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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

The Board is pleased to announce that on March 18, 2019, the Subscriber entered into the Subscription Agreement with IK Healthcare Holdings Limited (the “**Target Company**”), pursuant to which the Subscriber shall subscribe for 433,082 new shares in the Target Company for a total subscription price of US\$17,842,978.40. Upon completion of the Subscription Agreement, the Target Company shall be held as to not less than 1% by the Subscriber.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance and each of Taobao China and Treasure Cottage is an indirect wholly-owned Subsidiary of Alibaba Holding. Innovare Tech is a substantial shareholder and a connected person of the Company, and Innovare Tech and Yunfeng IK are associates (as defined under the Listing Rules) of the same indirect Shareholder who is a connected person of the Company. Accordingly, each of Taobao China, Treasure Cottage and Yunfeng IK is a connected person of the Company under Chapter 14A of the Listing Rules. Since Taobao China is a substantial shareholder of the Target Company and Yunfeng IK holds more than 30% interest in the Target Company as at the date of this announcement, the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules. All applicable percentage ratios as defined in Rule 14.06 of the Listing Rules in respect of the Subscription Agreement are below 5%. Accordingly, the transaction under the Subscription Agreement constitutes a non-exempt connected transaction subject to reporting and announcement requirements, but is exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on March 18, 2019, the Subscriber entered into the Subscription Agreement with the Target Company, pursuant to which the Subscriber shall subscribe for 433,082 new shares in the issued share capital of the Target Company for a subscription price of US\$17,842,978.40. Upon completion of the Subscription Agreement, the Target Company shall be held as to not less than 1% by the Subscriber. The Subscriber will also enter into customary ancillary agreements with the Target Company in relation to the transaction.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's mission is to "make good health achievable at the fingertips". By connecting participants in the PRC pharmaceutical market, it aims to achieve its vision of "facilitating medicine through big data and using the Internet to change the face of healthcare to provide fair, affordable and accessible medical and healthcare services to 1 billion people". Through its investment in the Target Company, the Company will closely cooperate with the Target Company in the areas of medical examination membership operations, online and offline omnichannel services, and diagnostic and predictive artificial intelligence for diseases, etc.

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

THE SUBSCRIPTION AGREEMENT

Date

March 18, 2019

Parties to the Subscription Agreement

- (1) the Target Company; and
- (2) the Subscriber.

Proposed Subscription

The Subscriber shall subscribe for 433,082 new shares in the issued share capital of the Target Company for a subscription price of US\$17,842,978.40. Upon completion of the Subscription Agreement, the Target Company shall be held as to not less than 1% by the Subscriber.

The Company's interest in the Target Company will be accounted as financial assets at fair value through other comprehensive income or loss of the Company and/or its designated affiliates upon completion of the Subscription Agreement, and the financial results of the Target Company will not be consolidated into the accounts of the Group.

Consideration and payment

The consideration under the Subscription Agreement is US\$17,842,978.40, which shall be payable in cash to the Target Company's designated bank account on the date of completion of the Subscription Agreement.

The consideration for the Subscription Agreement was determined after arm's length negotiations among the parties to the Subscription Agreement on the same basis as the consideration paid by Taobao China, which was determined with reference to the revenue and profit of the Target Group for the year ended March 31, 2018, the business prospects of both the Target Group and the medical examination and other healthcare services industry, the prevailing valuation level for comparable companies in recent comparable transactions, and the strategic value of the Target Group's business to the Group's business. The consideration will be financed by the Group's internal funds.

Respective percentages of the issued share capital of the Target Company

Since the completion date of the Subscription Agreement has yet to be determined as at the date of this announcement and there may or may not be additional investors subscribing for shares of the Target Company, the final percentage of the Subscriber and Other Existing Shareholders upon completion of the Subscription Agreement cannot be determined as at the date of this announcement.

	Percentage of issued share capital of the Target Company as at the date of this announcement	Approximate range of percentage of issued share capital of the Target Company immediately after completion of the Subscription Agreement
Other shareholders (including Other Existing Shareholders)	47.4%	not more than 46.9%
Taobao China	16.8%	not more than 16.7%
Treasure Cottage	5.6%	not more than 5.6%
Yunfeng IK	30.2%	not more than 29.9%
The Subscriber	—	not less than 1%
Total	100%	100%

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance and each of Taobao China and Treasure Cottage is an indirect wholly-owned Subsidiary of Alibaba Holding. Innovare Tech is a substantial shareholder and a connected person of the Company, and Innovare Tech and Yunfeng IK are associates (as defined under the Listing Rules) of the same indirect Shareholder who is a connected person of the Company. Accordingly, each of Taobao China, Treasure Cottage and Yunfeng IK is a connected person of the Company under Chapter 14A of the Listing Rules. Since Taobao China is a substantial shareholder of the Target Company and Yunfeng IK holds more than 30% interest in the Target Company as at the date of this announcement, the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules. All applicable percentage ratios as defined in Rule 14.06 of the Listing Rules in respect of the Subscription Agreement are below 5%. Accordingly, the transaction under the Subscription Agreement constitutes a non-exempt connected transaction subject to reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Subscription Agreement was approved by the Board. As Mr. Wu Yongming, Mr. Wang Lei and Ms. Zhang Yu are employees of Alibaba Holding or its Subsidiaries and Mr. Shen Difan is a director of the Target Company, each of them is deemed or may be perceived to have a material interest in the Subscription Agreement. Accordingly, each of them has abstained from voting on the resolutions passed by the Board to approve the Subscription Agreement.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company was incorporated in the Cayman Islands. As at the date of this announcement, the total issued share capital of the Target Company is held as to 47.4%, 16.8%, 5.6% and 30.2% by other shareholders (including Other Existing Shareholders), Taobao China, Treasure Cottage and Yunfeng IK respectively.

The Target Company, which is the indirect holding company of IK Healthcare Merger Limited (an exempted company with limited liability incorporated in the Cayman Islands) and, among others, iKang Healthcare Group, Inc. (“**iKang**”) (Nasdaq:KANG), entered into a merger agreement in 2018, pursuant to which IK Healthcare Merger Limited merged with iKang on January 18, 2019 (the “**Merger**”). As a result of the Merger, iKang ceased to be a publicly traded company and became an indirect wholly-owned subsidiary of the Target Company.

iKang is a major provider in China's fast growing private preventive healthcare space through its nationwide healthcare services network. iKang's nationwide integrated network of multi-brand self-owned medical centers and third-party facilities, provides comprehensive and high-quality preventive healthcare solutions across China, including medical examination, disease screening, dental service and other value-added services. iKang's customer base primarily comprises corporate clients, who contract with iKang to deliver medical examination services to their employees and clients, and receive these services at pre-agreed rates. iKang also directly markets its services to individual customers. In the six months ended September 30, 2018, iKang served a total of approximately 3.79 million customer visits under both corporate and individual programs.

Based on the audited consolidated accounts of iKang prepared in accordance with the accounting principles generally accepted in the U.S. for the year ended March 31, 2018, the consolidated net asset value of iKang was approximately US\$379,825,000. The audited consolidated net profit/loss (before and after taxation) of iKang for the two financial years ended March 31, 2017 and 2018 are set out below:

	For the year ended March 31,	
	2017	2018
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Revenue	435,713	563,932
Net profit before taxation and equity interest	357	-7,437
Net profit after taxation	-12,544	-16,676

INFORMATION ABOUT THE COMPANY, THE SUBSCRIBER AND TAobao CHINA

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 focus on pharmaceutical e-commerce and new retail, internet-based medical services, consumer healthcare services and intelligent medicine services. The Subscriber was incorporated in the British Virgin Islands as an offshore holding vehicle and is an indirect wholly-owned Subsidiary of the Company.

Taobao China is a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding. Taobao China is the direct holding company of certain PRC Subsidiaries of Alibaba Holding relating to Taobao Marketplace, a retail marketplace and China's largest mobile commerce destination, and Tmall, China's largest third-party platform for brands and retailers.

DEFINITIONS

“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, or Sunday or a day which banks are required or authorised to close in New York, the Cayman Islands, Singapore, the PRC or Hong Kong, a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any in between 9 am and 5 pm Hong Kong time)
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技术有限公司), a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Innovare Tech”	Innovare Tech Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Other Existing Shareholders”	entities controlled by Mr. Zhang Ligang, the chief executive officer of iKang, entities controlled by Mr. He Boquan, and entities controlled by Boyu Capital Fund III, L.P., an exempted limited partnership established under the laws of the Cayman Islands
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned Subsidiary of Alibaba Holding

“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
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated March 18, 2019 entered into between the Target Company and the Subscriber
“Subscriber”	Ali JK Medical Products Limited, a company incorporated in the British Virgin Islands and a wholly-owned Subsidiary of the Company
“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding and a substantial shareholder of the Target Company

“Target Company”	IK Healthcare Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company and its Subsidiaries
“Treasure Cottage”	Treasure Cottage Limited, a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of Alibaba Holding and a shareholder of the Target Company
“U.S.”	the United States of America
“US\$”	the lawful currency of the United States
“Yunfeng IK”	Yunfeng IK Investment Limited, a company incorporated under the laws of the British Virgin Islands and a connected person of the Company and a substantial shareholder of the Target Company
“%”	per cent.

For and on behalf of the Board
Alibaba Health Information Technology Limited
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, March 18, 2019

As at the date of this announcement, the Board comprises eight Directors, of which (i) two are executive Directors, namely Mr. SHEN Difan and Mr. WANG Qiang; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei 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.