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# China Youzan Limited

中國有贊有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8083)**

## **CONTINUING CONNECTED TRANSACTION – LOAN AGREEMENT 2022**

### **LOAN AGREEMENT 2022**

Reference is made to the announcement of the Company dated 27 April 2019 in relation to, among others, the Previous Loan Agreement. On 31 December 2021, the Company entered into the Loan Agreement 2022 with Youzan Technology, pursuant to which the Company has conditionally agreed to extend the term of the Previous Loan Agreement for three years for an unsecured loan facility up to HK\$480 million, subject to the terms and conditions set out therein.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

Youzan Technology is a non wholly-owned subsidiary of the Company which is owned as to 51.90% by the Company. Whitecrow Investment Ltd. is a substantial shareholder of the Company and it holds more than 10% in Youzan Technology as at the date of this announcement. Therefore, Youzan Technology is a connected subsidiary and hence a connected person of the Company under Rule 20.07(5) of the GEM Listing Rules.

In respect of the proposed annual caps under the Loan Agreement 2022, as applicable percentage ratio(s) are over 0.1% but less than 5%, the transactions contemplated under the Loan Agreement 2022 will be subject to the reporting, annual review and announcement but exempted from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 27 April 2019 in relation to, among others, the Previous Loan Agreement. On 31 December 2021, the Company entered into the Loan Agreement 2022 with Youzan Technology, pursuant to which the Company has conditionally agreed to extend the unsecured loan facility up to HK\$480 million granted to Youzan Technology (inclusive of the principal loan amount and interest), subject to the terms and conditions set out therein.

## **LOAN AGREEMENT 2022**

### **Major terms**

The principal terms of the Loan Agreement 2022 are as follows:

Date	31 December 2021
Lender	The Company
Borrower	Youzan Technology
Loan amount	Not exceeding HK\$480 million at any time every year, inclusive of the principal loan amount and interest
Terms	From 1 January 2022 until 31 December 2024
Interest rate	Youzan Technology shall pay interest on any outstanding principal amount of the loan at the interest rate of 2% per annum above the Prime Rate from time to time, which shall be calculated and charged on a monthly basis
Repayment terms	Youzan Technology shall fully repay any outstanding principal and any accrued but unpaid interest and any other monies due under the Loan Agreement 2022 on the expiry of the term
Other terms	The Company has the sole discretion to refuse to advance any part of the loan if the Company is not satisfied with the use of the loan specified in the notice of drawdown issued by Youzan Technology

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT 2022**

To facilitate Youzan Technology Group's business expansion, which includes product development, marketing and the sales, the Company expects that a HK\$480 million annual cap for the Loan Agreement 2022 is appropriate, after considering the business development plan of Youzan Technology.

The Directors (including the independent non-executive Directors) are of the view that the Loan Agreement 2022 has been entered into after arm's length negotiations and are on normal commercial terms and which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **PROPOSED ANNUAL CAP AMOUNTS FOR THE LOAN AGREEMENT 2022**

The proposed annual caps in respect of the transactions contemplated under the Loan Agreement 2022 for each of the three financial years ended 31 December 2024 is HK\$480 million, HK\$480 million and HK\$480 million respectively. The abovementioned annual caps are determined with reference to, among others, the current business plan of Youzan Technology Group.

The terms and conditions of the Loan Agreement 2022, including but not limited to the interest rate, were agreed by the parties after arm's length negotiations having taken into account of the prevailing market interest rates and practices.

## **INFORMATION OF THE GROUP AND YOUZAN TECHNOLOGY**

The Group mainly focuses on four operating segments, namely (i) merchant services – provision of a variety of SaaS products and comprehensive services in the PRC through Youzan Technology; (ii) third party payment services; (iii) Onecomm – provision of third party payment system solutions and sales of integrated smart point of sales devices; and (iv) general trading.

Youzan Technology is an investment holding company and its subsidiaries are principally engaged in a wide variety of cloud-based commerce services solutions, including subscription solutions and merchant solutions. Youzan Technology is a non wholly-owned subsidiary of the Company which is owned as to 51.90% by the Company.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

Whitecrow Investment Ltd. is a substantial shareholder of the Company and it holds more than 10% in Youzan Technology as at the date of this announcement. Therefore, Youzan Technology is a connected subsidiary and hence a connected person of the Company under Rule 20.07(5) of the GEM Listing Rules.

In respect of the proposed annual caps under the Loan Agreement 2022, as applicable percentage ratio(s) are over 0.1% but less than 5%, the transactions contemplated under the Loan Agreement 2022 will be subject to the reporting, annual review and announcement but exempted from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Save for Mr. Zhu Ning (the ultimate shareholder of Whitecrow Investment Ltd.), Mr. Cui Yusong (who is interested in approximately 1.73% in Youzan Technology through V5. Cui Investment Ltd.), Mr. Yu Tao (who holds 8% interest in Youzan Teamwork Inc. which in turn holds 4.42% interest in Youzan Technology) and Ms. Ying Hangyan (who holds 8% interest in Youzan Teamwork Inc. which in turn holds 4.42% interest in Youzan Technology), none of the Directors have a material interest in the transactions contemplated under the Loan Agreement 2022 and the annual caps in relation thereto and therefore, save for Mr. Zhu Ning, Mr. Cui Yusong, Mr. Yu Tao and Ms. Ying Hangyan, none of the Directors have abstained from voting on the board resolution approving the Loan Agreement 2022.

## **DEFINITIONS**

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

“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 the GEM
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Loan Agreement 2022”	the loan agreement entered into between the Company and Youzan Technology dated 31 December 2021
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Loan Agreement”	the loan agreement entered into between the Company and Youzan Technology on 29 April 2019
“Prime Rate”	Hone Kong dollar prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Youzan Technology”	Youzan Technology Inc. (有贊科技有限公司), previously known as Qima Holdings Ltd., a company incorporated in the Cayman Islands with limited liability
“Youzan Technology Group”	Youzan Technology and its subsidiaries
“%”	per cent

By Order of the Board  
**China Youzan Limited**  
**Yu Tao**  
*Executive Director*

Hong Kong, 31 December 2021

*As at the date of this announcement, the Board comprises four executive Directors, 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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Listed Company Information” page of the GEM website for at least 7 days from the date of its publication and on the Company’s website at [www.chinayouzan.com](http://www.chinayouzan.com).*