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BetaCafe Holdings Limited

(incorporated in the British Virgin Islands with limited liability)

China Youzan Limited

中國有贊有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

JOINT ANNOUNCEMENT

**(1) PRE-CONDITIONAL TAKE PRIVATE PROPOSAL FOR
CHINA YOUZAN LIMITED BY BETACAFE HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT**

**(2) PROPOSED DISTRIBUTION IN SPECIE OF
YOUZAN TECHNOLOGY SHARES**

(A) ANNOUNCEMENT OF POLL RESULTS OF THE FIRST SGM

**(B) FULFILMENT OF SCHEME PRE-CONDITIONS RELATING TO
THE APPROVAL OF THE ROLLOVER ARRANGEMENT AND
THE YOUZAN TECHNOLOGY SHARE INCENTIVE PLANS**

AND

**(C) FULFILMENT OF CERTAIN EFFECTIVENESS CONDITIONS
RELATING TO
THE YOUZAN TECHNOLOGY SHARE INCENTIVE PLANS**

1. INTRODUCTION

Reference is made to (i) the joint announcement dated 26 February 2021 made by the Offeror and China Youzan in relation to the Proposal pursuant to Rule 3.5 of the Takeovers Code (the “**Rule 3.5 Announcement**”); (ii) the joint announcement dated 19 March 2021 made by the Offeror and China Youzan in relation to the extension of time for despatch of the Scheme Document (the “**19 March Announcement**”); (iii) the announcement dated 1 April 2021 made by China Youzan in relation to, amongst others, the proposed adoption by Youzan Technology of the Youzan Technology Share Incentive Plans; (iv) the joint announcement dated 16 April 2021 made by the Offeror and China Youzan in relation to the fulfilment of the Scheme Pre-Condition concerning the Optionholder Irrevocable Undertakings (the “**16 April Announcement**”); and (v) the circular of China Youzan in relation to, amongst others, the Special Deal Arrangements and the Connected Transactions (the “**Circular**”) and the notice of the First SGM (the “**Notice of First SGM**”) issued by China Youzan, both dated 20 April 2021. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

2. POLL RESULTS OF THE FIRST SGM

The Board is pleased to announce that all the proposed resolutions (the “**Proposed Resolutions**”) as set out in the Notice of First SGM were duly passed by the China Youzan Shareholders by way of poll at the First SGM held on 6 May 2021.

Set out below are the poll results of the resolutions:

Ordinary Resolutions		Number of China Youzan Shares (percentage of total number of China Youzan Shares voted)		Total number of China Youzan Shares voted
		For	Against	
1.	To approve, confirm and ratify the Rollover Arrangement and the transactions contemplated or arising thereunder.	6,008,541,133 (99.99%)	532,020 (0.01%)	6,009,073,153
2.	To approve, confirm and ratify the adoption of the Youzan Technology Share Award Plan A (and its amendment and substitution of the Youzan Technology 2019 Share Award Plan), the grant of share awards thereunder and the transactions contemplated or arising thereunder.	5,234,491,706 (87.10%)	775,141,447 (12.90%)	6,009,633,153
3.	To approve, confirm and ratify the adoption of the Youzan Technology Share Award Plan B, the grant of share award thereunder in favour of Mr. Zhu Ning (or Whitecrow), the Anti-Dilution Issue to China Youzan and the transactions contemplated or arising thereunder.	6,872,077,600 (89.86%)	775,141,447 (10.14%)	7,647,219,047

Ordinary Resolutions		Number of China Youzan Shares (percentage of total number of China Youzan Shares voted)		Total number of China Youzan Shares voted
		For	Against	
4.	To approve, confirm and ratify the implementation of the China Youzan Options Conversion Proposal and the adoption of the Youzan Technology RSU Plan C and the grant of Plan C RSUs thereunder and the transactions contemplated or arising thereunder.	5,234,491,706 (87.10%)	775,141,447 (12.90%)	6,009,633,153
5.	To authorise any one or more of the directors of China Youzan, for and on behalf of China Youzan and any member of its subsidiaries, to approve and implement and/or give effect to each of the Special Deal Arrangements and the Connected Transactions and the respective transactions contemplated or arising thereunder.	8,009,857,128 (99.99%)	532,020 (0.01%)	8,010,389,148

Note: The full text of the resolutions are set out in the Notice of First SGM dated 20 April 2021.

As a majority of the votes were cast in favour of each of the above resolutions, all resolutions were duly passed as ordinary resolutions of China Youzan at the First SGM.

As at the date of the First SGM, the total number of China Youzan Shares in issue were 17,260,003,617. At the First SGM:

- (a) A total of 4,414,755,279 China Youzan Shares held by the relevant China Youzan Shareholders, representing approximately 25.58% of the total issued share capital of China Youzan, who were required under the Takeovers Code and/or the GEM Listing Rules to abstain from voting on the resolutions numbered 1, 2 and 4 relating to, amongst others, (i) the Rollover Arrangement; (ii) Youzan Technology Share Award Plan A; and (iii) Youzan Technology RSU Plan C respectively as disclosed in the Circular, had abstained from voting on such resolutions. Accordingly, the number of China Youzan Shares entitling the Independent Shareholders to attend and vote on the resolutions numbered 1, 2 and 4 at the First SGM were 12,845,248,338 China Youzan Shares, representing approximately 74.42% of the total issued share capital of China Youzan.

- (b) A total of 1,962,551,932 China Youzan Shares held by the relevant China Youzan Shareholders, representing approximately 11.37% of the total issued share capital of China Youzan, who were required under the Takeovers Code and/or the GEM Listing Rules to abstain from voting on the resolution numbered 3 relating to, amongst others, Youzan Technology Share Award Plan B as disclosed in the Circular, had abstained from voting on such resolution. Accordingly, the number of China Youzan Shares entitling the Independent Shareholders to attend and vote on the resolution numbered 3 at the First SGM were 15,297,451,685 China Youzan Shares, representing approximately 88.63% of the total issued share capital of China Youzan.
- (c) All China Youzan Shares entitled the holders thereof to attend and vote on the resolution numbered 5 relating to, amongst others, the general authorisation for the Directors to approve and implement each of the Special Deal Arrangements and the Connected Transactions. As disclosed in the Circular, under the rules of the China Youzan 2018 Share Award Plan, the China Youzan Trustee is prohibited from exercising the voting rights attached to the China Youzan Shares held by it which are yet to be vested or which form part of the Reserve under the China Youzan 2018 Share Award Plan. Accordingly, a total of 149,572,600 China Youzan Shares held by the China Youzan Trustee, representing approximately 0.87% of the total issued share capital of China Youzan, had abstained from voting on the resolution numbered 5.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed above, (i) no other China Youzan Shareholder was required to under the Takeovers Code and/or the GEM Listing Rules and had abstained from voting on any of the Proposed Resolutions at the First SGM; (ii) no China Youzan Shareholder had stated his/her/its intention in the Circular to vote against any of the Proposed Resolutions at the First SGM and no other China Youzan Shareholder had stated his/her/its intention in the Circular to abstain from voting at the First SGM; and (iii) there was no China Youzan Share requiring the holder thereof to abstain from voting in favour of any of the Proposed Resolutions at the First SGM pursuant to Rule 17.47A of the GEM Listing Rules.

Computershare Hong Kong Investor Services Limited, China Youzan's branch share registrar in Hong Kong, was appointed as the scrutineer for the vote-taking at the First SGM.

3. FULFILMENT OF CERTAIN SCHEME PRE-CONDITIONS

As disclosed in the paragraph headed "2. TERMS OF THE PROPOSAL – 2.6. Scheme Pre-Conditions" of the Rule 3.5 Announcement, the making of the Proposal is conditional upon the satisfaction or waiver (as applicable) of a number of Scheme Pre-Conditions.

As all of the Proposed Resolutions have been duly passed as ordinary resolutions at the First SGM, each of the Scheme Pre-Conditions as set out in paragraphs (b), (c), (d) and (f) of the paragraph headed “2. TERMS OF THE PROPOSAL – 2.6. Scheme Pre-Conditions” of the Rule 3.5 Announcement has been satisfied as at the date of this announcement. However, the Scheme Pre-Condition as set out in paragraph (a) of such paragraph of the Rule 3.5 Announcement (i.e. the granting by the Stock Exchange of its in-principle approval for the listing of Youzan Technology Shares on the Stock Exchange for the Youzan Technology Listing) remains outstanding.

In addition, on 3 May 2021, the SFC granted its consent to the Special Deal Arrangements subject to the Special Deal Arrangements being approved by a vote of the relevant Independent Shareholders at a special general meeting of China Youzan to be taken on a poll. Such approval have been duly obtained at the First SGM following the passing of the Proposed Resolutions numbered 1, 2 and 4 as ordinary resolutions.

Accordingly, the Rollover Arrangement will be implemented subject to and upon the Scheme becoming effective.

Further announcement(s) will be made as soon as practicable after the outstanding Scheme Pre-Condition has been satisfied. If the outstanding Scheme Pre-Condition is not satisfied by the Scheme Pre-Condition Longstop Date, the Proposal will lapse and will not be made and, in such case, an announcement will be made as soon as practicable.

4. FULFILMENT OF CERTAIN EFFECTIVENESS CONDITIONS RELATING TO THE YOUZAN TECHNOLOGY SHARE INCENTIVE PLANS

The status of satisfaction of the effectiveness conditions relating to, and the implementation of, each of the Youzan Technology Share Incentive Plans is set out below.

4.1. Plan A Effectiveness Conditions in relation to Youzan Technology Share Award Plan A

As disclosed in the paragraph headed “YOUZAN TECHNOLOGY SHARE AWARD PLAN A – SPECIAL DEAL ARRANGEMENT AND CONNECTED TRANSACTION – Conditionality – Plan A Effectiveness Conditions” of the Circular, 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 Plan A Effectiveness Conditions as set out below:

- (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 relevant Independent Shareholders 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.

As the Independent Financial Adviser had stated its requisite opinion in the Circular and the Proposed Resolution numbered 2 has been duly passed as an ordinary resolution at the First SGM, all of the Plan A Effectiveness Conditions have been satisfied as at the date of this announcement.

Accordingly, the amendment and substitution of the Youzan Technology 2019 Share Award Plan by the Youzan Technology Share Award Plan A has become effective, and share awards will be granted to the proposed grantees under the Youzan Technology Share Award Plan A prior to (and regardless of) the Youzan Technology Listing and prior to the Record Date. As disclosed in the Circular, the adoption of and the grants of share awards to be 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).

4.2. Plan B Effectiveness Conditions relating to Youzan Technology Share Award Plan B and the Anti-Dilution Issue to China Youzan

As disclosed in the paragraph headed “YOUZAN TECHNOLOGY SHARE AWARD PLAN B – CONNECTED TRANSACTION – Conditionality – Plan B Effectiveness Conditions” of the Circular, 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 Plan B Effectiveness Conditions as set out below:

- (a) the passing of an ordinary resolution by the relevant Independent Shareholders 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.

As the Proposed Resolution numbered 3 has been duly passed as an ordinary resolution at the First SGM, the Plan B Effectiveness Condition as set out in paragraph (a) above has been satisfied. As at the date of this announcement, the Plan B Effectiveness Condition as set out in paragraph (b) above remains outstanding.

4.3. Plan C Effectiveness Conditions in relation to the China Youzan Options Conversion Proposal and Youzan Technology RSU Plan C

As disclosed in the paragraph headed “YOUZAN TECHNOLOGY RSU PLAN C – SPECIAL DEAL ARRANGEMENT – Conditionality – Plan C Effectiveness Conditions” of the Circular, the effectiveness of the Youzan Technology RSU Plan C is conditional upon the fulfilment of the Plan C Effectiveness Conditions as set out below:

- (a) the obtaining of the Optionholder Irrevocable Undertaking from each of the China Youzan Optionholders as at the Joint Announcement Date;
- (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 relevant Independent Shareholders 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.

As disclosed in the 16 April Announcement, the Plan C Effectiveness Condition as set out in paragraph (a) above had been satisfied. As the Independent Financial Adviser had stated its requisite opinion in the Circular and the Proposed Resolution numbered 4 has been duly passed as an ordinary resolution at the First SGM, the Plan C Effectiveness Conditions as set out in paragraphs (b) and (c) above have also been satisfied.

Accordingly, as at the date of this announcement, the Plan C Effectiveness Conditions as set out in paragraphs (d) and (e) above remain outstanding.

5. DESPATCH OF SCHEME DOCUMENT

As disclosed in the 19 March Announcement, an application was made to the Executive pursuant to Note 1 to Rule 8.2 of the Takeovers Code for, and the Executive has granted, the extension of the time limit for despatching the Scheme Document to not later than 15 June 2021. Further announcement will be made on the date of despatch of the Scheme Document.

Shareholders and potential investors of China Youzan are advised to refer to the announcements and other documents published by the Offeror and/or China Youzan from time to time on the website of the Stock Exchange for information regarding the Proposal and/or the Youzan Technology Share Incentive Plans.

WARNING: Shareholders and potential investors of China Youzan should be aware that the making of the Proposal is subject to the satisfaction or waiver (as applicable) of the Scheme Pre-Conditions. Even if the Proposal is made, the implementation of the Proposal (including the effectiveness of the Scheme and the making of the Distribution), is subject to the satisfaction or waiver (as applicable) of the Scheme Conditions and the Distribution Conditions, and therefore the Proposal may or may not be implemented, the Scheme may or may not become effective and the Distribution may or may not be made.

As the adoption of each of the Youzan Technology Share Award Plan B and Youzan Technology RSU Plan C and the implementation of the China Youzan Options Conversion Proposal is subject to the satisfaction of the outstanding Plan B Effectiveness Condition and Plan C Effectiveness Conditions respectively, the Youzan Technology Share Award Plan B, the Youzan Technology RSU Plan C and the China Youzan Options Conversion Proposal may or may not be implemented.

Shareholders and potential investors of China Youzan should therefore exercise caution when dealing in the securities of China Youzan. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

By Order of the sole director of
BetaCafe Holdings Limited
Zhu Ning
Director

By Order of the Board
China Youzan Limited
Yu Tao
Director

Hong Kong, 6 May 2021

As at the date of this announcement, the sole director of the Offeror is Mr. Zhu Ning.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than any information relating to China Youzan) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the directors of China Youzan) 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.

As at the date of this announcement, the executive Directors are Mr. Cao Chunmeng, Mr. Yan Xiaotian, Mr. Zhu Ning, Mr. Cui Yusong, Mr. Yu Tao and Ms. Ying Hangyan; and the independent non-executive Directors are 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 (other than any information relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the sole director of the Offeror) 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 China Youzan. 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.

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