Huan Fang	11,252,000	434,476
		<hr/>	<hr/>
Total:		161,252,000	5,736,252

It is expected that grants of Plan C RSUs under the Youzan Technology RSU Plan C will occur after the Stock Exchange has granted the formal approval for the Youzan Technology Listing and the Scheme has become effective, but prior to the completion of the Youzan Technology Listing.

(II) Adoption of Youzan Technology RSU Plan C with grants of Plan C RSUs to existing China Youzan Shareholders as a special deal under the Takeovers Code

As disclosed in the Joint Announcement, as certain China Youzan Optionholders (who are proposed grantees of share awards under the Youzan Technology RSU Plan C) are China Youzan Shareholders, and the China Youzan Options Conversion Proposal is not extended to all Scheme Shareholders, the proposed implementation of the China Youzan Options Conversion Proposal will constitute a special deal under Rule 25 of the Takeovers Code. The Offeror will make an application for the consent from the Executive to the China Youzan Options Conversion Proposal (and the proposed adoption of the Youzan Technology RSU Plan C) which will be conditional on (i) the Independent Financial Adviser to the Independent Board Committee stating in its opinion that the China Youzan Options Conversion Proposal and the terms of the Youzan Technology RSU Plan C are fair and reasonable as far as the Disinterested Scheme Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Disinterested Scheme Shareholders (other than those China Youzan Shareholders who are involved or interested in any of the Special Deal Arrangements) at the First SGM to approve the China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C.

(3) IMPLICATIONS UNDER THE GEM LISTING RULES

Chapter 23 of GEM Listing Rules

None of the Youzan Technology Share Award Plan A, the Youzan Technology Share Award Plan B and the Youzan Technology RSU Plan C constitutes a share option scheme under Chapter 23 of the GEM Listing Rules.

Chapters 19 and 20 of GEM Listing Rules

In so far as the requirements of Chapters 19 and 20 of the GEM Listing Rules relating to the following transactions of China Youzan are concerned:

- (a) the proposed grants of share awards by Youzan Technology under the Youzan Technology Share Award Plan A to the proposed grantees concern a total of 106,428,391 existing Youzan Technology Shares and amongst which share awards for 44,000,000 existing Youzan Technology Shares will be granted to the Plan A Connected Grantees, and as the highest applicable percentage ratio in respect of the adoption of the Youzan Technology Share Award Plan A and the proposed grants thereunder exceeds 5% but is lower than 25%, the adoption of the Youzan Technology Share Award Plan A and the proposed grants thereunder constitute discloseable transactions and connected transactions of China Youzan which require the compliance with the announcement and reporting requirements under Chapters 19 and 20 of the GEM Listing Rules and the independent China Youzan Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules;

- (b) (i) the adoption of the Youzan Technology Share Award Plan B involves the proposed grant of share award of new Youzan Technology Shares to Mr. Zhu Ning (or Whitecrow, a company wholly-owned by Mr. Zhu Ning), and (ii) the Anti-Dilution Issue in connection with the adoption of the Youzan Technology Share Award Plan B involves the subscription of new shares by China Youzan in its connected subsidiary, and as the highest applicable percentage ratio in respect of such grant of share award and the subscription by China Youzan under the Anti-Dilution Issue in aggregate exceeds 5% but is lower than 25%, the adoption of the Youzan Technology Share Award Plan B and the proposed grant of share award thereunder to Mr. Zhu Ning (or Whitecrow) and the Anti-Dilution Issue constitute discloseable transactions and connected transactions of China Youzan which require the compliance with the announcement and reporting requirements under Chapters 19 and 20 of the GEM Listing Rules and the independent China Youzan Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules; and
- (c) the adoption of the Youzan Technology RSU Plan C involves the proposed grants of Plan C RSUs by Youzan Technology corresponding to a total of 10,815,887 new Youzan Technology Shares and amongst which Plan C RSUs corresponding to 5,736,252 new Youzan Technology Shares are proposed to be granted to the Plan C Connected Grantees, and as the highest applicable percentage ratio in respect of the proposed grants of Plan C RSUs under the Youzan Technology RSU Plan C exceeds 0.1% but is lower than 5%, the proposed adoption of the Youzan Technology RSU Plan C and the proposed grants of Plan C RSUs thereunder constitute connected transactions of China Youzan which only require the compliance with the announcement and reporting requirements under Chapter 20 of the GEM Listing Rules but is exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Accordingly, China Youzan will seek the approval of the independent China Youzan Shareholders at the First SGM for the connected transactions set forth in sub-paragraphs (a) and (b) above.

The Directors (other than the independent non-executive Directors whose view will be set out in the Letter from the Independent Board Committee in the Circular) are of the view that the terms of each of the above transactions are fair and reasonable and in the interests of China Youzan and the China Youzan Shareholders as a whole. As Mr. Zhu Ning, Mr. Cui Yusong, Mr. Yu Tao, Ms. Ying Hangyan and Mr. Huan Fang are proposed grantees under the Youzan Technology Share Award Plan A, the Youzan Technology Share Award Plan B and/or the Youzan Technology RSU Plan C, each of them has abstained from voting on the relevant board resolutions of China Youzan approving the above transactions. The Independent Board Committee, comprising all independent non-executive Directors, namely, Dr. Fong Chi Wah, Mr. Gu Jiawang, Mr. Xu Yanqing and Mr. Deng Tao, has been established to advise the independent China Youzan Shareholders on the proposed connected transactions set forth in sub-paragraphs (a) and (b) above. Red Sun Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the independent China Youzan Shareholders in this regard.

(4) DESPATCH OF CIRCULAR

A Circular containing, among other things, further details about the Special Deal Arrangements, the adoption of the Youzan Technology Share Award Plan A and the Youzan Technology Share Award Plan B (and the Anti-Dilution Issue in connection with the adoption of the Youzan Technology Share Award Plan B), a letter of advice from the Independent Financial Adviser and a recommendation of the Independent Board Committee, and notice to convene the First SGM will be despatched to the China Youzan Shareholders as soon as possible in accordance with the Takeovers Code, the GEM Listing Rules and other applicable laws and regulations.

WARNING: The information above represents only a summary of certain proposed terms of the Youzan Technology Share Incentive Plans and the China Youzan Options Conversion Proposal. As the adoption of each of the Youzan Technology Share Incentive Plans and the implementation of the China Youzan Options Conversion Proposal is subject to approval by the independent China Youzan Shareholders and/or Disinterested Scheme Shareholders (as the case may be), the Youzan Technology Share Incentive Plans and the China Youzan Options Conversion Proposal may or may not be implemented. Accordingly, Shareholders and potential investors of China Youzan should exercise caution when dealing in the securities of China Youzan.

As the obtaining of the requisite shareholders' approval in respect of the adoption of the Youzan Technology Share Award Plan B is a non-waivable Scheme Pre-Condition, the failure to obtain such requisite approval will mean that the Proposal will not be made (and the Distribution will not take place).

As the obtaining of the requisite shareholders' approvals in respect of the adoption of the Youzan Technology Share Award Plan A and the implementation of the China Youzan Options Conversion Proposal together with the adoption of the Youzan Technology RSU Plan C is each a waivable Scheme Pre-Condition, the failure to obtain any of such requisite shareholders' approvals at the First SGM may or may not impact the implementation of the Proposal (and hence the Distribution).

(5) OTHER INCENTIVE PLANS OF CHINA YOUZAN AND YOUZAN TECHNOLOGY

(A) Continuation of the China Youzan 2018 Share Award Plan after the Scheme Effective Date and the Youzan Technology Listing

The China Youzan 2018 Share Award Plan was adopted by China Youzan on 31 May 2018 for the purpose of recognising the contributions by eligible persons of the China Youzan 2018 Share Award Plan and providing them with incentives in order to retain them for continuing operation and development of the China Youzan Group, and attracting suitable personnel for further development of the China Youzan Group.

As at the date of this announcement, the China Youzan Trustee directly holds a total of 149,572,600 existing China Youzan Shares (representing approximately 0.87% of the total issued share capital of China Youzan as at the date of this announcement) which represent China Youzan Shares which are either (i) China Youzan Awarded Shares that are granted but yet to be vested with relevant grantees; (ii) China Youzan Awarded Shares which have vested but yet to be transferred to the relevant grantees; or (iii) China Youzan Shares held in the China Youzan 2018 Share Award Plan Trust as a reserve for future awards to be made under the China Youzan 2018 Share Award Plan (the “**Reserve**”).

Subject to compliance with any relevant requirements under the Takeovers Code, the GEM Listing Rules and all other applicable laws and regulations from time to time, the Board may grant further awards under the China Youzan 2018 Share Award Plan out of the pool of existing China Youzan Shares in the Reserve to either existing or future eligible persons from time to time.

However, the Board does not intend to allot or issue any further new China Youzan Shares to the China Youzan Trustee for the purpose of the China Youzan 2018 Share Award Plan up to the Scheme Effective Date or the date of which the Scheme otherwise lapses.

The China Youzan Shares held by the China Youzan Trustee under sub-paragraphs (i) and (iii) above on the Record Date will form part of the Scheme Shares and be subject to and be entitled to participate in the Scheme. Accordingly, subject to the Scheme becoming effective, as part of the Proposal, the China Youzan Trustee will be entitled to receive with respect to those China Youzan Shares (I) its pro-rata entitlement of the Youzan Technology Shares distributed by China Youzan under the Distribution; and (II) the Scheme Consideration for every Scheme Share cancelled under the Scheme. The participation in the Scheme with respect to the China Youzan Shares held by the China Youzan Trustee under sub-paragraph (ii) above will depend on whether or not the corresponding grantees are included as the Scheme Shareholders.

In order to ensure that the grantees would continue to receive their respective entitlements under the China Youzan 2018 Share Award Plan in a manner which is closest to the original entitlements as contemplated under the China Youzan 2018 Share Award Plan, it is proposed that the rules of the China Youzan 2018 Share Award Plan be amended prior to the Youzan Technology Listing so that, upon the Scheme becoming effective, for each China Youzan Awarded Share each grantee would have been entitled to receive under the existing rules of the China Youzan 2018 Share Award Plan, such grantee will receive (i) an entitlement to a cash amount of HK\$0.1352; and (ii) an entitlement to the same number of Youzan Technology Shares received by the China Youzan Trustee under the Distribution for each China Youzan Share it holds as at the Record Date, and the vesting of such entitlements will be in accordance with the original vesting schedules under the China Youzan 2018 Share Award Plan.

If the Board considers that it would be appropriate or desirable to do so, it may request Youzan Technology to, upon its listing, take over the China Youzan 2018 Share Award Plan (as amended).

(B) Post-listing RSU Plan of Youzan Technology

As common market practice, in connection with, and conditional upon the completion of the Youzan Technology Listing, Youzan Technology intends to adopt a RSU incentive plan which would be effective post-listing. Such RSU incentive plan will involve the issuance of new Youzan Technology Shares (up to 10% of the total issued Youzan Technology Shares immediately prior to the Youzan Technology Listing) to employees of Youzan Technology Group for the purpose of attracting, retaining and providing incentives to employees of Youzan Technology Group, and grants of RSUs under such incentive plan would only be made after completion of the Youzan Technology Listing and if any grants would be made to connected persons of Youzan Technology, Youzan Technology will comply with the relevant MB Listing Rules at the time of such grants. Details of such RSU Plan will be included in the listing document to be issued by Youzan Technology in connection with the Youzan Technology Listing.

INFORMATION ABOUT CHINA YOUZAN

China Youzan Shares are listed on GEM of the Stock Exchange. China Youzan is an investment holding company. The China Youzan Group, of which China Youzan forms part, mainly focuses on offering online and offline merchants suites of comprehensive solutions comprising third party payments and variety of SaaS (Software as a Service) products and comprehensive service through its e-commerce platform, like marketing and customer engagement tools to facilitate the process of transactions between merchants and their customers.

INFORMATION ABOUT YOUZAN TECHNOLOGY

Youzan Technology is an investment holding company. The Youzan Technology Group is principally engaged in providing a variety of cloud-based commerce services to merchants through its subscription solutions and merchant solutions. Subscription solutions mainly comprise SaaS products designed for merchants of various industries including Youzan WeiMall (有贊微商城), Youzan Retail (有贊零售), Youzan Chain (有贊連鎖), Youzan Beauty (有贊美業), and Youzan Education (有贊教育). Merchant solutions mainly comprise value-added services offered to merchants to address their online and/or offline operational needs. Through its subscription solutions and merchant solutions, the Youzan Technology Group enables merchants to establish online presence, digitalise critical business operations, integrate online/offline activities, take ownership of and manage their online customer traffic, boost customer acquisition and repeat purchases, as well as enhance operating efficiency.

DEFINITIONS

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

“A1 Announcement”	the announcement dated 26 February 2021 issued by China Youzan in relation to an application made to the Stock Exchange for the listing of Youzan Technology Shares on the Main Board of the Stock Exchange by way of introduction
“Anti-Dilution Issue”	has the meaning given to it in the section headed “(1)(B)(III). Anti-Dilution Issue of new Youzan Technology Shares to China Youzan” in this announcement
“associate”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of directors of China Youzan
“China Youzan” or “Company”	China Youzan Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8083)
“China Youzan 2018 Share Award Plan”	the share award plan of China Youzan adopted by China Youzan on 31 May 2018
“China Youzan 2018 Share Award Plan Trust”	the trust of the China Youzan 2018 Share Award Plan
“China Youzan 2019 Option Scheme”	the share option scheme of China Youzan adopted by China Youzan on 12 June 2019
“China Youzan Awarded Share(s)”	the awarded share(s) granted under the China Youzan 2018 Share Award Plan from time to time
“China Youzan Excluded Shareholders”	Mr. Zhu Ning, Mr. Cui Yusong, Mr. Cao Chunmeng, Mr. Yan Xiaotian, Mr. Yu Tao, Ms. Ying Hangyan (each being an executive Director), Mr. Guan Guisen (a former Director), Mr. Huang Rongrong (being a former director of Youzan Technology), Mr. Huan Fang (a director of Youzan Technology), Mr. Zhou Kai and Youzan Teamwork, each being a party acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, and “ China Youzan Excluded Shareholder ” means any of them

“China Youzan Excluded Shareholders Entities”	China Youzan Shareholders which are companies beneficially owned or controlled by, or nominee companies of, any of the China Youzan Excluded Shareholders (where relevant)
“China Youzan Group”	China Youzan and its subsidiaries
“China Youzan Optionholder(s)”	holder(s) of China Youzan Option(s)
“China Youzan Option(s)”	the share option(s) granted under the share option scheme(s) adopted by China Youzan and outstanding from time to time
“China Youzan Options Conversion Proposal”	has the meaning given to it in the paragraph headed the adoption of the “(1)(C)(II). China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C” of this announcement
“China Youzan Share(s)”	share(s) of HK\$0.01 each in the share capital of China Youzan
“China Youzan Shareholder(s)”	registered holder(s) of China Youzan Shares
“China Youzan Trustee”	the trustee of the China Youzan 2018 Share Award Plan appointed by China Youzan from time to time
“Circular”	the circular to be despatched to the China Youzan Shareholders containing, amongst other things, details of, the Special Deal Arrangements, the adoption of the Youzan Technology Share Award Plan A and the Youzan Technology Share Award Plan B (including the Anti-Dilution Issue in connection with the adoption of the Youzan Technology Share Award Plan B)
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Director(s)”	the director(s) of China Youzan
“Disinterested Scheme Shareholder(s)”	the Scheme Shareholder(s) other than the Offeror and the parties acting in concert with it. Persons acting or presumed to be acting in concert with the Offeror include each of the China Youzan Excluded Shareholders, Qima Teamwork Inc., each of the Youzan Technology Financial Investors, and each of the Directors

“Distribution”	the distribution in specie by China Youzan of all the Youzan Technology Shares directly held by China Youzan to all China Youzan Shareholders (including, for the avoidance of doubt, the China Youzan Excluded Shareholders and/or the China Youzan Excluded Shareholders Entities) whose names appear on the register of members of China Youzan as at the Record Date as described in the section headed “2. TERMS OF THE PROPOSAL – 2.8 The Distribution” of the Joint Announcement
“First SGM”	a special general meeting of the China Youzan Shareholders to be convened to consider and if thought fit, approve, among other things, the necessary resolutions for the implementation of the Special Deal Arrangements and the adoption of the Youzan Technology Share Award Plan A and the Youzan Technology Share Award Plan B (including the Anti-Dilution Issue in connection with the adoption of the Youzan Technology Share Award Plan B) as set out in this announcement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Independent Board Committee”	the independent board committee of China Youzan established by the Board to make a recommendation to the Scheme Shareholders and the China Youzan Shareholders in respect of the Proposal (including the Scheme), the Special Deal Arrangements, the adoption of the Youzan Technology Share Award Plan A and the Youzan Technology Share Award Plan B (including the Anti-Dilution Issue in connection with the adoption of the Youzan Technology Share Award Plan B) as set out in this announcement
“Independent Financial Adviser”	Red Sun Capital Limited, a company incorporated in Hong Kong and licensed under the SFO to carry on Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activity, and the independent financial adviser in respect of the Proposal (including the Scheme), the Special Deal Arrangements, the adoption of the Youzan Technology Share Award Plan A and the Youzan Technology Share Award Plan B (including the Anti-Dilution Issue in connection with the adoption of the Youzan Technology Share Award Plan B), appointed by the Board with the approval of the Independent Board Committee
“Joint Announcement”	the joint announcement dated 26 February 2021 issued by the Offeror and China Youzan in relation to the Proposal pursuant to Rule 3.5 of the Takeovers Code

“MB Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Mr. Cao Chunmeng”	Mr. Cao Chunmeng, an executive Director
“Mr. Cui Yusong”	Mr. Cui Yusong, an executive Director and the chief technology officer of China Youzan
“Mr. Guan Guisen”	Mr. Guan Guisen, a former Director
“Mr. Hong Bo”	Mr. Hong Bo, an individual who is a third party independent of China Youzan and its connected persons and the Offeror
“Mr. Huan Fang”	Mr. Huan Fang, a director of Youzan Technology
“Mr. Huang Rongrong”	Mr. Huang Rongrong, a former director of Youzan Technology
“Mr. Yan Xiaotian”	Mr. Yan Xiaotian, an executive Director and the chief investment officer of China Youzan
“Ms. Ying Hangyan”	Ms. Ying Hangyan, an executive Director and the chief service officer of China Youzan
“Mr. Yu Tao”	Mr. Yu Tao, an executive Director and the chief financial officer of China Youzan
“Mr. Zhou Kai”	Mr. Zhou Kai, a member of the senior management of the China Youzan Group
“Mr. Zhu Ning”	Mr. Zhu Ning, an executive Director and the chairman and chief executive officer of China Youzan, and being the sole beneficial owner of the Offeror and Whitecrow
“Offeror”	BetaCafe Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Zhu Ning
“Optionholder Irrevocable Undertaking”	has the meaning given to it in the paragraph headed “(1)(C)(II). China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C” of this announcement
“Plan A Connected Grantees”	the proposed grantees under the Youzan Technology Share Award Plan A who are connected persons of China Youzan

“Plan A Effectiveness Conditions”	the conditions to the effectiveness of the amendment and substitution of the Youzan Technology 2019 Share Award Plan by the Youzan Technology Share Award Plan A and the proposed grant of share awards thereunder, as described in the paragraph headed “(1)(A)(IV). Conditionality” of this announcement
“Plan B Effectiveness Conditions”	the conditions to the effectiveness of the proposed adoption of the Youzan Technology Share Award Plan B and the Anti-Dilution Issue to China Youzan, as described in the paragraph headed “(1)(B)(IV). Conditionality” of this announcement
“Plan C Connected Grantees”	the proposed grantees under the Youzan Technology RSU Plan C who are connected persons of China Youzan
“Plan C Effectiveness Conditions”	the conditions to the effectiveness of the China Youzan Options Conversion Proposal and the proposed adoption of the Youzan Technology RSU Plan C, as described in the paragraph headed “(1)(C)(IV). Conditionality” of this announcement
“Plan C RSU(s)”	the restricted share unit(s) to be issued under Youzan Technology RSU Plan C
“Plan C See Through Entitlements”	has the meaning given to it in the paragraph headed “(1)(C)(II). China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C” of this announcement
“Proposal”	the proposal by the Offeror to take private China Youzan by way of the Scheme, comprising both the Scheme and the Distribution, and the withdrawal of listing of the China Youzan Shares, on the terms and subject to the conditions as set out in the Joint Announcement
“Qima Teamwork”	Qima Teamwork Inc., a company incorporated in the British Virgin Islands with limited liability, which is a special purpose vehicle which holds Youzan Technology Shares for the purposes of the Youzan Technology 2019 Share Award Plan and is currently owned as to 100% by Mr. Hong Bo
“Record Date”	the record date (to be jointly announced by the Offeror and China Youzan) for determining entitlements of the Scheme Shareholders under the Scheme and for determining the entitlements of the China Youzan Shareholders under the Distribution

“Rollover Arrangement”	the arrangement between the Offeror and the China Youzan Excluded Shareholders to exclude the China Youzan Excluded Shareholders from the Scheme, as more particularly described in the paragraph headed “2. TERMS OF THE PROPOSAL — 2.9 Special Deal Arrangement in respect of the Rollover Arrangement to exclude the China Youzan Excluded Shareholders from the Scheme” of the Joint Announcement
“RSU”	restricted share unit
“Scheme”	a scheme of arrangement under Section 99 of the Companies Act, involving, among other matters, the cancellation of all of the Scheme Shares and the restoration of the issued share capital of China Youzan to the amount immediately prior to the cancellation of the Scheme Shares by the issuance to the Offeror such number of new China Youzan Shares as is equal to the number of Scheme Shares cancelled, credited as fully paid at par by applying the reserve created in the books of accounts of China Youzan as a result of the cancellation of the Scheme Shares
“Scheme Consideration”	the amount of HK\$0.1352 per Scheme Share to be paid by the Offeror in cash to the Scheme Shareholders for the cancellation of their Scheme Shares under the Scheme
“Scheme Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“Scheme Pre-Condition(s)”	the pre-condition(s) to the making of the Proposal as described in the paragraph headed “2. TERMS OF THE PROPOSAL – 2.6 Scheme Pre-Conditions” of the Joint Announcement
“Scheme Shares”	all of the China Youzan Shares in issue and such further China Youzan Shares as may be issued prior to the Record Date, other than those in which the China Youzan Excluded Shareholders are interested
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Shares
“Special Deal Arrangements”	(i) the Rollover Arrangement, (ii) the Youzan Technology Share Award Plan A and (iii) the China Youzan Options Conversion Proposal (which includes the adoption of the Youzan Technology RSU Plan C), each a “Special Deal Arrangement”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Trustee A”	the trustee of Youzan Technology Share Award Plan A to be appointed by Youzan Technology
“Trustee C”	the trustee of Youzan Technology RSU Plan C to be appointed by Youzan Technology
“Whitecrow”	Whitecrow Investment Ltd., a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Zhu Ning
“Youzan Teamwork”	Youzan Teamwork Inc., a company incorporated in the British Virgin Islands with limited liability, which is controlled by Mr. Zhu Ning by virtue of being its sole director. Youzan Teamwork Inc. is beneficially owned as to 26% by Mr. Zhu Ning, 38% by Mr. Huang Rongrong, 8% by Mr. Cui Yusong, 8% by Ms. Ying Hangyan, 8% by Mr. Yu Tao, 6% by Mr. Huan Fang and 6% by Mr. Zhou Kai
“Youzan Technology”	Youzan Technology Inc. (有贊科技有限公司) (formerly known as Qima Holdings Ltd.), a company incorporated in the Cayman Islands with limited liability, and is a non-wholly owned subsidiary of China Youzan as at the date of this announcement
“Youzan Technology 2018 Share Award Plan”	the share award plan of Youzan Technology adopted by Youzan Technology on 16 May 2018, which involved 78,314,984 Youzan Technology Shares currently held by Qima Teamwork and which was terminated upon the adoption of Youzan Technology 2019 Share Award Plan
“Youzan Technology 2019 Share Award Plan”	the share award plan of Youzan Technology adopted by Youzan Technology on 2 August 2019, which involved 106,428,391 Youzan Technology Shares currently held by Qima Teamwork
“Youzan Technology Group”	Youzan Technology and its subsidiaries
“Youzan Technology Listing”	the proposed listing of all of the Youzan Technology Shares on the Main Board of the Stock Exchange by way of introduction
“Youzan Technology RSU Plan C”	the RSU plan proposed to be adopted by Youzan Technology, as described in the paragraph headed “(1)(C). Proposed Adoption of the Youzan Technology RSU Plan C” of this announcement

“Youzan Technology Share Award Plan A”	the share award plan proposed to be adopted by Youzan Technology, as described in the paragraph headed “(1)(A). Proposed Adoption of the Youzan Technology Share Award Plan A” of this announcement
“Youzan Technology Share Award Plan B”	the share award plan proposed to be adopted by Youzan Technology, as described in the paragraph headed “(1)(B). Proposed Adoption of the Youzan Technology Share Award Plan B” of this announcement
“Youzan Technology Share Incentive Plans”	Youzan Technology Share Award Plan A, Youzan Technology Share Award Plan B and Youzan Technology RSU Plan C
“Youzan Technology Shares”	ordinary share(s) of a par value of US\$0.00001 each in the share capital of Youzan Technology

By Order of the Board
China Youzan Limited
Zhu Ning
Chairman

Hong Kong, 1 April 2021

As at the date of this announcement, the Board comprises six executive Directors, 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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.