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**ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**

**阿里健康信息技術有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00241)**

**CONNECTED TRANSACTION**

**DEEMED DISPOSAL OF 55% OF THE EQUITY INTEREST IN  
A SUBSIDIARY TO FORM A JOINT VENTURE**

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The Board is pleased to announce that on June 1, 2018 (after trading hours), Hongyun Jiukang, Shanghai Yunxin, Hangzhou Yunting and the JV Company entered into the Capital Increase Agreement, pursuant to which Shanghai Yunxin and Hangzhou Yunting agreed to make respective capital contributions of RMB40 million and RMB15 million in cash to the registered capital of the JV Company.

As at the date of this announcement, the JV Company is indirectly wholly-owned by the Company. Its registered capital is RMB45 million, which has been fully subscribed for by Hongyun Jiukang (a subsidiary of the Company). Upon Completion, the registered share capital of the JV Company will be increased to RMB100 million, which will be held as to 45% by Hongyun Jiukang, 40% by Shanghai Yunxin and 15% by Hangzhou Yunting, respectively. The JV Company will then cease to be a subsidiary of the Company.

## **LISTING RULE IMPLICATIONS**

The dilution of Hongyun Jiukang's equity interest from 100% to 45% in the JV Company will constitute a deemed disposal of the JV Company under Rule 14.29 of the Listing Rules. As all of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in relation to the Capital Increase Agreement are less than 5%, the Capital Increase Agreement is exempt from the reporting, announcement requirements and shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shanghai Yunxin is a wholly-owned subsidiary of Ant Financial, which together with its subsidiaries, were confirmed as deemed connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, Shanghai Yunxin has been a connected person of the Company since July 2017.

Based on the above, the Capital Increase constitutes a connected transaction of the Company under the Listing Rules. Taking into account the initial capital contribution of Hongyun Jiukang in the JV Company (RMB45 million), one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Capital Increase exceed 0.1% but are below 5%. Accordingly, the Capital Increase constitutes a connected transaction subject to reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEEMED DISPOSAL OF 55% OF THE EQUITY INTEREST IN A SUBSIDIARY TO FORM A JOINT VENTURE**

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## **THE CAPITAL INCREASE AGREEMENT**

### **Date**

June 1, 2018 (after trading hours)

### **Parties**

- (1) Hongyun Jiukang
- (2) Shanghai Yunxin
- (3) Hangzhou Yunting
- (4) The JV Company

### **Capital Contribution**

Pursuant to the Capital Increase Agreement, Shanghai Yunxin and Hangzhou Yunting agreed to make respective capital contributions of RMB40 million and RMB15 million in cash to the registered capital of the JV Company.

The total capital contribution of RMB55 million shall be paid up by Shanghai Yunxin and Hangzhou Yunting in cash in two installments. Shanghai Yunxin and Hangzhou Yunting shall pay the first installment of the registered capital in the amount of RMB12 million and RMB4.5 million, respectively, upon Completion. The balance of the registered capital shall be paid up by the Shanghai Yunxin and Hangzhou Yunting within ten (10) Business Days after the requisite board resolutions of the JV Company are passed and the notice of payment of balance of the registered capital is issued.

The respective capital contributions of Shanghai Yunxin and Hangzhou Yunting under the Capital Increase Agreement were determined upon arm's length negotiations with reference to the estimated business needs and future business development of the JV Company.

### **Shareholding Structure**

As at the date of this announcement, the JV Company is wholly-owned by Hongyun Jiukang. Its registered capital is RMB45 million, which has been fully subscribed for by Hongyun Jiukang. Upon Completion, the registered share capital of the JV Company will be increased from RMB45 million to RMB100 million, which will be held as to 45% by Hongyun Jiukang, 40% by Shanghai Yunxin and 15% by Hangzhou Yunting, respectively. The JV Company will then cease to be a subsidiary of the Company.

The following table sets out the shareholding structure of the JV Company as (i) at the date of this announcement and immediately prior to Completion, and (ii) immediately after Completion pursuant to the Capital Increase Agreement.

	<b>As at the date of this announcement and immediately prior to Completion</b>		<b>Immediately after Completion</b>	
	<b>Registered capital</b>	<b>Percentage of total registered capital</b>	<b>Registered capital</b>	<b>Percentage of total registered capital</b>
	<i>(RMB' million)</i>	<i>(%)</i>	<i>(RMB' million)</i>	<i>(%)</i>
Hongyun Jiukang	45.0	100	45.0	45.0
Shanghai Yunxin	—	—	40.0	40.0
Hangzhou Yunting	—	—	15.0	15.0
	<u>45.0</u>	<u>100</u>	<u>100.0</u>	<u>100</u>

### **Completion**

Completion shall take place within ten (10) Business Days after the signing of the Capital Increase Agreement, the Shareholder Agreement, the articles of association of the Company and any other relevant transaction document, on the condition that the representations and warranties given by all Parties under the Capital Increase Agreement remaining true and accurate from the date of the Capital Increase Agreement until the date of the Completion.

Upon Completion, the JV Company will cease to be a subsidiary of the Company and the financial results of the JV Company will no longer be consolidated into the consolidated financial statements of the Company.

### **The Shareholders' Agreement**

On June 1, 2018, Hongyun Jiukang, Shanghai Yunxin and Hangzhou Yunting entered into the Shareholders' Agreement in relation to, among others, the operation and management of the JV Company.

Pursuant to the Shareholders' Agreement, the board of directors of the JV Company shall comprise five (5) members, including one (1) director to be jointly nominated by Hongyun Jiukang, Shanghai Yunxin and Hangzhou Yunting. In addition to the jointly nominated director, Hongyun Jiukang shall be entitled to nominate two (2) directors and each of Shanghai Yunxin and Hangzhou Yunting shall be entitled to nominate one (1) director. Resolutions of the board of directors of the JV Company shall be passed by a majority of all directors of the JV Company. The JV Company shall have one (1) supervisor to be nominated by Shanghai Yunxin, one (1) general manager to be appointed by Hongyun Jiukang, and two (2) senior management members (other than the general manager) to be appointed by Shanghai Yunxin.

#### **INFORMATION OF THE JV COMPANY**

The JV Company is a limited liability company established in the PRC on March 30, 2018. As at the date of this announcement, the registered capital of the JV Company is RMB45.0 million, which has been fully subscribed for by Hongyun Jiukang. The JV Company is wholly-owned by Hongyun Jiukang.

As a data platform company, the JV Company is expected to, through the Internet and cloud computing capability, utilize the latest technological means to discover data value in a compliant way, and carry out multi-application exploration and research in such areas as health services, administrative supervision, convenient experiences for citizens and artificial intelligence.

As at the date of this announcement, the JV Company has not commenced operations. The unaudited net asset value of the JV Company as at March 31, 2018 was RMB nil.

Given that the JV Company was only recently established, the Group does not expect to record profit or loss from the deemed disposal of the JV Company.

#### **INFORMATION ABOUT THE COMPANY, THE GROUP AND HONGYUN JIUKANG**

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise pharmaceutical e-commerce, intelligent medicine business and the operation of product tracking platforms in the PRC.

Hongyun Jiukang is a limited liability company established in the PRC with a registered capital of RMB1 million. It is an investment holding company indirectly controlled by the Company through contractual arrangements and accordingly a subsidiary of the Company.

## **INFORMATION ABOUT ANT FINANCIAL, SHANGHAI YUNXIN AND HANGZHOU YUNTING**

Ant Financial is a company incorporated in the PRC. Ant Financial provides digital payment services and other financial and value-added services to consumers and small and medium sized enterprises in the PRC and across the world, such as payment, wealth management, lending, insurance and credit system. Ant Financial leverages its customer insights and technologies to help financial institutions, independence software vendors and other partners on its platform to enhance experience of their users and improve their risk management capabilities.

Shanghai Yunxin, a limited liability company established in the PRC and a wholly-owned subsidiary of Ant Financial, is principally engaged in investment management.

Hangzhou Yunting, a limited liability company established in the PRC, is principally engaged in technology development, services and consultation, data processing, cloud computing, computer software and hardware, e-commerce, computer system integration and wholesale and retail of electronic products.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Hangzhou Yunting and its ultimate beneficial owner is an independent third party of the Company and its connected persons.

## **REASONS AND BENEFITS OF THE DEEMED DISPOSAL TO FORM A JOINT VENTURE**

The Company aims to provide accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. In active response to the policies as the separation of medical services and pharmaceutical sales and the "Internet Plus" initiatives launched by the PRC government as well as recognizing each other's value in the healthcare services or Internet technology industry, the Parties have decided to enter into the Capital Increase Agreement to form a joint venture. The JV Company will utilize the capital contributed by each of the Parties to develop health data service platforms by combining and leveraging on our Group's expertise in the provision of medical and healthcare related services, Hangzhou Yunting's expertise in data-processing related technological development, and Ant Financial's expertise in the provision of digital payment services. The Company believes that the formation of the joint venture through the Capital Increase will create synergies in relation to the Internet medical and healthcare service platform through the integration and cross transfer of the skills, knowledge and expertise among the Group, Ant Financial and Hangzhou Yunting.

The Directors (including the independent non-executive Directors) consider that the terms of the Capital Increase Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## LISTING RULE IMPLICATIONS

The dilution of Hongyun Jiukang's equity interest from 100% to 45% in the JV Company will constitute a deemed disposal of the JV Company under Rule 14.29 of the Listing Rules. As all of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in relation to the Capital Increase Agreement are less than 5%, the Capital Increase Agreement is exempt from the reporting, announcement requirements and shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shanghai Yunxin is a wholly-owned subsidiary of Ant Financial, which together with its subsidiaries, were confirmed as deemed connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, Shanghai Yunxin has been deemed as a connected person of the Company since July 2017.

Based on the above, the Capital Increase constitutes a connected transaction of the Company under the Listing Rules. Taking into account the initial capital contribution in the JV Company (RMB45 million), one or more the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Capital Increase Agreement exceed 0.1% but are below 5%. Accordingly, the Capital Increase constitutes a connected transaction subject to reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Capital Increase Agreement and accordingly, none was required to abstain from voting on the resolutions passed by the Board.

## DEFINITIONS

“Ant Financial”	Ant Small and Micro Financial Services Group Co., Ltd.* (浙江螞蟻小微金融服務集團股份有限公司), a joint stock limited company established in the PRC, which together with its subsidiaries have been deemed by the Stock Exchange as connected persons of the Company
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, or Sunday or holiday) on which banks in the PRC are open for transactions of normal business
“Capital Increase”	the contribution of an aggregate of RMB55 million to the registered capital of the JV Company by Shanghai Yunxin and Hangzhou Yunting pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the Capital Increase Agreement dated June 1, 2018 entered into among the Parties in relation to the Capital Increase



“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“Completion”	the completion of the Capital Increase Agreement
“connected persons”	has the meaning ascribed to it is under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Yunting”	Hangzhou Yunting Data Technology Company Limited* (杭州云庭數據科技有限公司), a limited liability company established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hongyun Jiukang”	Hongyun Jiukang Data Technology (Beijing) Company Limited* (弘云久康數據技術(北京)有限公司), a subsidiary of the Company
“JV Company”	Zhejiang Bian Que Health Data Technology Co., Ltd* (浙江扁鵲健康數據技術有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Hongyun Jiukang prior to the Completion
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	Hongyun Jiukang, Shanghai Yunxin, Hangzhou Yunting and the JV Company (each a “Party”)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yunxin”	Shanghai Yunxin Venture Capital Co., Ltd.* (上海云鑫創業投資有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Ant Financial
“Shareholders”	holders of the Shares



“Shareholders’ Agreement”	the shareholders’ agreement entered into among Hongyun Jiukang, Shanghai Yunxin and Hangzhou Yunting in relation to, among others, the operation and management of the JV Company
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

For and on behalf of the Board  
**Alibaba Health Information Technology Limited**  
**WU Yongming**  
*Chairman of the Board*

Hong Kong, June 1, 2018

*As at the date of this announcement, the Board comprises eight Directors, of which (i) one is executive Director, namely Mr. SHEN Difan; (ii) four are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei, Mr. KANG Kai and Ms. ZHANG Yu; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.*

\* *For identification purposes only*