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# China Youzan Limited

中國有贊有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8083)**

## **(I) CONNECTED TRANSACTION: PROPOSED SUBSCRIPTION OF SHARES IN A NON-WHOLLY OWNED SUBSIDIARY; AND (II) PROPOSED ISSUE OF SHARES AND WARRANTS TO BAIDU BY A NON-WHOLLY OWNED SUBSIDIARY**

### **THE SUBSCRIPTION OF SHARES IN AND WARRANT OF QIMA**

The Company is pleased to announce that on 7 August 2019, the Company, Baidu SPV and Baidu Online entered into the Subscription Agreement with Qima, a non-wholly owned subsidiary of the Company, in relation to the conditional (i) issue, sell and allot of 26,606,296 Youzan Qima Shares by Qima to the Company for a cash consideration of US\$45 million; (ii) issue, sell and allot of 17,737,531 Baidu Qima Shares by Qima to Baidu SPV for a cash consideration of approximately US\$177; and (iii) issue of Qima Warrants by Qima to Baidu Online. The holders of the Qima Warrants are entitled to subscribe for 17,737,531 Qima Warrant Shares for an aggregate exercise price of US\$29,999,823. A deposit in RMB equivalent of the aggregate exercise price of US\$29,999,823 is payable in full by Baidu Online to the WFOE upon Completion.

Each party agrees that, in the event that the Qima Warrants are wholly exercised by its holders, Qima shall be entitled to forfeit all the Baidu Qima Shares at nil consideration. In the event that the Qima Warrants expires before it is exercised, any and all Youzan Qima Shares and Baidu Qima Shares shall be repurchased by Qima at their respective original Purchase Price upon the expiration of the Qima Warrants.

## **COMPLETION**

Upon Completion, the Company will hold approximately 50.76% of the total issued shares of Qima, and Baidu SPV will hold a minority percentage of Qima Shares. Upon the exercise of the Qima Warrants in full, the Company will hold approximately 50.76% of the total issued shares of Qima and the holder of Qima Warrants will hold a minority percentage of Qima Shares. In both cases, Qima will remain as a non-wholly owned subsidiary of the Company.

## **BUSINESS COOPERATION AGREEMENT**

As one of the conditions precedent to Completion, Qima and Baidu Online and/or their respective affiliates shall enter into the Business Cooperation Agreement, pursuant to which Qima and Baidu Online and/or their respective affiliates agree to cooperate on a number of areas of business, including smart applets development, application and solution provision, on and subject to the terms and conditions contained in the Business Cooperation Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Qima is a non-wholly owned subsidiary of the Company which is owned as to 50.47% by the Company and 10.87% by Whitecrow Investment Ltd. Whitecrow Investment Ltd. is wholly owned by Mr. Zhu Ning, a Director and substantial shareholder of the Company. Therefore, Qima is a connected subsidiary and connected person of the Company under Rule 20.07(5) of the GEM Listing Rules. Therefore, the Connected Subscription constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios are less than 5% and the Connected Subscription is on normal commercial terms, the subscription of Youzan Qima Shares by the Company is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules. The Baidu Subscription is not subject to reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

In addition, Qima is also owned as to 1.82% by V5.Cui Investment and 4.66% by Youzan Teamwork Inc. V5.Cui Investment Ltd is wholly owned by Mr. Cui Yusong, a Director. Youzan Teamwork Inc. is owned by Mr. Zhu Ning, Mr. Huang Rongrong, Mr. Yu Tao, Ms. Ying Hangyan and Mr. Cui Yusong as to approximately 40%, 40%, 10%, 10% and one share while except Mr. Huang Rongrong, all of them are Directors. Mr. Zhu Ning, Mr. Cui Yusong, Ms. Ying Hangyan and Mr. Yu Tao had interests in the Subscription by virtue of their respective interests in Qima and they therefore abstained from voting on the board resolution of the Company approving the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in the Subscription Agreement and none were required to abstain from voting on the board resolution of the Company in respect of the Subscription Agreement.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement, the Share Subscriptions and the issue of the Qima Warrants may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in Shares or any securities of the Company.

The Company is pleased to announce that on 7 August 2019, the Company, Baidu SPV and Baidu Online entered into the Subscription Agreement with Qima, a non-wholly owned subsidiary of the Company, in relation to the conditional (i) issue, sell and allot of 26,606,296 Youzan Qima Shares by Qima to the Company for a cash consideration of US\$45 million; (ii) issue, sell and allot of 17,737,531 Baidu Qima Shares by Qima to Baidu SPV for a cash consideration of approximately US\$177; and (iii) issue of Qima Warrants by Qima to Baidu Online. The holders of the Qima Warrants are entitled to purchase 17,737,531 Qima Warrant Shares for an aggregate exercise price of US\$29,999,823. A deposit in RMB equivalent of the aggregate exercise price of US\$29,999,823 is payable in full by Baidu Online to the WFOE upon Completion.

Set out below are the principal terms of the Subscription Agreement.

# THE SUBSCRIPTION AGREEMENT (WHICH INVOLVES THE ISSUE OF QIMA WARRANTS)

## Date:

7 August 2019

## Parties:

- (i) the Company, as the subscriber of Youzan Qima Shares;
- (ii) Baidu SPV, as the subscriber of Baidu Qima Shares;
- (iii) Baidu Online, as holder of the Qima Warrants; and
- (iv) Qima, as the issuer and seller of the Youzan Qima Shares and Baidu Qima Shares and the Qima Warrants.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Baidu SPV and Baidu Online is an Independent Third Party.

## Terms to the Share Subscriptions

- Number of Youzan Qima Shares : The Company shall purchase from Qima, severally but not jointly, 26,606,296 Youzan Qima Shares.
- Number of Baidu Qima Shares : Baidu SPV shall purchase from Qima, severally but not jointly, 17,737,531 Qima Shares.
- Ranking : The Youzan Qima Shares and Baidu Qima Shares, when issued, will rank pari passu in all respects with the existing Qima Shares.
- Purchase price : (i) A cash consideration of US\$45 million to be paid by the Company to Qima for 26,606,296 Youzan Qima Shares; and  
(ii) a cash consideration of approximately US\$177 to be paid by Baidu SPV to Qima for 17,737,531 Baidu Qima Shares.

Forfeiture of Baidu Qima Shares : In the event that the Qima Warrants are wholly exercised by its holders, Qima shall be entitled to forfeit all the Baidu Qima Shares at nil consideration.

For purposes of clarify, such forfeiture shall not be subject to Baidu SPV, holder of the Qima Warrants or any third party's consent.

Repurchase of Youzan Qima Shares and Baidu Qima Shares : In the event that the Qima Warrant expires before it is exercised, any and all Youzan Qima Shares and Baidu Qima Shares shall be repurchased by Qima at their respective original Purchase Price upon the expiration of the Qima Warrants.

### **Terms to the issue of the Qima Warrants**

Consideration : The provision of a deposit in RMB equivalent of the aggregate exercise price of US\$29,999,823 by Baidu Online to the WFOE upon Completion.

The deposit is refundable to Baidu Online; (i) upon the exercise of the Qima Warrants or (ii) within ten business days after signing of transaction documents for the repurchase of the Baidu Qima Shares

Exercise of purchase right : Any time during the exercise period, the holder of the Qima Warrants shall, within ten business days after obtaining of the Approvals, make application for the exercise of the Qima Warrants, or alternative, the Qima Warrants may be exercised anytime during the exercise period if such warrants is transferred to an affiliate of Baidu Online for which the Approvals are not required for investing in the Warrant Shares.

Exercise price : The Qima Warrants will entitle the holders to purchase all of the Warrant Shares for an aggregate cash consideration of US\$29,999,823 payable on the date of issue and allotment of Warrant Shares.

Number of Warrant Shares to be issued : The exercise of the Qima Warrants will result in the issue of 17,737,531 Warrant Shares.

The number of Warrant Shares is subject to adjustments upon occurrence of share split, combination, share dividends, recapitalization or similar transactions.

The exercise of the Qima Warrants shall be in whole but not in part.

Exercise period : commencing from the date of issue of the Qima Warrants and ending on 30 June 2020.

Transferability : The Qima Warrants are transferable to any Baidu Affiliates in whole or in part.

Rights for the holder of the Qima Warrants : A holder of the Qima Warrants will not have the right to (i) attend or vote at any meeting of the Company; and (ii) participate in any distribution and/or offer of further securities made by Qima by virtue of it being the holder of the Qima Warrants.

Ranking : The Warrant Shares will rank pari passu in all respects with all other Qima Shares in issue at the date on which the conversion rights to the Qima Warrants are exercised.

## **Conditions precedent**

### ***(i) Conditions to the Investors' obligations at Completion***

The obligation of each of Investors to purchase the respective Youzan Qima Shares and Baidu Qima Shares at Completion is subject to the fulfillment, to the satisfaction of such Investors (or waiver thereof) on or prior to the Completion Date, of the following conditions:

- (a) The representations and warranties made by Qima shall be true and correct and complete when made, and shall be true and correct and complete as of the Completion Date with the same force and effect as if they had been made on and as of the Completion Date.

- (b) All corporate and other proceedings in connection with the transactions to be completed at Completion and all documents incident thereto, including without limitation, written approval from all of the then current holders of equity interests of Qima, as applicable, with respect to the Subscription Agreement and the other transaction documents and the transactions contemplated in the Subscription Agreement, shall have been completed in accordance with the transaction documents, and the Investors shall have received all such counterpart copies of such documents as they may reasonably request.
- (c) Qima shall have performed and complied with all obligations and conditions contained in the transaction documents that are required to be performed or complied with by them in all material respects, on or before Completion.
- (d) All consents of any competent governmental authority or of any other person that are required to be obtained by Qima in connection with the consummation of the transactions contemplated by the transaction documents shall have been duly obtained and effective as of Completion.
- (e) Baidu shall have completed the legal, financial, and business due diligence investigation of Qima Group to its reasonable satisfaction.
- (f) Qima and/or its affiliates shall have delivered a duly executed (other than by Baidu Online or its affiliates) Business Cooperation Agreement to Baidu Online or its affiliates in form and substance satisfactory to Baidu Online.
- (g) Qima and the WFOE shall have delivered to Baidu Online a deposit agreement substantially in the form attached to the Subscription Agreement duly executed and delivered by the Company and the WFOE, pursuant to which Baidu Online agrees to provide the WFOE with the Deposit on and subject to the terms and conditions thereof.
- (h) There shall not have occurred a material adverse change in the condition (financial or otherwise), results of operations, assets, regulatory status, or business of Qima.

Each of the Investors may at any time waive in writing any of the conditions above, on such terms as it may decide.

***(ii) Conditions to Qima's obligations at Completion***

The obligations of Qima under the Subscription Agreement with respect to any Investor are subject to the fulfillment, to the satisfaction of Qima, on or prior to the Completion Date of the following conditions:

- (a) The representations and warranties of such Investor contained in the Subscription Agreement shall be true and correct when made, and shall be true and correct as of the Completion Date with the same force and effect as if they had been made on and as of the Completion Date.
- (b) Each Investor shall have performed and complied with all covenants, obligations and conditions contained in the Subscription Agreement that are required to be performed or complied with by each Investor in all material respects on or before Completion.
- (c) Baidu Online and/or its affiliates shall have delivered a duly executed (other than by the WFOE) Business Cooperation Agreement to Qima or its affiliates in form and substance satisfactory to Qima.
- (d) Baidu Online shall have delivered to Qima the deposit agreement to be entered into between Qima, the WFOE and Baidu Online duly executed and delivered by Baidu Online.

Qima may at any time waive in writing any of the conditions above, on such terms as it may decide.

**Completion**

Upon Completion, the Company will hold approximately 50.76% of the total issued shares of Qima, and Baidu SPV will hold a minority percentage of Qima Shares. Upon the exercise of the Qima Warrants in full, the Company will hold approximately 50.76% of the total issued shares of Qima and holder of Qima Warrants will hold a minority percentage of Qima Shares. In both cases, Qima will remain as a non-wholly owned subsidiary of the Company.

**Termination**

Unless otherwise agreed by the parties, the Subscription Agreement may be terminated by the Investors or Qima, on or after September 30, 2019 (the "**Termination Date**"), by written notice to the other parties, if Completion has not occurred on or prior to the Termination Date, provided that: (i) the terminating party is not in material default of any of its obligations under the Subscription Agreement, and (ii) the right to terminate the Subscription Agreement shall not be available to any party whose breach of any provision of the Subscription Agreement has been the primary cause of, or has resulted, directly or indirectly, in the failure of the Completion to be consummated by the Termination Date.



## **BUSINESS COOPERATION AGREEMENT**

As one of the conditions precedent to Completion, Qima and Baidu Online and/or their respective affiliates shall enter into the Business Cooperation Agreement, pursuant to which Qima and Baidu Online and/or their respective affiliates agree to cooperate on a number of areas of business, including smart applets development, application and solution provision, on and subject to the terms and conditions contained in the Business Cooperation Agreement.

## **BASIS OF DETERMINING THE STRUCTURE AND CONSIDERATION**

The rationale for the arrangement under the Subscription Agreement is to facilitate Baidu Online's obtaining of the Approvals. After having obtained the Approvals and no later than 30 June 2020, Baidu Online is obliged to exercise the Qima Warrant at the aggregate exercise price of US\$29,999,823, which is the exact same amount as the Deposit, whereupon the issue and allotment of the Warrant Shares to the holder of the Qima Warrant, Qima would forfeit Baidu Qima Shares at nil consideration and the WFOE would return the Deposit to Baidu Online. The number of Warrant Shares which represents 17,737,531 new Qima Shares equals to the number of Baidu Qima Shares being forfeited.

The purchase price for the Youzan Qima Shares, Baidu Qima Shares and the exercise price for the Warrants Shares was determined on arm's length negotiations amongst the parties having considered (i) post-money valuation of Qima Group of approximately US\$2.04 billion for the previous subscription in Qima completed in August 2018, being the most recent valuation reference of Qima; (ii) the valuation of purchase price of the Youzan Qima Shares is at par with the see through valuation of (that is a post-money valuation of US\$2.5 billion) Baidu Qima shares and Warrant Shares taken as a whole.

The Company intends to satisfy purchase consideration for subscribing the Youzan Qima Shares by internal resources.

## **INFORMATION ABOUT QIMA AND THE INVESTORS**

### **Information about Qima**

Qima Holdings Ltd, a company incorporated in the Cayman Islands, is an investment holding company. Qima Holdings Ltd. and its subsidiaries are principally engaged in the e-commerce business which provides a variety of online and offline solutions and services in relation to virtual wholesaling and retailing in the PRC. Qima Group operates third party e-commerce platforms and offers comprehensive consumer management and online distribution solutions to help merchants build, operate, manage and promote their online stores.

## Financial information of Qima Group

Set out below is the consolidated financial information of Qima Group:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss before tax	309,747	122,062
Loss after tax	309,747	122,062

  

	<b>As at 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net liabilities	219,770	181,008

According to the valuation report in the circular of the Company dated 2 January 2018, the total appraised value of Qima was RMB4,076.0 million as of 31 October 2017.

### Information about Baidu SPV and Baidu Online

Baidu SPV is a company incorporated in the Cayman Islands which primarily engages in equity investment and is a wholly-owned subsidiary of Baidu Holdings. As at the date of this announcement, Baidu SPV does not hold any Qima Shares. It is expected that upon Completion, Baidu SPV will hold 17,737,531 Qima Shares, representing a minority percentage of the Qima Shares as enlarged by the allotment and issue of the Youzan Qima Shares and Baidu Qima Shares.

Baidu Online is a company incorporated in the PRC which primarily engages in technology research and development, and is a wholly-owned subsidiary of Baidu Holdings. As at the date of this announcement, Baidu Online does not hold any Qima Shares. It is expected that upon Completion, Baidu Online will not hold any Qima Shares. However, upon exercise of the Qima Warrants, Baidu Online or its affiliate shall hold 17,737,531 Qima Shares, representing a minority percentage of the Qima Shares as enlarged by the allotment and issue of the Qima Shares under the Qima Warrant and as reduced by the forfeiture of Baidu Qima Shares.

Baidu Holdings is a wholly-owned subsidiary of Baidu, a company listed on NASDAQ (stock code: BIDU).

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Baidu SPV, Baidu Online, Baidu Holdings and Baidu Inc. are Independent Third Parties.

### **Information about the Company**

The Group 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.

As at the date of this announcement, the Company holds 723,642,669 Qima Shares, representing approximately 50.47% of total issued Qima Shares. It is expected that upon Completion, the Company will hold 750,248,965 Qima Shares, representing approximately 50.76% of total issued Qima Shares as enlarged by the allotment and issue of the Youzan Qima Shares and Baidu Qima Shares.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The introduction of Baidu as shareholders of Qima, who is one of the well-known market players in the fields of, among other things, search engines, and artificial intelligence, will allow for business cooperation between Baidu and Qima. It is also expected that the Group can benefit from the Baidu platform to enlarge the merchant base of the Group.

Furthermore, as the subscription of new Qima Shares by Baidu SPV would result in a dilution of the Company's interest in Qima, the Company is of the view that the Subscription will enable it to counter the aforesaid dilution effect and maintain not less than 50% equity holding in Qima.

Taking into consideration the above factors, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Shares Subscription and issue of Qima Warrants are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Qima is a non-wholly owned subsidiary of the Company which is owned as to 50.47% by the Company and 10.87% by Whitecrow Investment Ltd. Whitecrow Investment Ltd. is wholly owned by Mr. Zhu Ning, a Director and substantial shareholder of the Company. Therefore, Qima is a connected subsidiary and connected person of the Company under Rule 20.07(5) of the GEM Listing Rules. Therefore, the Connected Subscription constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios are less than 5% and the Connected Subscription is on normal commercial terms, the Connected Subscription is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules. The Baidu Subscription is not subject to reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

In addition, Qima is also owned as to 1.82% by V5.Cui Investment and 4.66% by Youzan Teamwork Inc. V5.Cui Investment Ltd is wholly owned by Mr. Cui Yusong, a Director. Youzan Teamwork Inc. is owned by Mr. Zhu Ning, Mr. Huang Rongrong, Mr. Yu Tao, Ms. Ying Hangyan and Mr. Cui Yusong as to approximately 40%, 40%, 10%, 10% and one share while except Mr. Huang Rongrong, all of them are Directors. Mr. Zhu Ning, Mr. Cui Yusong, Ms. Ying Hangyan and Mr. Yu Tao had interests in the Subscription by virtue of their respective interests in Qima and they therefore abstained from voting on the board resolution of the Company approving the Subscription Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in the Subscription Agreement and none were required to abstain from voting on the board resolution of the Company in respect of the Subscription Agreement.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement, the Subscription may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in Shares or any securities of the Company.

## **DEFINITIONS**

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

“Approvals”	The necessary approvals from competent authorities in the PRC for investing in the Warrant Shares by Baidu Online
“Baidu”	Baidu SPV and Baidu Online collectively

“Baidu Affiliates”	any person under the common control of Baidu Inc.
“Baidu Holdings”	a company incorporated and existing under the laws of the British Virgin Islands and a wholly owned subsidiary of Baidu Inc.
“Baidu Inc.”	Baidu Inc., a company listed on NASDAQ (stock code: BIDU)
“Baidu Online”	a company incorporated and existing under the laws of the PRC and a wholly owned subsidiary of Baidu Holdings
“Baidu Qima Shares”	the subscription of the 17,737,531 new Qima Shares by Baidu SPV pursuant to the Subscription Agreement
“Baidu Subscription”	the subscription of the Baidu Qima Shares and Qima Warrants by Baidu SPV and Baidu Online respectively
“Baidu SPV”	a company incorporated and existing under the laws of the Cayman Islands and a wholly owned subsidiary of Baidu Holdings
“Board”	the board of Directors of the Company
“Business Cooperation Agreement”	the business cooperation agreement to be entered into between Qima and Baidu Online and/or their respective affiliates, and is a condition precedent to Completion
“Company”	China Youzan Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the GEM
“Completion”	completion of the Shares Subscriptions and the issuance of the Qima Warrants in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date of Completion
“connected person”	has the meaning ascribed to this term under the GEM Listing Rules
“connected subsidiary”	has the meaning ascribed to this term under the GEM Listing Rules

“Connected Subscription”	the subscription of the Youzan Qima Shares by the Company
“Deposit”	a deposit of RMB equivalent of US\$29,999,823 to be provided by Baidu Online to the WFOE, in consideration of which Qima shall issue the Qima Warrant pursuant to the Subscription Agreement and the terms of the deposit agreement to be entered into between Qima, the WFOE and Baidu Online and is a condition precedent to Completion
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group” or “Group Companies”	the Company and its subsidiaries, including Qima
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	any person or company whose ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Investor(s)”	the Company, Baidu Online and Baidu SPV
“normal commercial terms”	has the meaning ascribed to this term under the GEM Listing Rules
“PRC”	the People’s Republic of China
“Purchase Price”	has the meaning ascribed to this term under the paragraph headed “Terms to the Share Subscriptions” set out in the section headed “The Subscription Agreement (which involves the issue of Qima Warrants)”

“Qima”	Qima Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and is a non-wholly owned subsidiary of the Company as at the date of this announcement
“Qima Group”	Qima and its subsidiaries
“Qima Share(s)”	share(s) of US\$0.00001 per share each in the share capital of Qima
“Qima Warrants”	the warrants to be issued by Qima to Baidu Online or its affiliate, which entitle its holder the right to purchase 17,737,531 Qima Shares (subject to adjustments), at an aggregate exercise price of US\$29,999,823, pursuant to the Subscription Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Subscriptions”	the subscription of the Youzan Qima Shares by the Company and Baidu Qima Shares by Baidu SPV pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement in relation to the Subscription entered into among the Investors and Qima
“WFOE”	Hangzhou Youzan Technology Co., Ltd., a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company as at the date of this announcement

“Youzan Qima Shares”

the subscription of the 26,606,296 new Qima Shares by the Company pursuant to the Subscription Agreement

“%”

per cent

By Order of the Board  
**China Youzan Limited**  
**Guan Guisen**  
*Chairman*

Hong Kong, 7 August 2019

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

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

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the Company’s website at [www.chinayouzan.com](http://www.chinayouzan.com).*