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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 TRANSACTIONS ENTRY INTO OF SUBSCRIPTION AGREEMENT AND ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **SUBSCRIPTION**

The Board is pleased to announce that on November 17, 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement in relation to the subscription of an aggregate of 442,425,000 Subscription Shares at the Subscription Price of HK\$4.00 per Subscription Share.

The Subscription Shares represent approximately: (i) 4.72% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 4.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

The gross proceeds of the Subscription will be HK\$1,769,700,000. The net proceeds of the Subscription, after the deduction of the related expenses, will be approximately HK\$1,769,000,000, representing a net subscription price of approximately HK\$3.998 per Subscription Share. The Company intends to apply the net proceeds of the Subscription for repayment of loans, to fund ongoing business operations and expansion, for completion of previous committed investments, as well as future strategic acquisitions as and when appropriate opportunities arise.

## IMPLICATIONS UNDER THE LISTING RULES

As the Subscriber is itself a substantial Shareholder, and also a wholly-owned subsidiary of Alibaba Holding, the ultimate majority shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the entry into of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription and the issue of the Subscription Shares under the Specific Mandate) constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to, among others, the approval of the Independent Shareholders at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. The voting at the SGM will be conducted by way of a poll whereby the Subscriber and its associates shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. As at the date of this announcement, the Subscriber and its associates are interested in 5,608,128,008 Shares, representing approximately 59.77% of the issued share capital of the Company as at the date of this announcement.

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders on the Subscription. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice convening the SGM and a proxy form is expected be despatched to the Shareholders on or before December 15, 2017.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent of the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## INTRODUCTION

The Board is pleased to announce that on November 17, 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement in relation to the subscription of an aggregate of 442,425,000 Subscription Shares at the Subscription Price of HK\$4.00 per Subscription Share.

## THE SUBSCRIPTION AGREEMENT

### (1) Date

November 17, 2017

### (2) Parties

- (a) the Company as the issuer; and
- (b) the Subscriber as the subscriber.

### (3) The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 442,425,000 Subscription Shares at the total subscription price of US\$226,597,011.49 (representing a total subscription price of HK\$1,769,700,000 based on a US\$ to HK\$ exchange rate of US\$1 to HK\$7.8099, equivalent to the Subscription Price of HK\$4.00 per Subscription Share). The total subscription price shall be payable in cash by the Subscriber to the Company at Completion.

### (4) The Subscription Shares

The Subscription Shares represent approximately: (i) 4.72% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 4.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following the issue of the Subscription Shares.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

### (5) Ranking

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of allotment and issue of the Subscription Shares.

### (6) Lock-up

For a period of 18 months from Completion, the Subscriber has agreed that it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or other third party rights in respect of the Subscription Shares, except for a disposal to the Subscriber's affiliate or otherwise with the prior written consent of the Company.

### (7) The Subscription Price

The Subscription Price represents:

- (a) a discount of approximately 4.31% to the closing price of the Shares of HK\$4.180 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 6.80% to the average closing price for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$4.292 per Share;
- (c) a discount of approximately 5.12% to the average closing price for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.216 per Share; and
- (d) a discount of approximately 3.45% to the average closing price for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.143 per Share.

The net Subscription Price, after the deduction of the related expenses, is estimated to be approximately HK\$3.998 per Subscription Share.

The aggregate nominal value of the Subscription Shares will be HK\$4,424,250.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, having taken into account the share price performance of the Company in the 30 trading days up to and including the Last Trading Day.

The Directors (excluding the independent non-executive Directors who will form their views after taking into account the advice from the Independent Financial Adviser) consider that the Subscription Price and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### **(8) Conditions precedent**

Completion will take place on the Business Day immediately following the satisfaction of the following conditions:

- (a) the passing by the Independent Shareholders at a duly convened Shareholders' meeting of the Company of resolution(s) approving the issue of the Subscription Shares pursuant to the Subscription Agreement;
- (b) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares; and
- (c) no governmental authority in any relevant jurisdiction having enacted any laws, rules or regulations which might render Completion or any part thereof unlawful.

If any of the conditions precedent set out above has not been fulfilled on or before March 31, 2018 (or such other date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall automatically terminate with immediate effect pursuant to its terms.

#### **APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares to be allotted and issued pursuant to the Subscription Agreement.

## EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company: (i) as at the date of this announcement; and (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the date of the Subscription Agreement and the date of Completion).

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Perfect Advance ( <i>Note 1</i> )	4,420,628,008	47.11	4,420,628,008	44.99
The Subscriber ( <i>Note 2</i> )	1,187,500,000	12.66	1,629,925,000	16.59
Directors of the Company or its subsidiaries	783,607,785	8.35	783,607,785	7.98
Other shareholders	<u>2,990,988,455</u>	<u>31.88</u>	<u>2,990,988,455</u>	<u>30.44</u>
Total	<u>9,382,724,248</u>	<u>100.00</u>	<u>9,825,149,248</u>	<u>100.00</u>

*Notes:*

1. Perfect Advance is an indirect non-wholly owned subsidiary of Alibaba Holding.
2. The Subscriber is itself a substantial Shareholder and a wholly-owned subsidiary of Alibaba Holding.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

## INFORMATION ON THE COMPANY

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 the provision of healthcare product sales and services, tracking services, and intelligent medicine business and healthcare management services.

## INFORMATION ON THE SUBSCRIBER AND ALIBABA GROUP

The Subscriber is an offshore holding vehicle incorporated in the British Virgin Islands and it is wholly-owned by Alibaba Holding.

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of GMV in the twelve months ended March 31, 2017 on the basis of publicly available comparable transaction value data for the most recent fiscal year. Founded in 1999, Alibaba

Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of the Internet to engage with their users and customers.

Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

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

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market, so as to provide users with better medical and healthcare services, to realize Alibaba Group's "Double H" (Health and Happiness) strategic direction.

In the past year, the Company has continued to actively expand its business through further sales and marketing efforts and acquisitions. Some of these activities were funded by internal cash while others by loans, for which a significant interest expense was incurred. The Subscription will enable the Group to raise funds for its expanding business operations, maintain a healthy cash position, while keeping its borrowings and hence interest expenses low, which would in turn maximize Shareholders' value. As the ultimate majority shareholder of the Company, Alibaba Holding (through the Subscriber, its wholly-owned subsidiary) is participating in the Subscription, this demonstrates its continued support for the Company's development as Alibaba Group's flagship vehicle to execute its data-driven healthcare strategy.

The Company intends to apply the net proceeds of the Subscription for repayment of loans, to fund ongoing business operations and expansion, for completion of previous committed investments, as well as future strategic acquisitions as and when appropriate opportunities arise.

The Directors (excluding the independent non-executive Directors who will form their views after taking into account the advice from the Independent Financial Adviser) are of the view that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Subscriber is itself a substantial Shareholder, and also a wholly-owned subsidiary of Alibaba Holding, the ultimate majority shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the entry into of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription and the issue of the Subscription Shares under the Specific Mandate) constitute connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the SGM.

As Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai are employees of Alibaba Holding or its subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions contemplated under the Subscription Agreement. Accordingly, they have abstained from voting on the board

resolutions in connection with the Subscription. Other than the aforesaid Directors, no other Directors have a material interest in the Subscription or are required to abstain from voting on the relevant board resolutions.

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve the Subscription Agreement, the connected transaction contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. The voting at the SGM will be conducted by way of a poll whereby the Subscriber and its associates shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. As at the date of this announcement, the Subscriber and its associates are interested in 5,608,128,008 Shares, representing approximately 59.77% of the issued share capital of the Company as at the date of this announcement.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders on the Subscription. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) details of the Subscription; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice convening the SGM is expected to be despatched to the Shareholders on or before December 15, 2017, as additional time is required to finalize certain information to be included therein.

**Completion of the Subscription is subject to the satisfaction of the conditions precedent of the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

#### **DEFINITIONS**

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“Alibaba Group”	a group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate majority shareholder of the Company, and the American depository shares of which are listed on the New York Stock Exchange
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	any day (other than a Saturday or Sunday or holiday) on which banks in Hong Kong, the PRC, Bermuda and the British Virgin Islands are open for the transaction of normal business
“Company”	Alibaba Health Information Technology Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00241)
“Completion”	the completion of the subscription of the Subscription Shares under the Subscription Agreement
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“GMV”	gross merchandise volume
“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
“Independent Board Committee”	the independent committee of the Board, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, being the independent non-executive Directors, established to advise the Independent Shareholders on the Subscription
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription
“Independent Shareholders”	the Shareholders of the Company, other than (i) the Subscriber and its associates, including Perfect Advance; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Subscription
“Last Trading Day”	November 17, 2017, being the last full trading day for the Shares immediately before the entry into of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly owned subsidiary of Alibaba Holding



“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held and convened to consider and approve the Subscription
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of par value HK\$0.01 each in the share capital of the Company
“Specific Mandate”	the specific mandate to be sought at the SGM to allot and issue the Subscription Shares to the Subscriber as contemplated under the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Alibaba Holding
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated November 17, 2017 entered into between the Company and the Subscriber
“Subscription Price”	the price of HK\$4.00 per share for the issue of each Subscription Share
“Subscription Shares”	442,425,000 new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**  
**WANG Lei**

*Chief Executive Officer and Executive Director*

Hong Kong, November 17, 2017

*As at the date of this announcement, the Board comprises eight directors, of whom (i) one is an executive Director, namely Mr. WANG Lei; (ii) four are non-executive Directors, namely Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.*