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China Youzan Limited

中國有贊有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

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

Reference is made to the announcement of the Company dated 31 May 2018 in respect of the adoption of the Scheme.

The Board announces that on 22 February 2022, the Company granted the Awards involving 350,846,480 New Shares, representing approximately 1.94% of the total issued Shares as at the date of this announcement, to the Grantees at nil consideration. Such New Shares will be allotted and issued to the Trustee, subject to the listing approval by the Stock Exchange in respect of such New Shares, which shall hold such Shares on trust for 716 Employees of the Group, all of whom are not connected with the Company, in accordance with the Scheme Rules. The Grantees were selected by the Board after taking into account, among other matters, recommendations from their supervisors, years of services, and their seniority or other necessary approvals, details of which are as follows:

- **Recommendations from supervisors:** positive recommendations obtained indicating quality of the potential participants of the Scheme, potentials of becoming management and possession of experience in their respective professional fields;
- **Years of services:** typically one year or above; and
- **Seniority:** team leader level or above.

In determining the selection of the Grantees and their respective number of New Shares that each Grantee is entitled to, the Board considered various aforementioned factors as a whole, instead of a standalone factor.

Vesting conditions

The Awards are subject to the following vesting conditions:

- 1) acceptance of the Grantees; and
- 2) provision of continuous services to the Company or any of its subsidiaries from the Grant Date to September 2023; or
- 3) attainment of certain key performance index (“**KPI**”) targets, which mainly relates to satisfactory appraisal results.

The Awards will fully vest on 30 September 2023 or attainment of certain KPI targets, whichever is earlier.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, all of the Grantees are not connected with the Company.

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

The Board announces that it has approved the allotment and issue of 350,846,480 New Shares to the Trustee at HK\$0.28 per Share, being the closing price of the Shares as at the date immediately preceding the date of this announcement, under the General Mandate in order to satisfy the Awards granted to the Grantees pursuant to the Scheme Rules as incentives for their continuous contributions to the Group. The New Shares will be allotted and issued to the Trustee, subject to the listing approval by the Stock Exchange in respect of the New Shares.

As approved by the Shareholders at the annual general meeting held on 6 May 2021, the Company can allot and issue up to a total of 3,452,000,723 Shares under the General Mandate. Under a placing of new Shares completed on 18 January 2022 (the “**Placing**”), 810,792,000 new Shares were issued under the General Mandate. Following completion of the Placing, the remaining balance of the General Mandate will be 2,641,208,723 Shares. As such, the allotment and issue of the 350,846,480 New Shares is not subject to the approval of the Shareholders.

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

The New Shares to be allotted and issued by the Company to the Trustee represent (i) approximately 1.94% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.90% of the total issued share capital of the Company as enlarged by such allotment and issue. The New Shares, when issued and allotted, shall rank pari passu among themselves and with the fully paid Shares in issue. Pursuant to the Scheme Rules, the Trustee shall not exercise any voting rights and powers in respect of any Shares held under the Trust.

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the abovementioned relationship between the Trustee and the Company, the Trustee (or its nominee) and its parent company are Independent Third Parties.

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

DEFINITIONS

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

“Award(s)”	the share awards involving the 350,846,480 Shares granted by the Board to the Grantees pursuant to the Scheme Rules;
“Board”	the board of Directors;
“Company”	China Youzan Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM;
“Director(s)”	the director(s) of the Company;
“Employee(s)”	any employee (whether full time or part time) of any member of the Group;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;

“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 6 May 2021, under which up to a total of 3,452,000,723 Shares (being up to 20% of the total issued share capital of the Company as at the date of the passing of the relevant resolution, which was 6 May 2021) can be allotted and issued by the Directors;
“Grantee(s)”	the grantees selected by the Board on 22 February 2022, to whom the New Shares are granted on the same date by the Board pursuant to the Scheme Rules;
“Grant Date”	the date on which the grant of an award is made to a Grantee;
“Group”	the Company and its subsidiaries;
“Independent Third Parties”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the GEM Listing Rules) of the Company and its subsidiaries, or any of their respective associate;
“New Shares”	the 350,846,480 new Shares that will be allotted and issued to the Trustee under the General Mandate for satisfying the Awards;
“Scheme”	the share award scheme approved by the Board on 31 May 2018, as amended from time to time in accordance with the provisions thereof;
“Scheme Rules”	the rules relating to the Scheme;
“Shareholders”	holder(s) of the Share(s);
“Shares”	share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;

“Trust Deed” a trust deed entered into between the Company and the Trustee on 20 June 2018 (as restated, supplemented and amended from time to time); and

“Trustee” Computershare Hong Kong Trustees Limited, being the trustee appointed by the Company for the administration of the Scheme, which will hold the New Shares on trust for the Grantees.

By Order of the Board
China Youzan Limited
Zhu Ning
Chairman

Hong Kong, 22 February 2022

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhu Ning, Mr. Cui Yusong, Mr. Yu Tao and Ms. Ying Hangyan; and two independent non-executive Directors, Dr. Fong Chi Wah and Mr. Deng Tao.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the Company’s website at www.chinayouzan.com.