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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agents

(in alphabetical order)



PLACING

The Board is pleased to announce that on August 5, 2020 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing of an aggregate of 498,753,118 new Shares at the Placing Price of HK\$20.05 per Placing Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee payable by the purchasers) on the terms and conditions set out in the Placing Agreement.

The Placing Price of HK\$20.05 per Placing Share represents (i) a discount of approximately 8.03% to the closing price of HK\$21.80 per Share as quoted on the Stock Exchange on August 4, 2020, being the last trading day immediately prior to the date of the Placing Agreement and the publication of this announcement; and (ii) a discount of approximately 6.18% to the average closing price of HK\$21.37 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including August 4, 2020, being the date immediately prior to the date of the Placing Agreement.

The Placing Shares represent approximately 3.85% of the total existing issued share capital of the Company as at the date of this announcement, and approximately 3.71% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to completion of the Placing, other than the allotment and issue of the Placing Shares).

The Placing Shares will be allotted and issued under the General Mandate.

On the assumption that all Placing Shares are issued pursuant to the Placing, the aggregate gross proceeds from the Placing are expected to be approximately HK\$10,000.0 million and the aggregate net proceeds (after deduction of the commissions and expenses relating to the Placing) from the Placing are expected to be approximately HK\$9,964.2 million, representing a net issue price of approximately HK\$19.98 per Placing Share.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent and the Placing Agreement not having been terminated, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on August 5, 2020 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents. The principal terms of the Placing Agreement are summarised below.

THE PLACING AGREEMENT

Date: August 5, 2020

Parties: (i) the Company, and
(ii) the Placing Agents.

The Company has appointed Citigroup Global Markets Limited and Credit Suisse (Hong Kong) Limited (*in alphabetical order*) as the Placing Agents, and each of the Placing Agents has agreed, to act as agent, severally, for the Company to procure Places for the Placing Shares at the Placing Price (together with brokerage, SFC transaction levy and Stock Exchange trading fee payable by the purchasers) on the terms and conditions set out in the Placing Agreement. The Placing is fully underwritten by the Placing Agents and if the Placing Agents fail to procure Places to subscribe for the Placing Shares, the Placing Agents will purchase the Placing Shares themselves.

NUMBER OF PLACING SHARES

The Placing Shares comprise 498,753,118 new Shares to be allotted and issued by the Company having an aggregate nominal value of HK\$4,987,531.18, representing approximately 3.85% of the total existing issued share capital of the Company as at the date of this announcement and approximately 3.71% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to completion of the Placing, other than the allotment and issue of the Placing Shares).

PLACING PRICE

The Placing Price of HK\$20.05 per Placing Share represents:

- (i) a discount of approximately 8.03% to the closing price of HK\$21.80 per Share as quoted on the Stock Exchange on August 4, 2020, being the last trading day immediately prior to the date of the Placing Agreement and the publication of this announcement; and
- (ii) a discount of approximately 6.18% to the average closing price of HK\$21.37 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including August 4, 2020, being the date immediately prior to the date of the Placing Agreement.

The Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agents, was determined by reference to the prevailing market price and recent trading volume of the Shares and market demand for the Placing Shares. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

PROCEEDS FROM THE PLACING

On the assumption that all Placing Shares are issued pursuant to the Placing, the aggregate gross proceeds from the Placing are expected to be approximately HK\$10,000.0 million and the aggregate net proceeds from the Placing, after deducting the commission and expenses of the Placing, are expected to be approximately HK\$9,964.2 million, representing a net issue price of approximately HK\$19.98 per Placing Share.

REASONS FOR AND BENEFITS OF THE PLACING

Online healthcare consultation services have had a significant positive social impact during the COVID-19 pandemic. Following the recent introduction of a series of policies promoting internet healthcare by the PRC government, the industry has entered into a new track of accelerated development. As Alibaba Group's healthcare flagship platform, the Group will continue to give full play to its pharmaceutical e-commerce service capabilities to reach hundreds of millions of patients. At the same time, the Company will actively plan for and take advantage of the current strategic development opportunities, and will deploy resources to fully reinforce its service capabilities and technical strengths related to internet healthcare. These include, but are not limited to, actively utilizing internet technologies to build an omni-channel for pharmaceutical and healthcare products and service supply and a service system; developing more convenient internet healthcare service scenarios to continually enhance the provision of healthcare services; and leveraging on digital and Internet of Things technologies to assist the government and industry partners in informatization upgrade and medical service transformation, which in turn would enhance industry efficiency.

Based on its insights into, and optimism for the prospects of, the industry, as well as the need for the Group to further develop its healthcare business and continue its rapid development, the Group has decided to conduct the Placing. The Placing is an opportunity for the Group to raise capital while broadening its Shareholder and capital base. The Directors are of the view that the Placing under the current market conditions is in the interests of the Company and its Shareholders as a whole, and will greatly facilitate the Group to rapidly develop its internet healthcare business and to seize strategic opportunities.

The Group had cash and cash equivalents of approximately RMB2.595 billion as at March 31, 2020. For the years ended March 31, 2018, March 31, 2019 and March 31, 2020, the Group's revenue was RMB2.443 billion, RMB5.096 billion and RMB9.596 billion, respectively. The net proceeds of the Placing will provide further flexibility for the Group's business to grow rapidly and allow it to have access to and compete in new areas in the internet healthcare industry.

USE OF PROCEEDS

In view of the Group's plans to grow its businesses as referred to above, it is expected that:

- (a) approximately 80% to 90% of the net proceeds will be used to further develop the Group's pharmaceutical and healthcare omni-channel business and medical and healthcare services business, including, but not limited to, expanding the Group's pharmaceutical and medical services network, enriching member services and user-focused content; and
- (b) approximately 10% to 20% of the net proceeds will be used to further develop the Group's digital infrastructure and innovative business, including, but not limited to, expanding the range of internet and technological solutions provided to healthcare industry participants.

The net proceeds will be used to facilitate the implementation of the above plans at the appropriate time after taking into account market developments and opportunities and in a manner that will seek to maximise the Group's growth opportunities and the Group's synergies within the industry in which it operates.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

There has not been any fund raising activities involving the issue of equity securities of the Company in the 12 months preceding the date of this announcement.

RIGHTS OF THE PLACING SHARES

The Placing Shares will be allotted and issued fully paid and rank *pari passu* in all aspects with the other Shares then in issue free from all liens, charges, pledges, security interests and encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares.

INDEPENDENCE OF THE PLACING AGENTS AND THE PLACEDS

To the best of the Company's knowledge, information and belief, and having made all reasonable enquiries, the Placing Agents, the Placeds and their respective ultimate beneficial owners are Independent Persons.

The Placing Shares will be allocated to no fewer than six independent professional, institutional and/or individual investors. It is not expected that any of the individual Placers will become a substantial shareholder of the Company immediately after the completion of the Placing.

CONDITIONS OF THE PLACING

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (a) the Listing Committee having granted the listing of and permission to deal in the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares); and
- (b) the Placing Agents having received on the Closing Date opinions of the U.S., Hong Kong and Bermuda legal counsel to the Company and/or the Placing Agents, such opinions to be in form and substance reasonably satisfactory to the Placing Agents.

If the above conditions are not fulfilled by the Company on or prior to 4:00 p.m. (Hong Kong time) on the Closing Date or such later time as may be agreed between the Company and the Placing Agents, then all obligations of the Placing Agents and the Company under the Placing Agreement shall cease and determine and neither of them shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and certain liabilities and indemnities as provided for under the Placing Agreement.

TERMINATION

Notwithstanding anything contained in the Placing Agreement, if at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date:

- 1) there develops, occurs or comes into force after the date of the Placing Agreement:
 - (a) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which the Group operates in and which, in the opinion of a Placing Agent, has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing;
 - (b) any significant change in local, national or international monetary, economic, financial, political or military conditions which in the opinion of a Placing Agent, is or would be materially adverse to the success of the Placing;

- (c) any significant change in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the opinion of a Placing Agent, is or would be materially adverse to the success of the Placing, or makes it impracticable to proceed therewith;
 - (d) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom or the United States which, in the opinion of a Placing Agent, is or would be materially adverse to the success of the Placing, or makes it impracticable to proceed therewith;
 - (e) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war or other calamity or crisis which, in the opinion of a Placing Agent, is or would be materially adverse to the success of the Placing, or makes it impracticable to proceed therewith;
 - (f) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
 - (g) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Closing Date which, in the opinion of a Placing Agent, is or would be materially adverse to the success of the Placing, or makes it impracticable to proceed therewith;
- 2) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of a Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of a Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a material breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or

- 3) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which, in the opinion of a Placing Agent, is materially adverse to the success of the Placing,

then the Placing Agents may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent and the Placing Agreement not having been terminated, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

COMPLETION OF THE PLACING

Subject to the satisfaction of the conditions to the Placing, completion of the Placing shall take place on the Closing Date or as soon as practicable thereafter or such other time and/or date as the Placing Agents and the Company may agree in writing.

LOCK-UP UNDERTAKING

The Company undertakes to the Placing Agents to procure, that for a period of 90 days from the Closing Date, the Company will not, save pursuant to the terms of the Share Award Scheme or the terms of any options or restricted share unit granted or to be granted under the Share Award Scheme:

- 1) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares;
- 2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (1) above; or
- 3) announce any intention to enter into or effect any such transaction described in paragraph (1) or (2) above,

without first having obtained the written consent of the Placing Agents.

EFFECT ON SHAREHOLDING STRUCTURE

Based on the information available to the Company, set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing on the Closing Date (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Closing Date, other than the allotment and issue of the Placing Shares):

Shareholder	As at the date of this announcement		Immediately after issue of the Placing Shares	
	No. of Shares	Percentage of issued share capital	No. of Shares	Percentage of issued share capital
Perfect Advance Holding Limited ⁽¹⁾⁽³⁾	3,103,816,661	23.96%	3,103,816,661	23.08%
Innovare Tech Limited ⁽²⁾⁽³⁾	1,078,837,347	8.33%	1,078,837,347	8.02%
Ali JK Nutritional Products Holding Limited ⁽⁴⁾	4,560,785,407	35.21%	4,560,785,407	33.91%
Antfin (Hong Kong) Holding Limited ⁽⁵⁾	60,576,000	0.47%	60,576,000	0.45%
Directors of the Company or its subsidiaries	12,494,216	0.10%	12,494,216	0.09%
Placees	—	—	498,753,118	3.71%
Other Shareholders	<u>4,135,073,293</u>	<u>31.93%</u>	<u>4,135,073,293</u>	<u>30.74%</u>
Total	<u>12,951,582,924</u>	<u>100.00%</u>	<u>13,450,336,042</u>	<u>100.00%</u>

Notes:

- (1) Perfect Advance Holding Limited (“**Perfect Advance**”) is wholly-owned by Alibaba Investment Limited, which is in turn wholly-owned by Alibaba Holding.
- (2) Innovare Tech Limited (“**Innovare**”) is wholly controlled by Yunfeng Fund II, L.P., which is a direct wholly-owned subsidiary of Yunfeng Investment II, L.P. and an indirect wholly-owned subsidiary of Yunfeng Investment GP II, Ltd. Yunfeng Investment GP II, Ltd. is owned by Mr. Ma Yun as to 40% and Mr. Yu Feng as to 60%.
- (3) On October 12, 2018, Innovare and Perfect Advance entered into a shareholders’ agreement which constitutes a concert party agreement for the purpose of section 317(1)(a) of the SFO, pursuant to which Perfect Advance enjoys a right of first refusal over the 1,078,837,347 Shares held by Innovare.
- (4) Ali JK Nutritional Products Holding Limited is owned by Alibaba Holding as to 100%.
- (5) On July 12, 2019, 60,576,000 Shares were allotted to Antfin (Hong Kong) Holding Limited (“**Antfin**”) pursuant to a subscription agreement entered into between the Company and Antfin on May 23, 2019.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued by the Company pursuant to the General Mandate, under which the Directors are authorized to allot and issue up to 2,590,316,584 new Shares. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

CORPORATE APPROVALS

The Company has obtained all necessary corporate approvals, being the General Mandate and the relevant Board approval. The Placing is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

TERMS AND DEFINITIONS

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

“Alibaba Group”	Alibaba Holding and its subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
“Board”	the board of directors of the Company
“Closing Date”	August 12, 2020, or such other date as the Company and the Placing Agents may agree in writing
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate for the Company granted by the Shareholders at the annual general meeting of the Company held on July 30, 2020 to allot, issue and otherwise deal with additional Shares not exceeding 20% of the aggregate nominal amount of the then issued share capital of the Company
“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 Persons”	persons who are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee(s)”	professional, institutional and/or individual investor(s) subscribing for the Placing Shares pursuant to the Placing Agreement
“Placing”	placement of Placing Shares pursuant to the Placing Agreement
“Placing Agents”	Citigroup Global Markets Limited and Credit Suisse (Hong Kong) Limited (<i>in alphabetical order</i>)
“Placing Agreement”	the placing agreement entered into on August 5, 2020 between the Company and the Placing Agents in respect of the Placing
“Placing Price”	the price payable for the Placing Shares at HK\$20.05 per Share
“Placing Shares”	an aggregate of 498,753,118 new Shares to be allotted and issued by the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the Shares
“Share(s)”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01

“Share Award Scheme”	the share award scheme adopted by the Company on November 24, 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

For and on behalf of the Board
Alibaba Health Information Technology Limited
ZHU Shunyan
Chairman and Chief Executive Officer

Hong Kong, August 5, 2020

As at the date of this announcement, the Board comprises eight Directors, of which (i) two are executive Directors, namely Mr. ZHU Shunyan and Mr. WANG Qiang; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei and Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa).