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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)

**DISCLOSEABLE TRANSACTIONS —
DISPOSAL OF INTEREST IN A JOINT VENTURE**

The Board is pleased to announce that on August 3, 2018, Alibaba Health (Hong Kong), a subsidiary of the Company, entered into the Equity Transfer Agreements with the Buyers, pursuant to which Alibaba Health (Hong Kong) shall transfer all 49% interest held in HL95 to the Buyers at an aggregate consideration of RMB65,988,360. Upon completion of the Disposal, HL95 will cease to be a joint venture of the Company.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreements, on an aggregated basis, exceed 5% but are below 25%, the Disposal constitutes discloseable transactions of the Company under Chapter 14 of the Listing Rules.

Warning: The completion of the Equity Transfer Agreements is subject to the satisfaction and/or waiver (where applicable) of conditions precedent. As the Equity Transfer Agreements may or may not proceed to completion, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on August 3, 2018, Alibaba Health (Hong Kong), a subsidiary of the Company, entered into the Equity Transfer Agreements with the Buyers to transfer all 49% interest in HL95 held by Alibaba Health (Hong Kong) to the Buyers. The principal terms of the Equity Transfer Agreements are set out as follows:

Date

August 3, 2018

Parties to the Equity Transfer Agreements

- (i) Alibaba Health (Hong Kong) as seller;
- (ii) CITIC Guoan and Hongxin Chuangxin as buyer of 24% and 25%, respectively, of the equity interest held by Alibaba Health (Hong Kong) in HL95; and
- (iii) HL95 as the target company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Buyers and their respective ultimate controlling beneficial owners, is a third party independent of the Company and its connected persons.

Assets to be disposed of

49% of the equity interest in HL95 held by Alibaba Health (Hong Kong) as at the date of this announcement

Consideration and payment

The aggregate consideration of the Disposal is RMB65,988,360, which shall be payable by the Buyers to the designated account of Alibaba Health (Hong Kong) by telegraphic transfer. CITIC Guoan shall pay the consideration for the 24% equity interest in HL95 within three business days after the approval of the Equity Transfer Agreements by the relevant government authorities or by September 12, 2018, whichever is earlier. Hongxin Chuangxin shall pay the consideration for the 25% equity interest in HL95 in two instalments, of which 20% shall be payable within three business days from the date of the Equity Transfer Agreements, and the remaining 80% shall be payable within three business days after the approval of the Equity Transfer Agreements by the relevant government authorities or by September 12, 2018, whichever is earlier.

The consideration for Equity Transfer Agreements was determined after arm's length negotiations among the parties with reference to (i) the net asset value of HL95 as at December 31, 2017 of approximately RMB140.6 million, which was appraised by an independent valuer, (ii) the profit attributable to parent of HL95 for the three months

ended March 31, 2018, which is attributable to the 49% equity interest held by Alibaba Health (Hong Kong), and (iii) an appropriate blockage discount typical for the sale of a minority interest in an unlisted company.

Conditions precedent

The completion of the Equity Transfer Agreements shall be conditional upon the approval by the relevant government authorities in relation to the transfer of the equity interest.

REASONS AND BENEFITS FOR THE TRANSACTION

The Company's mission is to "make good health achievable at the fingertips". By connecting participants in the PRC medical and healthcare 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".

The major businesses of HL95 involve the provision of telecommunication and information value added services, which includes the operation of call centres in the PRC. The Disposal represents an opportunity to streamline the Group's businesses to focus its operational resources on its principal healthcare businesses.

The Directors consider that the terms of the Equity Transfer Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As the Group only holds 49% equity interest in HL95, the financial results of HL95 have not been consolidated into the financial results of the Group. Upon completion of the Disposal, HL95 will cease to be a joint venture of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreements, on an aggregated basis, exceed 5% but are below 25%, the Disposal constitutes discloseable transactions of the Company under Chapter 14 of the Listing Rules.

INFORMATION ABOUT HL95

HL95 was established in the PRC with an existing registered capital of RMB60,000,000. As at the date of this announcement, HL95 is held as to 49% by Alibaba Health (Hong Kong) and 51% by CITIC Guoan. HL95 is primarily engaged in the provision of telecommunication and information value added services, including the operation of call centre services in the PRC.

Based on the audited accounts of HL95 prepared in accordance with the PRC accounting principles for the year ended December 31, 2017, the net asset value of HL95 was approximately RMB114.8 million. The Group's investments in joint ventures are stated in the consolidated statement of financial position as the Group's share of net assets under the equity method of accounting, less any impairment losses, and the Group's share of net assets of HL95 as at March 31, 2018 amounted to approximately RMB50,598,000. The net profit (before and after taxation and extraordinary items) of HL95 for the two financial years ended December 31, 2016 and 2017 were as follows:

	For the year ended December 31	
	2017	2016
	<i>Audited</i>	<i>Audited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation and extraordinary items	24,069	26,174
Net profit after taxation and extraordinary items	19,576	20,459

The Company estimates the potential gain on the Disposal, being the difference between the aggregate consideration and the share of net assets of HL95 as at March 31, 2018, to be approximately RMB15.4 million. The proceeds from the Disposal are intended to be applied for general corporate purposes.

INFORMATION ABOUT THE COMPANY AND ALIBABA HEALTH (HONG KONG)

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 sale of healthcare products and services, and the provision of product tracking, intelligent medicine and health management services.

Alibaba Health (Hong Kong) is a limited liability company incorporated in Hong Kong. It is an indirect wholly owned subsidiary of the Company.

INFORMATION ABOUT THE BUYERS

CITIC Guoan is a company established in the PRC which primarily engages in the construction and operation of cable television networks and satellite information networks, the network system integration, software development and value-added telecommunications services.

Hongxin Chuangxin is a limited partnership established in the PRC and is the shareholding platform for HL95's employees.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Buyers and their ultimate controlling beneficial owners, are third parties independent of the Company and its connected persons.

WARNING

The completion of the Equity Transfer Agreements is subject to the satisfaction and/or waiver (where applicable) of conditions precedent. As the Equity Transfer Agreements may or may not proceed to completion, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITION

“Alibaba Health (Hong Kong)”	Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of the Company
“Board”	the board of directors of the Company
“Buyers”	CITIC Guoan and Hongxin Chuangxin (both of which are independent third parties of the Company)
“CITIC Guoan”	CITIC Guoan Information Industry Co., Ltd.* (中信國安信息產業股份有限公司), a company established in the PRC
“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 persons”	has the meaning ascribed to it is under the Listing Rules
“Disposal”	the disposal of all 49% equity interest held in HL95 by Alibaba Health (Hong Kong) to CITIC Guoan and Hongxin Chuangxin pursuant to the terms under the Equity Transfer Agreements
“Equity Transfer Agreements”	the equity transfer agreements dated August 3, 2018 entered into between Alibaba Health (Hong Kong) and each of the Buyers, respectively
“Group”	the Company and its subsidiaries

“HL95”	Beijing Honglian 95 Information Industries Company Limited* (北京鴻聯九五信息產業有限公司), a company established in the PRC with limited liability, currently held as to 49% by Alibaba Health (Hong Kong) and 51% by CITIC Guoan as at the date of this announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hongxin Chuangxin”	Hongxin Chuangxin (Tianjin) Information Technology Partnership Enterprise (Limited Partnership)* (鴻信創新(天津)信息技術合夥企業(有限合夥)), a limited partnership established in the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and 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
“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
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, August 3, 2018

As at the date of this announcement, the Board comprises eight Directors, of whom (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.

* For identification purposes only