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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)**

### **ANNOUNCEMENT**

**(1) VERY SUBSTANTIAL ACQUISITION**

**(2) CONNECTED TRANSACTION**

**(3) REVERSE TAKEOVER INVOLVING A NEW LISTING  
APPLICATION**

**AND**

**(4) RESUMPTION OF TRADING**

## **THE PROPOSED ACQUISITION**

On April 8, 2015, the Company (as the purchaser) and Ali JK Investment (a wholly owned subsidiary of Alibaba Holding) and Mr. Chen (as the sellers) entered into the Agreement pursuant to which the Company has conditionally agreed to acquire, and Ali JK Investment and Mr. Chen have conditionally agreed to sell, at Completion, the entire issued share capital of the Target Company. The Target Company is held as to approximately 90.44% by Ali JK Investment and as to approximately 9.56% by Mr. Chen. The Consideration for the sale and purchase of the entire issued share capital of the Target Company is HK\$19,448,457,943, which will be satisfied at Completion by:

- (a) the issue by the Company of 2,961,291,148 Shares and the Convertible Bonds to Ali JK Investment; and
- (b) the issue by the Company of 313,038,008 Shares to Mr. Chen.

The total number of the Consideration Shares will be 3,274,329,156 Shares and the Issue Price will be HK\$5.28 per Consideration Share, subject to proportional adjustments in the event of a share split, share combination, share dividend or similar events with respect to the capital of the Company prior to Completion.

The aggregate principal amount of the Convertible Bonds will be HK\$2,160,000,000. The total number of the Conversion Shares to be issued (assuming the Convertible Bonds are fully converted upon maturity) will be 409,090,909 Shares and the Conversion Price will be HK\$5.808 per Conversion Share, subject to customary anti-dilution adjustments.

The Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) represent approximately 45.07% of the issued share capital of the Company as at the date of this announcement and approximately 31.07% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity). 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 issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity).

## **THE BUSINESS BEING ACQUIRED BY THE COMPANY**

The Target Business, which will be injected into the Company at Completion, involves the operation of an online transaction platform to process sales of products by Online Pharmacies. The Target Business provides specialized services to Online Pharmacies to help them leverage the power of the internet to establish an online presence and conduct commerce with consumers and businesses. From Completion, the Enlarged Group will benefit from the exclusive right to operate an online transaction platform for Online Pharmacies on Tmall's platform, for the sale of products by Online Pharmacies, including products that require the seller to possess an Internet Drug Transaction Service Qualification Certificate (Type C) (互聯網藥品交易服務資格證書 (C類)), and products that do not require any licence.

The Company and Alibaba Holding intend the Enlarged Group to become the healthcare flagship for Alibaba Group.

## **IMPLICATIONS OF THE PROPOSED ACQUISITION UNDER THE LISTING RULES**

The Proposed Acquisition constitutes:

- (a) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Proposed Acquisition;
- (b) a connected transaction of the Company as Ali JK Investment is a connected person of the Company by virtue of being an associate of Alibaba Holding, the ultimate controlling shareholder of the Company and Mr. Chen is a connected person of the Company by virtue of being an associate of a director of the Company, Ms. Chen Xiao Ying; and
- (c) a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules on the basis that the Proposed Acquisition constitutes a very substantial acquisition (as defined under the Listing Rules) from Alibaba Holding or any of its associates pursuant to an agreement, arrangement or understanding entered into by the Company within 24 months of Alibaba Holding gaining control (as defined under the Takeovers Code) of the Company, where such gaining of control had not been regarded as a reverse takeover.

Accordingly, the Proposed Acquisition is subject to the approval of the Independent Shareholders at the EGM. Perfect Advance and its associates and Ms. Chen Xiao Ying and her associates, including Uni-Tech International Group Limited, are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve, among other things, the Proposed Acquisition.

In addition, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules.

Accordingly, the Proposed Acquisition is also subject to the approval by the Listing Committee. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval to the new listing application. In the event that the approval to the new listing application is not granted by the Listing Committee, the Agreement will not become unconditional and the Proposed Acquisition will not proceed.

## **WARNING**

**The Company will despatch a circular, which also constitutes the listing document, in accordance with requirements under the Listing Rules. The Circular will contain, among other things, further details of the Proposed Acquisition and related agreements, a letter of advice from the Independent Financial Adviser to the Independent Board Committee of the Company and the Independent Shareholders in relation to the Proposed Acquisition and financial information of the Target Group and of the Enlarged Group. In view of the process required in connection with the new listing application by the Company, the Company expects that the Circular will be despatched at a date which is more than 15 business days after the date of this announcement. The Company will make a further announcement in due course on the expected date of dispatch of the Circular. Shareholders and potential investors should refer to the Circular for further details of the Proposed Acquisition.**

**The Proposed Acquisition is subject to a number of conditions including Independent Shareholders' approval, which may or may not be fulfilled. In addition, the Listing Committee's approval of the new listing application to be made by the Company may or may not be granted. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.**

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

**Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on March 23, 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on April 15, 2015.**

The Board is pleased to announce that on April 8, 2015, the Company (as the purchaser) and Ali JK Investment (a wholly owned subsidiary of Alibaba Holding) and Mr. Chen (as the sellers) entered into the Agreement pursuant to which the Company has conditionally agreed to acquire, and Ali JK Investment and Mr. Chen have conditionally agreed to sell, at Completion, the entire issued share capital of the Target Company in consideration for the issue by the Company of the Consideration Shares and Convertible Bonds to the Vendors.

Set out below are details of the Agreement:

## **THE AGREEMENT**

Date: April 8, 2015

### **Parties**

- (1) the Company (as the purchaser); and
- (2) Ali JK Investment and Mr. Chen (as the sellers)

## **The Proposed Acquisition**

The Company has conditionally agreed to acquire from Ali JK Investment (as legal and beneficial owner of the Ali JK Investment Sale Shares) and Mr. Chen (as legal and beneficial owner of the Mr. Chen Sale Shares), at Completion, the Ali JK Investment Sale Shares and the Mr. Chen Sale Shares, respectively, in each case, free from all Encumbrances, together with all rights attaching to them.

The Company shall not be obliged to complete the purchase of any of the Ali JK Investment Sale Shares and the Mr. Chen Sale Shares, and neither Vendor shall be obliged to complete the sale of its portion of the Sale Shares, unless the sale and purchase of all the Ali JK Investment Sale Shares and the Mr. Chen Sale Shares are completed simultaneously.

The Target Company is an offshore holding vehicle which is ultimately controlled by Alibaba Holding. The total issued share capital of the Target Company is owned as to approximately 90.44% by Ali JK Investment and as to approximately 9.56% by Mr. Chen. The Target Company, through the WFOE and pursuant to the Control Documents, will, from Completion, exercise effective control over OpCo and consolidate the financial results of OpCo in the Target Company's consolidated financial statements as if OpCo were a wholly-owned subsidiary of the Target Company under HKFRS. Further information on the Target Group is set out in the section headed "Information on the Target Group" below.

## **Conditions Precedent**

Completion of the Proposed Acquisition is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (a) the passing by the Independent Shareholders of the Company at a duly convened shareholders' meeting of the Company of resolutions(s) approving the Agreement and the transactions contemplated thereunder, including but not limited to, the issue of the Consideration Shares and the Convertible Bonds (and the Conversion Shares issuable upon the conversion of the Convertible Bonds) pursuant to the Agreement, the increase of the authorised share capital of the Company and the entering into of certain non-exempt continuing connected transactions by members of the Group upon Completion;
- (b) approval having been obtained from the Listing Committee for the new listing application by the Company in relation to the transactions contemplated under the Agreement and such approval not having been revoked or withdrawn;
- (c) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;
- (d) the completion of the Target Group Restructuring in accordance with the terms and conditions of the Agreement;

- (e) each of the Vendors and/or their related companies having obtained all necessary consents and approvals from the relevant governmental or regulatory authorities or other third parties required for the transactions contemplated by the Target Group Restructuring and the execution and performance of the Agreement by the Vendors and the transactions contemplated thereunder;
- (f) the Company having obtained all necessary consents and approvals from the relevant governmental or regulatory authorities or other third parties required for the execution and performance of the Agreement by the Company and the transactions contemplated thereunder; and
- (g) no governmental authority in any relevant jurisdiction having enacted any laws, rules or regulations which might render Completion or the Target Group Restructuring or any part thereof unlawful or any of the Control Documents unlawful, invalid or unenforceable under the applicable laws and regulations.

The Company is entitled in its absolute discretion, by written notice to the Vendors, to waive the conditions precedent set out in paragraphs (d) and (e) either in whole or in part. Such right of the Company to waive such conditions precedent provides the Company with the flexibility to allow the Proposed Acquisition to proceed if the Business Restructuring is implemented with minor deviations from the Business Restructuring Plan, such as minor adjustments to the agreements or steps in transferring the Online Pharmacies or related employees under the Business Restructuring Plan, or if certain third party consents that are not material to the Business Restructuring Plan as a whole are not obtained. The Company does not intend to waive these conditions precedent to the extent that such waiver will result in a breach by either the Company or the Target Group of relevant PRC laws and regulations, including those restricting foreign ownership of companies that operate Internet drug transaction services and other restricted businesses or where required governmental or regulatory approvals or consents are not obtained. As such, the Company does not expect that any waiver of such conditions precedent it is prepared to consider granting would affect the substance of the Proposed Acquisition.

Ali JK Investment is entitled in its absolute discretion, by written notice to the Company, to waive the condition precedent set out in paragraph (f) either in whole or in part.

If any of the conditions precedent set out above has not been fulfilled (or waived) on or before December 31, 2015, or such later date as may be agreed in writing between the Company and the Vendors, the Agreement shall automatically terminate with immediate effect pursuant to its terms.

## **The Consideration**

The Consideration for the purchase of the Ali JK Investment Sale Shares is HK\$17,795,617,261, which will be satisfied by the issue of 2,961,291,148 Consideration Shares and the Convertible Bonds by the Company to Ali JK Investment.

The Consideration for the purchase of the Mr. Chen Sale Shares is HK\$1,652,840,682, which will be satisfied by the issue of 313,038,008 Consideration Shares by the Company to Mr. Chen.

The total number of the Consideration Shares will be 3,274,329,156 Shares (including 2,961,291,148 Consideration Shares to be issued to Ali JK Investment and 313,038,008 Consideration Shares to be issued to Mr. Chen) and the Issue Price will be HK\$5.28 per Consideration Share, subject to proportional adjustments in the event of a share split, share combination, share dividend or similar events with respect to the capital of the Company prior to Completion.

The total number of the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) will be 409,090,909 Shares and the Conversion Price will be HK\$5.808 per Conversion Share, subject to customary anti-dilution adjustment for, among other things, consolidation, subdivision or reclassification of the Shares, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and other dilutive events.

The Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) represent approximately 45.07% of the issued share capital of the Company as at the date of this announcement and approximately 31.07% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity). 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 issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity).

Alibaba Group established and grew the Target Business, and did not acquire it from a third party (save for OpCo) and therefore there is no original acquisition cost of the Target Business. Alibaba Group acquired OpCo from Mr. Chen in 2014 in consideration for RMB3,000,000 in cash and an agreement that Mr. Chen would, in certain circumstances, be granted an ongoing indirect equity interest in OpCo after the acquisition.

The Consideration is equal to the agreed value of the Sale Shares and was arrived at after arm's length negotiations between the Company and the Vendors, taking into account various factors, including:

- (a) the financial performance, market position and gross merchandise value of the Target Business;
- (b) the significant growth potential in the gross merchandise value of the Target Business;
- (c) the strategic value and industry and operational expertise of the Target Business; and
- (d) the value to the Company of the Deed of Non-Competition, which will result in the Company having the exclusive right to operate an online transaction platform for the sale of products by Online Pharmacies on Tmall's platform.

### **Principal terms of the Convertible Bonds**

Aggregate Principal Amount	HK\$2,160,000,000, in the denomination of HK\$10,000,000 each and in integral multiples of HK\$10,000,000
Maturity	Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each Convertible Bond at its principal amount with accrued and unpaid interest thereon on the fifth (5th) anniversary of the date of issue of the Convertible Bonds (the " <b>Maturity Date</b> ")
Interest Rate	2% per annum, non-compounding, calculated by reference to the outstanding principal amount thereof and payable in HK dollars on the Maturity Date, unless the Convertible Bond has been previously converted (in which case the accrued and unpaid interest shall be added to the principal and converted at the same time).
Additional Interest	The Company will be obliged to accrue additional interest in the event the Company approves the payment of dividends for any financial year. Under such circumstances, the Convertible Bonds shall accrue an additional interest, being the difference between the interest that the Company would have been liable to pay the holders of the Convertible Bonds had the holders of the Convertible Bonds converted and received the dividend, less the interest payable in respect of the outstanding Convertible Bonds.

Default Interest	If the Company defaults in the payment of principal, premium, interest or any other amount due in respect of the Convertible Bonds on its due date, or fails to deliver the Conversion Shares upon conversion of the Convertible Bonds, the holders of the Convertible Bonds may declare an event of default and require the Company to redeem the outstanding Convertible Bonds at such redemption amount representing an internal rate of return of 10% p.a.
Conversion	Holders of the Convertible Bonds have the right to convert all or part of principal amount of the Convertible Bonds and any interest accrued thereon (if in part, the principal amount of Convertible Bonds to be converted shall be in the minimum amount of HK\$10,000,000 and integral multiples of HK\$10,000,000 or the whole outstanding principal amount of the Convertible Bonds) into Conversion Shares at any time after the third (3rd) anniversary of the date of the issue of the Convertible Bonds at the then prevailing Conversion Price.
Conversion Price	The initial conversion price of the Convertible Bonds is HK\$5.808 per Conversion Share. The conversion price will be subject to (amongst other things) customary anti-dilution adjustment for, among other things, consolidation, subdivision or reclassification of the Shares, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and other dilutive events.
Listing of Conversion Shares	The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
Early Redemption	When the Shares cease to be listed or admitted to trading on the Stock Exchange, or when there is a change of control in the Company (together, the “ <b>Early Redemption Events</b> ”), the holder of each Convertible Bond will have the right, at such holder’s option, to require, by giving notice to the Company, the Company to redeem in whole or in part of that holder’s Convertible Bonds at the principal amount together with interest accrued to the date falling three (3) months from the date of the redemption notice.



- a premium of approximately 6.0% to the average of the closing price of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK\$5.479 per Share.

The Issue Price and the Conversion Price were arrived at after arm's length negotiations between the Company and the Vendors, taking into account various factors, including:

- (a) the share price performance of the Company in the thirty trading days prior to the Last Trading Day;
- (b) the fact that Alibaba Group is already the ultimate controlling shareholder of the Company and there is therefore no additional control premium to be built in;
- (c) application of an appropriate discount for a substantial placing such as the one contemplated under the Agreement; and
- (d) application of an appropriate premium to the Issue Price in arriving at the Conversion Price to reflect the additional protections afforded by a convertible bond which are not available to ordinary shareholders.

### **Completion**

Completion is scheduled to take place within three Business Days after the date on which the last of the conditions precedent is satisfied or waived.

### **Lock-up of Ali JK Investment**

For a period of 18 months from the date of Completion, Ali JK Investment has agreed that it will not dispose of or otherwise create any options, rights, interests or other third party rights in respect of the Consideration Shares issued to Ali JK Investment without the Purchaser's prior written consent. However, the Purchaser's prior written consent will not be required where the person to whom any of the Consideration Shares issued to Ali JK Investment are transferred to also undertakes to bear a pro rata portion of any liabilities of Ali JK Investment for breach of its warranties under the Agreement.

### **APPLICATION FOR LISTING OF THE CONSIDERATION SHARES AND THE CONVERSION SHARES**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares to be allotted and issued pursuant to the Agreement and on conversion of the Convertible Bonds, respectively.

## EFFECT OF THE PROPOSED ACQUISITION 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; (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the date of the Agreement and up to Completion) and (iii) immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) since the date of the Agreement and up to Completion):

	As at the date of this announcement		Immediately after Completion		Immediately after Completion (assuming the Convertible Bonds are fully converted upon maturity)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Perfect Advance</b>	4,420,628,008	54.09	4,420,628,008	38.62	4,420,628,008	37.29
<b>Ali JK Investment</b>	–	–	2,961,291,148	25.87	3,370,382,057	28.43
<b>Mr. Chen</b>	–	–	313,038,008	2.73	313,038,008	2.64
<b>Uni-Tech International Group Limited</b>	777,484,030	9.51	777,484,030	6.79	777,484,030	6.56
<b>Other shareholders</b>	2,974,532,601	36.40	2,974,532,601	25.99	2,974,532,601	25.09
<b>Total</b>	<b>8,172,644,639</b>	<b>100</b>	<b>11,446,937,795</b>	<b>100</b>	<b>11,856,064,704</b>	<b>100</b>

### Notes:

Perfect Advance is an indirect non-wholly owned subsidiary of Alibaba Holding. Innovare Tech Limited, an investment vehicle which is a 100% controlled subsidiary of Yunfeng Fund II, LP, holds over 20% of the voting rights in Perfect Advance. As Innovare Tech Limited and a subsidiary of Alibaba Holding each holds above 20% of the voting rights in Perfect Advance and both were parties in a consortium that participated in a whitewashed share subscription transaction to take control of the Company which was completed on April 30, 2014, they are parties presumed to be acting in concert under the Takeovers Code. In addition, because Ali JK Investment is also a wholly-owned subsidiary of Alibaba Holding, it will be presumed to be acting in concert with Perfect Advance and Innovare Tech Limited under the Takeovers Code.

Uni-Tech International Group Limited is an investment holding company incorporated in the BVI which is wholly owned by Ms. Chen Xiao Ying, an executive Director of the Company.

Certain percentage figures set out in this table have been subject to rounding adjustments. Accordingly, figures shown as totals in this table may not be an arithmetic sum of such figures.

## **INFORMATION ON THE TARGET GROUP**

The Target Business, which will be injected into the Company at Completion, involves the operation of an online transaction platform to process sales of products by Online Pharmacies. The Target Business provides specialized services to Online Pharmacies to help them leverage the power of the internet to establish an online presence and conduct commerce with consumers and businesses. From Completion, the Enlarged Group will benefit from the exclusive right to operate an online transaction platform for Online Pharmacies on Tmall's platform, for the sale of products by Online Pharmacies, including products that require the seller to possess an Internet Drug Transaction Service Qualification Certificate (Type C) (互聯網藥品交易服務資格證書(C類)), and products that do not require any licence.

In addition, OpCo has an Internet Drug Transaction Service Qualification Certificate (Third Party Transaction Service Platform) (互聯網藥品交易服務資格證書(第三方交易服務平台)) issued by the China Food and Drug Administration or its local counterparts, which can be utilized to process sales of products by Online Pharmacies.

The Company and Alibaba Holding intend the Enlarged Group to become the healthcare flagship for Alibaba Group.

### **Financial information**

The GMV of the Target Business for the financial year ended March 31, 2015 was approximately RMB4.74 billion, comprised of:

- (i) Over-the-counter drugs: RMB1,014 million
- (ii) Medical devices: RMB1,778 million
- (iii) Contact lenses: RMB947 million
- (iv) Sexual health products: RMB745 million
- (v) General healthcare products and others: RMB256 million

The unaudited combined net asset value of the Target Business as at March 31, 2015 is expected to be approximately RMB2.2 million.

The unaudited combined revenue, EBITDA and net profits before and after taxation attributable to the Target Business for the two financial years immediately preceding the Proposed Acquisition were as follows:

	2015 (April 1, 2014 to March 31, 2015) (RMB'000)	2014 (April 1, 2013 to March 31, 2014) (RMB'000)
Revenue	102,553	57,698
EBITDA	81,786	46,398
Net profits before taxation	81,123	45,948
Net profits after taxation	70,886	43,977

*Notes:*

1. Effective tax rates of 0% and 12.5% were used before and after January of 2014, respectively, in preparing the unaudited combined financial information.
2. Revenue consists of commissions from Online Pharmacies.
3. Certain direct operating cost and expense allocated by Tmall based on commission revenue and headcount, etc.

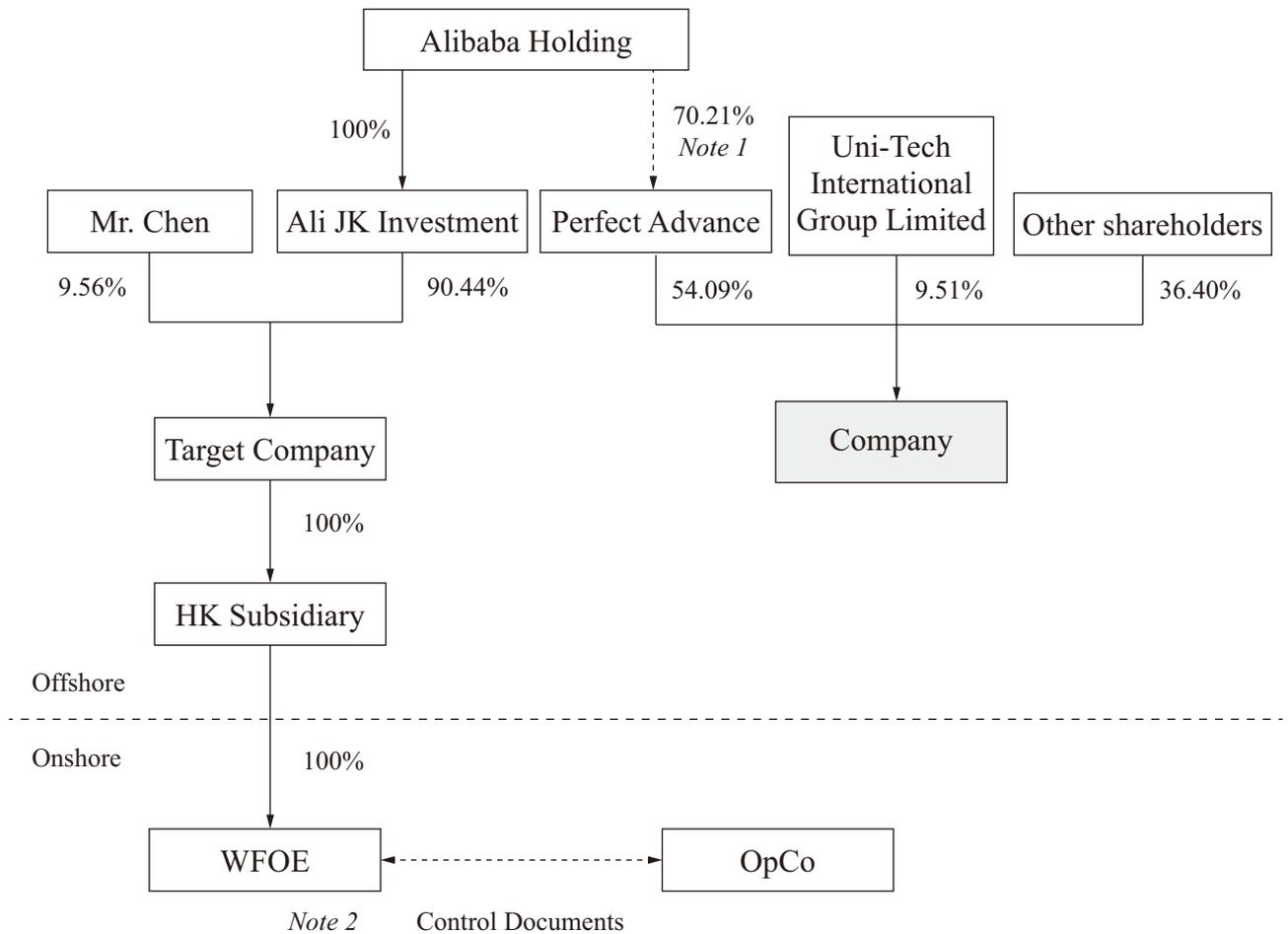
**Impact of proposed continuing connected transactions on the financial performance of the Target Business**

At Completion, the Target Group will enter into the New Technical Services Agreement. Under the New Technical Services Agreement, the Target Group will pay a service fee to Tmall which is expected to amount to approximately 50% of the commissions received by the Target Group from Online Pharmacies. Meanwhile, certain costs such as Tmall's marketing expenses, traffic acquisition costs, co-location and bandwidth cost that are listed in the unaudited combined financials will be absorbed by Tmall. Following the payment of such service fee to Tmall, the EBITDA and net profits attributable to the Target Business will be reduced accordingly.

**Shareholding Structure of the Enlarged Group**

Set out below is the shareholding structure of the Enlarged Group immediately before and after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) since the date of the Agreement and up to Completion):

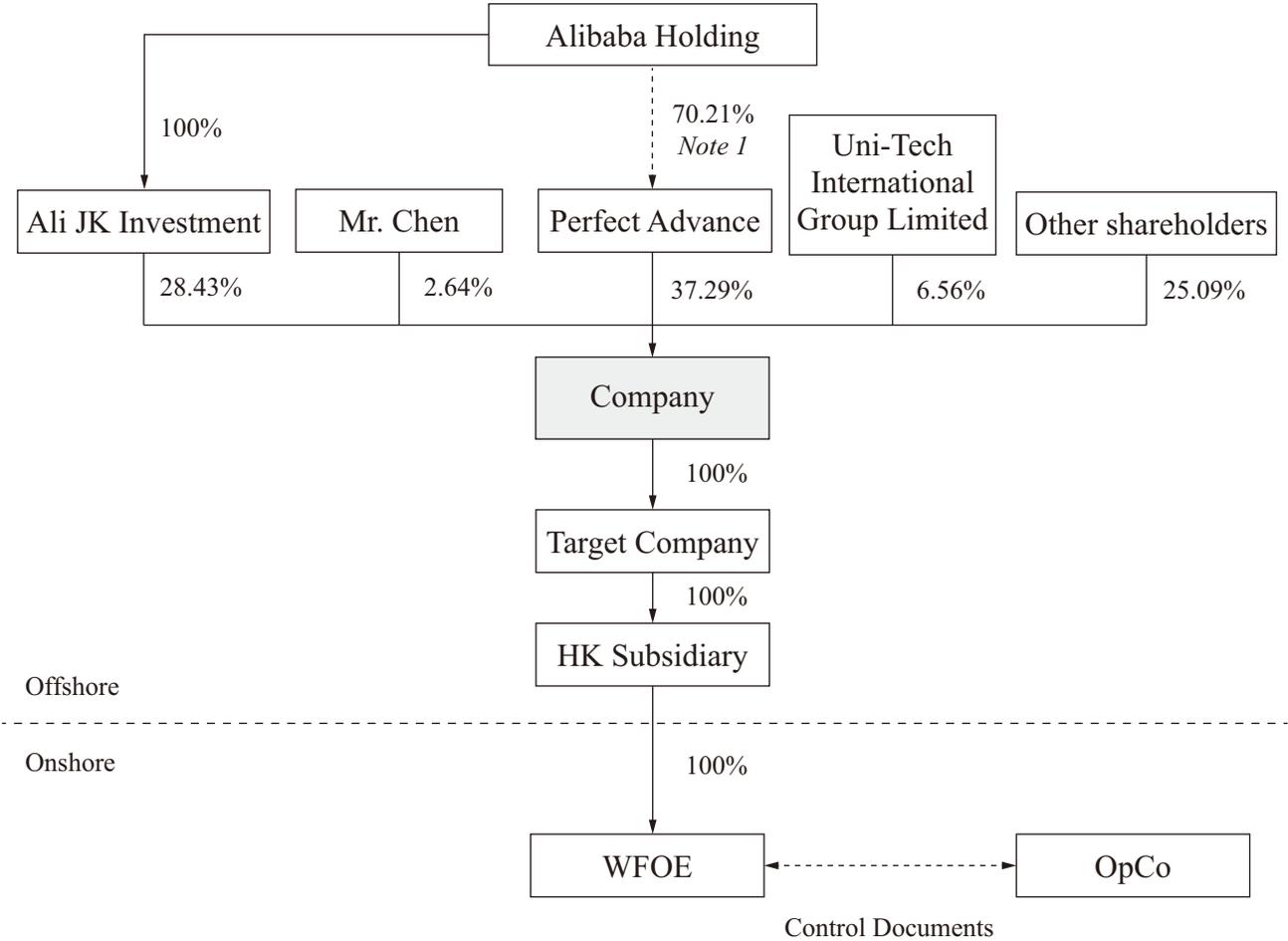
## Shareholding structure of the Enlarged Group immediately before Completion



*Notes:*

1. Indirect ownership
2. As of the date of this announcement, the WFOE is not yet established and the Control Documents are not yet signed by the WFOE and OpCo. These will be completed on or before Completion as part of the Target Group Restructuring.

**Shareholding structure of the Enlarged Group immediately after Completion (assuming the Convertible Bonds are fully converted upon maturity)**



*Note:*

- 1. Indirect ownership

## Control Documents

To comply with PRC laws and regulations that restrict foreign ownership of companies that operate Internet drug transaction services and other restricted businesses, the Target Group will, with effect from Completion, engage in such restricted services in the PRC through the WFOE and OpCo. OpCo's entire issued share capital is held by a domestic PRC company of Alibaba Group as at the date of this announcement.

Pursuant to the Agreement, OpCo, the WFOE, and/or a domestic PRC company of Alibaba Group will enter into the Control Documents, including the Exclusive Call Option Agreement, Equity Pledge Agreement, Exclusive Technology Service Agreement and Proxy Agreement, in agreed forms subject to revisions to be made pursuant to requirements of any relevant regulatory authorities, including the Stock Exchange, before Completion. Such Control Documents will enable the Target Company to exercise effective control over OpCo and consolidate the financial results of OpCo in the Target Company's consolidated financial statements as if OpCo were a wholly-owned subsidiary of the Target Company under HKFRS with effect from Completion. In particular, appropriate arrangements have been made in the Control Documents in order to:

- (a) protect the Company's interests in the event of death, bankruptcy or divorce of OpCo's registered shareholder and its ultimate beneficial owner (as the case may be) to avoid any practical difficulties in enforcing the Control Documents;
- (b) address the potential conflicts of interest between the Company and OpCo's registered shareholder;
- (c) ensure that, subject to applicable PRC laws and regulations, the liquidator, acting on the Control Documents, can seize OpCo's assets in a winding up situation for the benefit of the Company's shareholders or creditors; and
- (d) ensure that, subject to applicable PRC laws and regulations, OpCo's registered shareholder must return to the Company any consideration it receives in the event that the Company acquires (directly or indirectly) OpCo's shares when unwinding the Control Documents.

The Company will, no later than the Despatch Date, obtain a PRC legal opinion from its PRC legal adviser that the Control Documents comply with PRC laws and regulations, including those applicable to the business of the WFOE and OpCo. In particular, the PRC legal adviser will, in such legal opinion, provide a positive confirmation that the Control Documents would not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC contract law and a statement to the effect that all possible actions or steps taken to enable it to reach its legal conclusions had been taken. The Directors (excluding all the independent non-executive Directors of the Company, who will give their opinion based on the recommendation from the Independent Financial Adviser), based on the legal opinion to be obtained from the Company's PRC legal adviser, are of the view that, subject to limited customary qualifications to be set out in the legal opinion, the Control Documents (when executed in forms agreed by the parties to the Agreement) are legal, valid and enforceable under applicable PRC laws and regulations.

Further details relating to the Control Documents, including, among other things, a summary of the key terms of each of the Control Documents, arrangements to address potential conflict of interests, the legality and enforceability of the Control Documents, and risks associated with the Control Documents (including that (i) the government may determine that the Control Documents do not comply with applicable regulations; (ii) the Control Documents may not provide control as effective as direct ownership; (iii) OpCo's registered shareholder may have potential conflicts of interest with the Company; (iv) the Control Documents may be subject to scrutiny of the tax authorities and additional tax may be imposed; and (v) Company's right to exercise the option to acquire ownership in OpCo may be limited and subject to substantial costs) will be set out in the Circular.

## **INFORMATION ON THE GROUP**

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 an integrated information and content service provider. The principal activities of the Group are the provision of product identification, authentication and tracking system principally for the drug industry in the PRC, and system integration and software development.

## **INFORMATION ON THE VENDORS AND ALIBABA GROUP**

Ali JK Investment was incorporated in the BVI and is a direct wholly-owned subsidiary of Alibaba Holding. Alibaba Holding is the ultimate controlling shareholder of the Company, which, as at the date of this announcement, together with persons acting in concert with it and indirectly through Perfect Advance, holds 4,420,628,008 Shares, representing approximately 54.09% of the total issued share capital of the Company. Perfect Advance became the controlling shareholder of the Company through a whitewashed share subscription transaction which was completed on April 30, 2014. The principal activity of Ali JK Investment is investment holding. Mr. Chen is a brother of Ms. Chen Xiao Ying, a director of the Company. Ali JK Investment is a direct wholly-owned subsidiary of Alibaba Holding and Tmall is an indirect wholly-owned subsidiary of Alibaba Holding. Mr. Chen is an independent party to Tmall.

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Holding is the largest online and mobile commerce company in the world in terms of gross merchandise volume in 2013, according to the IDC GMV Report. Founded in 1999, the company provides the fundamental technology infrastructure and marketing reach to help businesses leverage the power of the Internet to establish an online presence and conduct commerce with hundreds of millions of consumers and other businesses.

Alibaba Group operates Taobao Marketplace, China's largest online shopping destination, Tmall, China's largest third-party platform for brands and retailers, in each case in terms of GMV, and Juhuasuan, China's most popular group buying marketplace by its monthly active users, in each case in 2013 according to iResearch. In addition to the three China retail marketplaces, Alibaba Group operates Alibaba.com, China's largest global online wholesale marketplace in 2013 by revenue, according to iResearch, 1688.com, its China wholesale marketplace, and AliExpress, its global consumer marketplace, as well as provides cloud computing services.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Company is an integrated information and content service provider that seeks to provide unique information services to healthcare industry participants. Its mission is to build an online community where it will connect participants in China's healthcare market.

Through the Proposed Acquisition, the Company believes that it will create a technology enabled solution provider to consumers and participants in China's healthcare industry. Furthermore, the Enlarged Group will be the healthcare flagship for Alibaba Group.

Based on the latest available data, China's healthcare spend was RMB3,167 billion in 2013, representing approximately 5.4% of gross domestic product. China's healthcare market is characterized by its highly fragmented and long supply chain of healthcare and pharmaceutical products; the complicated drug tendering process; the lack of strong retail pharmacy presence in certain parts of the PRC; and the nascent stage of e-commerce utilization. The Company believes that the current state of China's healthcare market provides great opportunities for technology and solution developers such as the Company and Alibaba Group, and that the Enlarged Group can help accelerate changes in how healthcare products and services are delivered in China.

Tmall operates China's largest third-party platform for brands and retailers in terms of GMV. The Target Business operates an online transaction platform for Online Pharmacies on Tmall's platform and is one of the fastest growing industry categories among Alibaba Group's marketplaces. It now operates storefronts for 186 pharmacies selling over-the-counter drugs, medical devices, contact lenses, sexual health products and other general healthcare products. The GMV growth of the Target Business from 2013 to 2014 was 86% as compared to that of 47% of Alibaba Group as a whole.

The Company expects that by combining the Target Business with its existing business, it will increase synergies and its competitive advantage to expand further into e-commerce in the pharmaceutical and healthcare categories and expand its offerings to healthcare industry participants across China.

Alibaba Group has made significant investments in proprietary technologies and infrastructure to support its growing ecosystem. This will help the Enlarged Group to harness the substantial volume of data generated and to further develop and optimize the products and services offered by the Enlarged Group. To that extent, the Enlarged Group will be favourably positioned to enter the online prescription drugs market in the future should the opportunity arise.

The Directors (excluding all the independent non-executive Directors of the Company, who will give their opinion based on the recommendation from the Independent Financial Adviser) are therefore of the view that the Proposed Acquisition is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **NON-COMPETITION DEED BETWEEN ALIBABA HOLDING AND THE COMPANY**

At Completion, Alibaba Holding will enter into a Non-Competition Deed with the Company pursuant to which Alibaba Holding will undertake not to, and to procure that its controlled affiliates do not, engage in, assist or participate or have any interest in the operation of an online transaction platform for the sale of products by Online Pharmacies. Under the terms of the Non-Competition Deed, Alibaba Holding will also undertake to ensure that any new business opportunities that it or its controlled affiliates identify or are offered which fall within the scope of the non-compete business, are first offered to the Company and will not be taken up by Alibaba Holding or its controlled affiliates unless the Company (acting through its independent non-executive Directors) has decided not to pursue the opportunity. The Non-Competition Deed will automatically terminate if the Company ceases to be listed on the Stock Exchange; Alibaba Holdings and its controlled affiliates cease to beneficially own an aggregate of 30% or more of the voting securities of the Company; or Alibaba Holding (together with persons it is acting in concert with) ceases to be the largest single shareholder of the Company.

## **POTENTIAL CONTINUING CONNECTED TRANSACTIONS**

Pursuant to the New Technical Services Agreement, Tmall will provide certain internet related software and technical services, including, but not limited to, access to a specialist sub-channel on Tmall's platform, product search and display functions, to the WFOE in consideration for the payment of a service fee. See "Information on the Target Group – Impact of proposed continuing connected transactions on the financial performance of the Target Business". Such transactions will, upon Completion, constitute continuing connected transactions of the Company and are subject to the requirements set out in Chapter 14A of the Listing Rules. Details of the continuing connected transactions will be disclosed in the Circular to be despatched by the Company to its Shareholders in compliance with the requirements of the Listing Rules.

## **RISKS ASSOCIATED WITH THE PROPOSED ACQUISITION**

**Completion is subject to the fulfilment of the conditions precedent and there is no assurance that they can be fulfilled and/or the Proposed Acquisition will be completed as contemplated.**

A number of the conditions precedent to Completion involve the decisions of independent third parties, including, among other things, approvals by the Independent Shareholders at the EGM, the approval by the Listing Committee for the new listing application of the Company and for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares on the Main Board of the Stock Exchange. These conditions precedent are set out in the section headed "Conditions Precedent" of this announcement. As fulfilment of these conditions precedent is not within the control of the parties involved in the Proposed Acquisition, there is no assurance that the Proposed Acquisition will be completed as contemplated.

**The shareholding percentages of the existing Shareholders in the Company will be diluted following the issue of the Consideration Shares and the Conversion Shares.**

Subject to the terms and conditions of the Agreement, the Company may allot and issue an aggregate of 3,683,420,065 Consideration Shares and Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) to the Vendors. The total number of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity) represents approximately 45.07% of the issued share capital of the Company as at the date of this announcement and approximately 31.07% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming the Convertible Bonds are fully converted upon maturity). As a result, the shareholding percentages of the existing Shareholders in the Company will be diluted when the Company issues the Consideration Shares and the Conversion Shares. Any value enhancement of the Shares as a result of the Proposed Acquisition may not necessarily be reflected in their market price and may not offset the dilution effect to the Shareholders.

### **Other risks**

The risks relating to the Control Documents, the business, legal and regulatory environment for operating the Target Business by the Enlarged Group in the PRC and the general economic, legal and political aspects of the PRC will be set out in the Circular.

### **WARNING**

**The Company will despatch a circular, which also constitutes the listing document, in accordance with requirements under the Listing Rules. The Circular will contain, among other things, further details of the Proposed Acquisition and related agreements, a letter of advice from the Independent Financial Adviser to the Independent Board Committee of the Company and the Independent Shareholders in relation to the Proposed Acquisition and financial information of the Target Group and of the Enlarged Group. Shareholders and potential investors should refer to the Circular for further details of the Proposed Acquisition.**

**The Proposed Acquisition is subject to a number of conditions including Independent Shareholders' approval, which may or may not be fulfilled. In addition, the Listing Committee's approval to the new listing application to be made by the Company may or may not be granted. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.**

### **IMPLICATIONS OF THE PROPOSED ACQUISITION UNDER THE LISTING RULES**

As one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Proposed Acquisition, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules. As Ali JK Investment is a connected person of the Company by virtue of its being an associate of Alibaba Holding, the ultimate controlling shareholder of the Company, and Mr. Chen is a connected person of the Company by virtue of his being an associate of a director

of the Company, Ms. Chen Xiao Ying. Therefore, the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders at the EGM. Perfect Advance and its associates and Ms. Chen Xiao Ying and her associates, including Uni-Tech International Group Limited, are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve, among other things, the Agreement and the Proposed Acquisition.

In addition, the Proposed Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules on the basis that the injection of the Target Business under the Proposed Acquisition constitutes a very substantial acquisition (as defined under the Listing Rules) from Alibaba Holding or any of its associates pursuant to an agreement, arrangement or understanding entered into by the Company within 24 months of Alibaba Holding gaining control (as defined under the Takeovers Code) of the Company, where such gaining of control had not been regarded as a reverse takeover. Accordingly, under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Proposed Acquisition is therefore also subject to the approval by the Listing Committee of a new listing application to be made by the Company. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval to the new listing application.

It is one of the conditions precedents to Completion that the approval to the new listing application by the Listing Committee has been obtained. In the event that the approval to the new listing application is not granted by the Listing Committee, the Agreement will not become unconditional and the Proposed Acquisition will not proceed.

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

An Independent Board Committee of the Company comprising Mr. Wong King On, Samuel, Mr. Yan Xuan and Mr. Luo Tong, being all the independent non-executive Directors of the Company, has been formed to advise the Independent Shareholders in relation to the Proposed Acquisition. The Company has, with the approval of the Independent Board Committee, appointed Somerley Capital Limited as an independent financial adviser in accordance with the requirements under the Listing Rules to advise the Independent Board Committee of the Company and the Independent Shareholders on matters in relation to the Proposed Acquisition.

## **DESPATCH OF CIRCULAR**

The Company will despatch a circular in accordance with requirements under the Listing Rules, which will contain, among other things, (i) further details of the Proposed Acquisition; (ii) the recommendation of the Independent Board Committee of the Company in relation to the Proposed Acquisition; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee of the Company and the Independent Shareholders in relation to the Proposed Acquisition; (iv) financial information of the Target Group and of the Enlarged Group; and (v) the notice of the EGM.

The Circular is subject to review and comments by the Stock Exchange and will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the new listing application. In view of the process required in connection with the new listing application by the Company, the Company expects that the Circular will be despatched at a date which is more than 15 business days after the date of this announcement. The Company will make a further announcement in due course on the expected date of despatch of the Circular. **The Shareholders and potential investors should refer to the Circular for further details of the Proposed Acquisition and the transactions contemplated under the Agreement.**

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

**Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on March 23, 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on April 15, 2015.**

## **DEFINITIONS**

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

- “acting in concert” has the meaning given to it under the Takeovers Code;
- “Affiliate” (a) with respect to any Person that is an individual, his or her Immediate Family Members and (b) with respect to any Person that is not an individual, any other Person that directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person; provided, however, that for purposes of the Agreement, Ali JK Investment and its Affiliates (other than the Company and its controlled subsidiaries), on the one hand, and the Company and its controlled subsidiaries, on the other hand, shall not be deemed to be Affiliates of each other;
- “Agreement” the share purchase agreement dated April 8, 2015 entered into between the Company and the Vendors in respect of the Proposed Acquisition;
- “Ali JK Investment” Ali JK Investment Holding Limited, a company incorporated under the laws of the BVI whose registered office is at Trident Chambers, P.O. Box 146 Road Town, Tortola, British Virgin Islands, a wholly owned subsidiary of Alibaba Holding and the legal and beneficial owner of the Ali JK Investment Sale Shares as at the date of the Agreement;

“Ali JK Investment Sale Shares”	9,043,963 Target Shares, which represent approximately 90.44% of the entire issued share capital of the Target Company;
“Alibaba Group”	a group of companies comprising Alibaba Holding and its subsidiaries, details of which are set out in the section headed “Information on the Vendors and Alibaba Group”;
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, and the shares of which are listed on the New York Stock Exchange;
“associate”	has the meaning given to it under the Listing Rules;
“Business Day”	means any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong, the PRC, Bermuda and BVI are open for the transaction of normal business;
“Business Restructuring”	the transactions as set out in the Business Restructuring Plan taken as a whole;
“Business Restructuring Plan”	the detailed plan for the Business Restructuring agreed among the Vendors and the Company (further details of which are set out in the Agreement), comprising the following: (i) transfer of Online Pharmacies (including termination of Tmall Storefront Display Contracts of each Existing Online Pharmacy and the Existing 95095 Registration Agreements and entering into the New 95095 Services Agreements); (ii) transfer of employees; and (iii) termination of the existing software services agreement between OpCo and Tmall and execution of the New Technical Services Agreement, in each case, no later than the Completion Date;
“BVI”	the British Virgin Islands;
“Circular”	the shareholders’ circular to be dispatched to the Shareholders to provide additional information regarding the Agreement and the Proposed Acquisition contemplated thereunder;
“Company”	Alibaba Health Information Technology Limited, a company incorporated in Bermuda with limited liability whose registered office is at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the shares of which are listed on the main board of the Stock Exchange (stock code: 00241);

“Completion”	completion of the Proposed Acquisition pursuant to the terms of the Agreement;
“Completion Date”	the date that is three Business Days after the date on which the last of the conditions precedent is satisfied or waived;
“connected person”	has the meaning given to it under the Listing Rules;
“Consideration”	the total consideration of HK\$19,448,457,943 for the Proposed Acquisition which will be satisfied by the issue of the Consideration Shares and the Convertible Bonds by the Company to the Vendors;
“Consideration Shares”	3,274,329,156 Shares in aggregate to be issued to the Vendors pursuant to the Agreement;
“Control”	of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors (or similar governing body) of such Person; the term “ <b>Controlled</b> ” has the meaning correlative to the foregoing;
“Control Documents”	the Exclusive Call Option Agreement, Equity Pledge Agreement, Exclusive Technology Service Agreement and Proxy Agreement, in agreed forms subject to revisions to be made pursuant to requirements of relevant regulatory authorities including the Stock Exchange, to be entered into among OpCo, the WFOE, and/or a domestic PRC company of Alibaba Group, as sole shareholder of OpCo, before Completion pursuant to which the Target Company, through the WFOE, will exercise effective control over OpCo and consolidate the financial results of OpCo in the Target Company’s consolidated financial statements as if OpCo were a wholly-owned subsidiary of the Target Company under HKFRS with effect from Completion;
“controlling shareholder”	has the meaning given to it under the Listing Rules;
“Conversion Price”	the per Share conversion price of HK\$5.808 for the issue of the Conversion Shares;

“Conversion Shares”	new Shares to be issued upon the exercise of the conversion rights under the terms of the Convertible Bonds;
“Convertible Bonds”	redeemable convertible bonds to be issued by the Company as part settlement of the consideration for the acquisition of the Sale Shares;
“Despatch Date”	the date on which the Circular is sent to the Shareholders of the Company in accordance with requirements under the Listing Rules;
“Directors”	the directors of the Company;
“Drug Platform License”	the Internet Drug Transaction Service Qualification Certificate (Third Party Transaction Service Platform) (互聯網藥品交易服務資格證書(第三方交易服務平台)) issued by the China Food and Drug Administration or its local counterparts in the PRC;
“EBITDA”	earnings before interest, taxes, depreciation and amortization;
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, matters relating to the Proposed Acquisition;
“Encumbrance”	any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind;
“Enlarged Group”	the Group and the Target Group;
“Existing 95095 Registration Agreement”	the 95095 Medical Platform Services Agreement (95095醫藥平台服務協議) entered into between each Existing Online Pharmacy and OpCo;
“Existing Online Pharmacy”	an Online Pharmacy which is party to a Tmall Storefront Display Contract as at the date of the Agreement;

“GMV”	the value of confirmed orders of products and services on Alibaba Group’s relevant marketplaces or specifically on Tmall with respect to Online Pharmacies, as applicable, regardless of how, or whether, the buyer and seller settle the transaction. Unless otherwise stated, GMV in reference to Alibaba Group’s marketplaces includes only GMV transacted on its China retail marketplaces. GMV generated from traffic through Juhuasuan is recorded as either Taobao Marketplace GMV or Tmall GMV depending on which of these two marketplaces the transaction is completed. The calculation of GMV for Alibaba Group’s China retail marketplaces includes shipping charges paid by buyers to sellers and excludes vehicle and property transactions with list prices exceeding RMB500,000 and any other products or services with list prices above RMB100,000, as well as transactions conducted by buyers who make purchases exceeding RMB1,000,000 in the aggregate in a single day;
“Group” or “Group Company”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HKFRS”	Hong Kong Financial Reporting Standards (which term includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations issued by the Hong Kong Institute of Certified Public Accountants);
“HK Subsidiary”	Beijing Chuanyun Logistics Holding Limited, a company duly established and existing under the laws of Hong Kong and wholly-owned by the Target Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IDC GMV Report”	a report titled “Global eCommerce Platforms Ranking by Gross Merchandise Volume,” which Alibaba Group requested the International Data Corporation to prepare and for which Alibaba Group paid a fee;
“Immediate Family Members”	with respect to any natural Person, (a) such Person’s spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and siblings-in-law (in each case whether adoptive or biological), (b) spouses of such Person’s children, grandchildren and siblings (in each case whether adoptive or biological) and (c) estates, trusts, partnerships and other Persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing;

“Independent Board Committee”	the independent board committee, which comprises all the independent non-executive Directors, namely Mr. Wong King On, Samuel, Mr. Yan Xuan and Mr. Luo Tong, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed Acquisition;
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Independent Shareholders”	the Shareholders of the Company, other than (i) Perfect Advance Holding Limited, parties acting in concert with it and their respective associates; (ii) Ms. Chen and her associates (including Uni-Tech International Group Limited); (iii) those who are connected, interested or involved in the Proposed Acquisition; and (iv) those who are required to abstain from voting at the EGM to be convened to approve the Proposed Acquisition and matters relating to it;
“Issue Price”	the per share price of HK\$5.28 for the issue of each Consideration Share;
“Last Trading Day”	March 20, 2015, being the last full trading day for the Shares before the date of this announcement;
“Listing Committee”	has the meaning given to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Chen”	Mr. Chen Wen Xin, a Chinese national and brother of Ms. Chen Xiao Ying;
“Mr. Chen Sale Shares”	956,037 Target Shares, which represent approximately 9.56% of the entire issued share capital of the Target Company;
“New 95095 Services Agreement”	the new services agreement to be entered into among each Online Pharmacy, the WFOE and OpCo on or before the Completion Date as part of the Business Restructuring Plan;
“New Technical Services Agreement”	the new technical services agreement to be entered into between the WFOE and Tmall on or before the Completion Date as part of the Business Restructuring Plan, further details of which are set out in the section of this announcement headed “Potential Continuing Connected Transactions”;

“Online Pharmacy”	any Person (not including such Person’s parent, subsidiaries or other Affiliates) who possesses an Internet Drug Transaction Service Qualification Certificate (Type C) (互聯網藥品交易服務資格證書(C類)) and sells products pursuant to such certificate;
“OpCo”	Hebei Huiyan Medical Technology Co., Ltd. (河北慧眼醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC;
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the BVI and an (indirect) non-wholly owned subsidiary of Alibaba Holding;
“Person”	any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, government authority or other entity;
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Acquisition”	the sale and purchase of the entire issued share capital of the Target Company as contemplated under the Agreement;
“RMB”	Renminbi, being the lawful currency of the PRC;
“Sale Shares”	the Ali JK Investment Sale Shares and the Mr. Chen Sale Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning given to it under the Listing Rules;
“Target Business”	the business of operating an online transaction platform for the sale of products by Online Pharmacies in the PRC, which business is proposed to be injected into the Company with effect from Completion under and as part of the Business Restructuring Plan;

“Target Company”	Beijing Chuanyun Logistics Investment Limited, a company incorporated under the laws of BVI whose registered office is at Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands;
“Target Group” or “Target Group Companies”	the Target Company and the Target Subsidiaries, and “ <b>Target Group Company</b> ” shall be construed accordingly;
“Target Group Restructuring”	the Business Restructuring, the establishment of the WFOE by the HK Subsidiary, and the execution of the Control Documents by the parties thereto, taken as a whole;
“Target Shares”	ordinary shares of par value US\$0.001 per share of the Target Company;
“Target Subsidiary”	the HK Subsidiary, OpCo and the WFOE, which will form part of the Target Group after the completion of the Target Group Restructuring, and “ <b>Target Subsidiaries</b> ” means all the Target Subsidiaries;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Tmall”	Zhejiang Tianmao Technology Co., Ltd. (浙江天貓技術有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Alibaba Holding;
“Tmall Storefront Display Contract”	a storefront display contract entered into by and between an Online Pharmacy and Tmall before the Completion Date, and “ <b>Tmall Storefront Display Contracts</b> ” shall mean all such contracts;
“US\$”	United States Dollars, being the lawful currency of the United States of America;
“Vendor”	any of Ali JK Investment or Mr. Chen, and “ <b>Vendors</b> ” means both of them; and
“WFOE”	a wholly-owned subsidiary to be established by the HK Subsidiary in the PRC as part of the Target Group Restructuring.

By Order of the Board  
**Alibaba Health Information Technology Limited**  
**WANG Jian**  
*Chairman*

Hong Kong, April 15, 2015

*As at the date of this announcement, the Board comprises nine directors, of which (i) two are executive Directors, namely Dr. WANG Jian and Ms. CHEN Xiao Ying; (ii) four are non-executive Directors, namely Mr. ZHANG Yong, Mr. CHEN Jun, Mr. CHIA Pun Kok and Mr. YU Feng; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.*

*The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*