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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 TRANSACTION PROPOSED ACQUISITION AND PROPOSED SUBSCRIPTION OF EQUITY INTERESTS IN GUIZHOU ENSURE CHAIN PHARMACY COMPANY LIMITED*

THE PROPOSED ACQUISITION AND THE PROPOSED SUBSCRIPTION

The Board is pleased to announce that, on August 17, 2018, Alibaba Health (China) (an indirect wholly owned subsidiary of the Company) entered into:

- (a) the Share Purchase Agreements with the Vendor Shareholders, under which Alibaba Health (China) has conditionally agreed to purchase, and the Vendor Shareholders have conditionally agreed to sell, an aggregate of approximately 14.54% of the equity interests in the Target Company for RMB421,758,850 (“**Proposed Acquisition**”); and
- (b) the Capital Increase Agreement with the Pre-Sale Target Shareholders and the Target Company, under which Alibaba Health (China) has conditionally agreed to contribute RMB404,321,529 to the capital of the Target Company (“**Proposed Subscription**”) such that, following the Proposed Acquisition and the Proposed Subscription, Alibaba Health (China) will hold 25% of the total equity interests in the Target Company.

The Target Group’s principal business is pharmaceutical retail chain business in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Share Purchase Agreements and the Capital Increase Agreement (in aggregate) exceed 5% but are all below 25%, the Proposed Acquisition and Proposed Subscription constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

WARNING

The completion of the Proposed Acquisition and the Proposed Subscription is subject to the satisfaction and/or waiver (where applicable) of conditions precedent under the Share Purchase Agreements and the Capital Increase Agreement respectively, which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

I. INTRODUCTION

The Board is pleased to announce that on August 17, 2018, Alibaba Health (China) entered into:

- (a) the Share Purchase Agreements with the Vendor Shareholders, under which Alibaba Health (China) has conditionally agreed to purchase, and the Vendor Shareholders have conditionally agreed to sell, an aggregate of approximately 14.54% of the equity interests in the Target Company for RMB421,758,850; and
- (b) the Capital Increase Agreement with the Pre-sale Target Shareholders and the Target Company, under which Alibaba Health (China) has conditionally agreed to contribute RMB404,321,529 in the capital of the Target Company such that, following the Proposed Acquisition and the Proposed Subscription, Alibaba Health (China) will hold 25% of the total equity interests in the Target Company.

In addition, on August 17, 2018, Alibaba Health (China), the Post-sale Target Shareholders, Huatai Fund, Wang Yong Fang (王永芳) and the Target Company have entered into the Shareholders' Agreements in relation to the shareholders arrangements in respect of the Target Company. The Shareholders' Agreements will only become effective from the date of Subscription Completion.

II. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND PROPOSED SUBSCRIPTION

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". Through the Proposed Acquisition and Proposed Subscription, the Company will, together with the Target Company, explore and expand new retail models for pharmacies in the regions where the Target Company has an advantage, engage more consumers in the pharmaceutical retail market through all channels and provide consumers with greater, broader and more convenient pharmaceutical services.

The Directors are of the view that the terms of the Share Purchase Agreements, the Capital Increase Agreement and the Shareholders' Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

III. THE SHARE PURCHASE AGREEMENTS

(1) Date

August 17, 2018

(2) Parties

(a) Alibaba Health (China) (as purchaser); and

(b) Vendor Shareholders (as vendor).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendor Shareholders and their ultimate beneficial owners, are third parties independent of the Company and its Connected Persons.

(3) The Proposed Acquisition

Pursuant to the Share Purchase Agreements, Alibaba Health (China) has conditionally agreed to purchase and the Vendor Shareholders have conditionally agreed to sell an aggregate of approximately 14.54% of the equity interests in the Target Company.

(4) The Acquisition Consideration

The Acquisition Consideration for:

- approximately 8.60% of the equity interest in the Target Company under the Share Purchase Agreement I is RMB249,276,426;
- approximately 1.74% of the equity interest in the Target Company under the Share Purchase Agreement II is RMB50,482,424; and
- approximately 4.20% of the equity interest in the Target Company under the Share Purchase Agreement III is RMB122,000,000,

which in each case will be paid in two instalments:

- (a) *First instalment*: on Acquisition Completion, Alibaba Health (China) shall pay: (i) 80% of the Acquisition Consideration under the Share Purchase Agreement I (i.e. RMB199,421,140.80) to the Vendor Shareholders I, (ii) 90% of the Acquisition Consideration under the Share Purchase Agreement II (i.e. RMB45,434,181.60) to the Vendor Shareholders II, and (iii) 95% of the Acquisition Consideration under the Share Purchase Agreement III (i.e. RMB115,900,000) to the Vendor Shareholders III; and
- (b) *Second instalment*: the second instalment shall be paid within 30 business days after the Adjusted Valuation under the Capital Increase Agreement is agreed between Founder Shareholders, the Target Company and Alibaba Health (China) and will be calculated as follows:

$$\text{Second instalment} = A - B - C - D$$

where:

- A = the Acquisition Consideration;
- B = the first instalment of the Acquisition Consideration;
- C = if applicable, any adjustment of the Acquisition Consideration based on the Adjusted Valuation under the Capital Increase Agreement as agreed between the Founder Shareholders, the Target Company and Alibaba Health (China); and
- D = if applicable, any damages payable by the Vendor Shareholders arising for breach of the terms of the Share Purchase Agreement.

If $A - B$ results in an amount that is less than $C + D$ for a particular Vendor Shareholder, then Alibaba Health (China) has the right to seek a payment from such Vendor Shareholder equal to the amount which $C + D$ exceeds $A - B$.

The Acquisition Consideration under the Share Purchase Agreement was determined after arm's length negotiation among the parties to the Share Purchase Agreement with reference to (i) the business development and financial performance of the Target Company, (ii) the business prospects of the Target Company and the pharmaceutical industry in the PRC; (iii) the valuations of comparable companies in recent comparable transactions; and (iv) the strategic value of the Target Group's business to the Group.

(5) Completion and conditions precedent

Acquisition Completion will take place on the day following the satisfaction or waiver of the conditions precedent under the relevant Share Purchase Agreement (or on such other date as the parties may agree).

The Vendor Shareholders' obligation to complete the Proposed Acquisition under the relevant Share Purchase Agreement is conditional upon, among other things, the representations and warranties of Alibaba Health (China) remaining true and accurate, and Alibaba Health (China) having performed the undertakings required to be performed by it under such Share Purchase Agreement.

Alibaba Health (China)'s obligation to complete the Proposed Acquisition under the relevant Share Purchase Agreement is conditional upon, among other things:

- (a) the representations and warranties of the relevant Vendor Shareholders remaining true and accurate, and the relevant Vendor Shareholders having performed the undertakings required to be performed by it under the relevant Share Purchase Agreement;
- (b) no law or governmental orders being passed that would render the Proposed Acquisition unlawful;
- (c) no governmental authority having taken any action against any member of the Target Group or the Vendor Shareholders which would limit, or have a material adverse effect on, the Proposed Acquisition;
- (d) Alibaba Health (China) being satisfied as to the form and content of all required internal approvals of the Target Company and third party consents in respect of the Proposed Acquisition (including but not limited to the existing shareholders of the Target Company waiving their right of

first refusal in relation to the Proposed Acquisition, approval or filings to the competent commercial authority or competent health authority and the consent of, or having complied with notifications to, specified cooperation partners of the Target Company);

- (e) Alibaba Health (China) having completed satisfactory due diligence on the Target Group;
- (f) there being no material adverse change to the Target Group's condition (financial and otherwise), operational output, assets, regulatory condition, business and prospects; and
- (g) the Target Company having made an application to the local branch office of the PRC State Administration for Market Regulation for business amendment registrations for the transfer of equity interests and having filed the new constitutional document of the Target Company (such constitutional document shall include the latest shareholder register) to the local branch office of the PRC State Administration for Market Regulation.

IV. THE CAPITAL INCREASE AGREEMENT

(1) Date

August 17, 2018

(2) Parties

- (a) Target Company;
- (b) Alibaba Health (China); and
- (c) Pre-sale Target Shareholders

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Company, the Pre-sale Target Shareholders and their ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

(3) The Proposed Subscription

Pursuant to the Capital Increase Agreement, Alibaba Health (China) has conditionally agreed to contribute RMB404,321,529 in the capital of the Target Company ("**Proposed Subscription**") such that, following the Proposed Acquisition and the Proposed Subscription, Alibaba Health (China) will hold 25% of the total equity interests in the Target Company.

(4) The Subscription Consideration

The Subscription Consideration for the Capital Increase Agreement is RMB404,321,529, which shall be paid in two instalments:

- (a) *First instalment:* 30% of the Subscription Consideration (i.e. RMB121,296,459) less a deposit of RMB10 million deposit paid prior to the signing of the Capital Increase Agreement shall be paid by Alibaba Health (China) to the Target Company on Subscription Pre-Payment Date. On the date of Subscription Completion, of the first instalment (i) RMB2,527,577 will be automatically transferred to the registered capital of the Target Company and (ii) the remainder will be treated as premium and paid to the capital reserves of the Target Company; and
- (b) *Second instalment:* the remaining 70% of the Subscription Consideration shall be paid on date of Subscription Completion, all of which will be treated as premium and paid to the capital reserves of the Target Company.

Alibaba Health (China) has the right to seek a downward adjustment to the Subscription Consideration and the corresponding pre-money valuation of the Target Company (the “**Adjusted Valuation**”) if: (a) there is a decrease in the audited revenues from the principal business of the Target Company for the year ending December 31, 2018 as compared to the year ended December 31, 2017; and (b) such decrease in revenues is not more than 10%. Alibaba Health (China) has the right to seek a payment from either the Target Company or the Founder Shareholders equal to the amount which the Subscription Consideration exceeds the amount of the Subscription Consideration payable by Alibaba Health (China) based on the Adjusted Valuation.

The proceeds from the Subscription Consideration will be used for the Target Company’s operations, or its regional logistics facilities and logistic facilities in Guizhou, which in any case will be subject to shareholder approval under the Shareholders’ Agreement.

The Subscription Consideration under the Capital Increase Agreement was determined after arm’s length negotiation among the parties to the Capital Increase Agreement with reference to (i) the business development and financial performance of the Target Company, (ii) the business prospects of the Target Company and the pharmaceutical industry in the PRC; (iii) the valuations of comparable companies in recent comparable transactions; and (iv) the strategic value of the Target Group’s business to the Group.

(5) Completion and conditions precedent

Subscription Completion will take place on the fifth business day following the satisfaction or waiver of all conditions precedent under the Capital Increase Agreement (or on such other date as the parties may agree).

The Target Company's obligation to complete the Proposed Subscription is conditional upon, among other things, the representations and warranties of Alibaba Health (China) remaining true and accurate and Alibaba Health (China) having performed the undertakings required to be performed by it under the Capital Increase Agreement.

Alibaba Health (China)'s obligation to pay the first instalment of the Subscription Consideration is conditional upon, among other things:

- (a) the representations and warranties of the Target Company and the Pre-sale Target Shareholders remaining true and accurate, and the Target Company and the Pre-sale Target Shareholders having performed the undertakings required to be performed by it under the Capital Increase Agreement;
- (b) no law or governmental orders being passed that would render the Proposed Subscription unlawful;
- (c) no governmental authority having taken any action against any member of the Target Group or the Pre-sale Target Shareholders which would limit, or have a material adverse effect on, the Proposed Subscription;
- (d) Alibaba Health (China) being satisfied as to the form and content of all required internal approvals of the Target Company and third party consents in respect of the Proposed Subscription (including but not limited to the existing shareholders of the Target Company waiving their pre-emptive right in relation to the Proposed Subscription, approval or filings to the competent commercial authority or competent health authority and the consent of, or having complied with notifications to, specified cooperation partners of the Target Company);
- (e) the two persons nominated by Alibaba Health (China) having been appointed to the Target Company's board of directors, which appointment will become effective upon Subscription Completion;
- (f) Alibaba Health (China) having completed due diligence on the Target Group;
- (g) there being no material adverse change to the Target Group's condition (financial and otherwise), operational output, assets, regulatory condition, business and prospects;

- (h) certain pre-subscription adjustments in respect of the Target Group, including (i) the Target Company having acquired from certain Pre-sale Target Shareholders by way of share swap (A) 29% equity interests in each of Guizhou Ensure Laobaixing Pharmaceutical Chain Co., Ltd* (貴州一樹老百姓藥業連鎖有限公司), Guizhou Ensure Dajiakangjian Pharmacy Chain Co., Ltd* (貴州一樹大家康健藥房連鎖有限公司), Guizhou Ensure Shengqian Pharmaceutical Chain Co., Ltd* (貴州一樹省黔藥業連鎖有限公司), Guizhou Ensure Xiangjun Chain Pharmaceutical Co., Ltd* (貴州一樹湘君連鎖藥業有限公司), Guizhou Ensure Zujia Chain Pharmaceutical Co., Ltd* (貴州一樹祖家連鎖藥業有限公司) and Guizhou Ensure Changsheng Chain Pharmaceutical Co., Ltd* (貴州一樹昌升連鎖藥業有限公司) and (B) 100% of the equity interests in Guizhou Ensure Jidafu Health Pharmacy Chain Co., Ltd* (貴州一樹吉大夫健康藥房連鎖有限公司), Guizhou Ensure Minsheng Pharmaceutical Chain Co., Ltd* (貴州一樹民生藥業連鎖有限公司) and Guizhou Ensure Yigancheng Pharmaceutical Chain Co., Ltd* (貴州一樹一桿秤連鎖藥業有限公司) and (ii) Ningbo Meishan Tax Protected Zone Hao Miao Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區灝渺投資合夥企業(有限合夥)) having become the limited partner of Huizhifang and Huizhifang having completed its capital contribution to the Target Company; and
- (i) (A) the conditions precedent under the Share Purchase Agreement having been satisfied or waived, and Alibaba Health (China) having received all required documents relating to governmental approvals and filings in relation to the Proposed Acquisition and (B) Huatai Fund having signed a sale and purchase agreement with Fang Zheng (方正), Li Tong (李彤), Wang Ming Kang (王明康), Guo Qiang (郭強), Huatai Zijin, Daohe Investment and Guizhou Province Wenkang Pusu Medicinal Health Entrepreneur Fund (Limited Partnership)* (貴州省文康樸素醫藥健康創業投資基金(有限合夥)) in relation to the transfer of equity interests representing approximately 9.08% of registered capital in the Target Company to Huatai Fund and all required documents relating to governmental approvals and filings in relation to such transfer having been prepared and signed.

Alibaba Health (China)'s obligation to complete the Proposed Subscription is conditional upon, among other things:

- (a) the Target Company having completed all business amendment registrations and having obtained a new business licence from the relevant authority, and the Target Company having filed new constitutional documents, shareholder register and list of directors to the relevant authority;

- (b) the Target Company and the Pre-sale Target Shareholders not having breached the terms of the Capital Increase Agreement or such any breach has been remedied to the satisfaction of Alibaba Health (China);
- (c) all conditions precedent for the payment of the first instalment having been satisfied or waived;
- (d) certain members of pharmacies of the Target Group having renewed their pharmaceutical business licence in the PRC;
- (e) the domain names www.chinajia.com and www.gzdjkj.com having been transferred to a member of the Target Group for no consideration and the relevant domain registrations and filings having been completed; and
- (f) the Target Company having adopted a connected transaction policy that is satisfactory to Alibaba Health (China).

V. SHAREHOLDERS' AGREEMENTS

On August 17 2018, Alibaba Health (China), the Post-sale Target Shareholders, Huatai Fund, Wang Yong Fang (王永芳) and the Target Company entered into the Shareholders' Agreements in relation to the shareholders arrangements in respect of the Target Company. The Shareholders' Agreements will only become effective from the date of Subscription Completion.

The principal terms of the Shareholders' Agreements include:

- | | |
|---|---|
| Director nomination right: | After Subscription Completion, Alibaba Health (China) has the right to nominate two directors to the board of directors of the Target Company. |
| Additional registered capital and pre-emption right: | If the Target Company requires capital in the course of its operations, Alibaba Health (China), the Huatai Fund and DaShenLin will have the first right to subscribe for all or a portion of the proposed increase in registered share capital of the Target Company. If Alibaba Health (China), the Huatai Fund and DaShenLin do not subscribe for all of the proposed increase in registered share capital, then the Other Shareholders will have the second right to subscribe for such portion that is not subscribed by Alibaba Health (China), the Huatai Fund and DaShenLin. |

Right of first refusal: If any Other Shareholder proposes to transfer all or a portion of its equity interests to a third party other than a shareholder of the Target Company, then such Other Shareholder proposing to transfer its equity interests must notify Alibaba Health (China), the Huatai Fund and DaShenLin with details of the proposed transfer. Alibaba Health (China), the Huatai Fund and DaShenLin may exercise its right to acquire all or portion of the equity interests proposed to be transferred by the Other Shareholder.

Management service undertakings: The Founder Shareholders and Alibaba Health (China) agree that Wang Chun Lei (王春雷) will continue to be part of the core management team of the Target Company.

The Founder Shareholders shall procure and ensure that Wang Chun Lei (王春雷), Wang Yong Fang (王永芳) and more than 50% of the other core management team members shall be providing their services full time to the Target Company.

If Wang Chun Lei (王春雷) and/or Wang Yong Fang (王永芳) leave their positions in the Target Company (save for certain exceptions) or are dismissed by the board of directors of the Target Company due to willful default causing harm to the Target Company then this will constitute a Disposal Event, then Alibaba Health (China) will have the right to exercise the Alibaba Health Put Option or acquire the equity interests held by Wang Chun Lei (王春雷) and Wang Yong Fang (王永芳) at an agreed price.

Alibaba Health Put Option, Alibaba Health Step-up Option and Partial Shareholder Put Option: If a Disposal Event occurs, Alibaba Health (China) will have the right (in its sole discretion) (i) to require the Target Company to, so far as permitted by law, return all or part of the capital paid by Alibaba Health (China) into the Target Company; or (ii) if such capital reduction is not possible, to require that Founder Shareholders acquire Alibaba Health (China)'s equity interests at the higher of (A) fair market value of relevant equity interests or (B) an amount equal to Alibaba Health (China)'s original investment plus a 10% annual return on the amount invested (the "**Alibaba Health Put Option**").

If (i) the Target Company has not made a valid application for a Qualifying IPO to the China Securities and Regulatory Commission by the agreed deadline; or (ii) the Target Company's after tax profits does not reach the agreed requirement, then Alibaba Health China will have the right to subscribe for additional equity interests in the Target Company at the Adjusted Valuation ("**Alibaba Health Step-up Option**"). If Alibaba Health (China) has obtained a controlling equity interest over the Target Company; and the Target Company has not consummated a Qualifying IPO within 5 years after the Subscription Completion, then management shareholders and Huatai Fund shall have the right to sell their equity interests in the Target Company to Alibaba Health (China) ("**Partial Shareholder Put Option**").

If the Alibaba Health Put Option, the Alibaba Health Step-up Option or Partial Shareholder Put Option is exercised, the Company will comply with the relevant requirements under the Listing Rules.

Reserved matters: The Target Company shall not, and shall procure that the Target Company's subsidiaries shall not, undertake various reserved matters without Alibaba Health (China)'s consent, including but not limited to: the increase or decrease in its registered capital, any amendment of its constitutional documents, change in principal business, approval of budgets, or material external investments or incurring material debt.

VI. INFORMATION ON THE TARGET GROUP

The Target Company and its operating subsidiaries are principally engaged in pharmaceutical retail chain business. As at the date of this announcement, the Target Company and its operating subsidiaries operate over 1,000 pharmacy stores in the PRC.

Based on the audited financial information of the Target Company prepared in accordance with PRC accounting standards for business enterprises for the financial year ended December 31, 2017, the net asset value of the Target Company was approximately RMB188,704,050. Set out below is the net profit/loss (before and after extraordinary items) of the Target Group respectively of the years ended December 31, 2016 and December 31, 2017.

	For the year ended	
	December 31,	
	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>
Net profit before taxation and extraordinary items	46,596,510	78,014,877
Net profit after taxation and extraordinary items	40,080,670	65,982,273

In August 2018, the Target Company completed a series of acquisitions in pharmaceutical retail chain stores in Guizhou. If such acquired business is taken into consideration in relation to the profits for the Target Company in the year ended December 31, 2017, according to the Target Company's unaudited pro forma financial information, the Target Company's pro forma net profit after taxation and extraordinary items would be RMB83,737,949 for the financial year ended December 31, 2017.

VII. INFORMATION ON THE COMPANY

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is committed to providing internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise the provision of healthcare product sales and services, product tracking services, and intelligent medicine and health management services.

VIII. INFORMATION ON THE VENDOR SHAREHOLDERS, THE PRE-SALE TARGET SHAREHOLDERS AND THE POST-SALE TARGET SHAREHOLDERS

Each of the Vendor Shareholders I is a PRC national. Each of the Vendor Shareholders II is an investment fund vehicle established in the PRC as a limited partnership. Each of the Vendor Shareholders III is a limited partnership established in the PRC and is the shareholding platform of certain management members and employees of the Target Company.

Each of the Founder Shareholders, Guo Qiang (郭強) and Li Shen Sen (李琛森) is a PRC national.

Each of the Cooperation Shareholders, Guizhou Lianzong Heding Medicinal Technology Partnership Enterprise (Limited Partnership)* (貴州聯眾合鼎醫藥技術合夥企業(有限合夥)) and Guizhou Liankang Medicinal Technology Service Centre

(Limited Partnership)* (貴州聯康醫藥科技服務中心(有限合夥)) is a limited partnership established in the PRC and is the shareholding platform of certain management and employees of the Target Company.

DaShenLin is a company listed on the Shanghai Stock Exchange. Its principal business is pharmaceutical retail chain business.

Guizhou Province Wenkang Pusu Medicinal Health Entrepreneur Fund (Limited Partnership)* (貴州省文康樸素醫藥健康創業投資基金(有限合夥)) is an investment fund vehicle established in the PRC as a limited partnership.

Huizhifang is a shareholding vehicle established in the PRC as a limited partnership. Huizhifang is the shareholding platform for employees of the Target Company, but following the Subscription Completion, Huizhifang will be restructured such that it will be substantially held by Ningbo Meishan Tax Protected Zone Hao Miao Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區灝渺投資合夥企業(有限合夥)).

Each of Huatai Zijin Nanjing Huatai Big Healthcare No. 1 Equity Investment Partnership (Limited Partnership)* (南京華泰大健康一號股權投資合夥企業(有限合夥)) and Nanjing Huatai Big Healthcare No. 2 Equity Investment Partnership (Limited Partnership)* (南京華泰大健康二號股權投資合夥企業(有限合夥)) is an investment holding and investment consultation services entity established as a limited partnership in the PRC, while Nanjing Daoxing Investment Management Centre (General Partner) (南京道興投資管理中心(普通合夥)) and Daohe Investment, an investment holding entity established as a general partnership in the PRC.

IX. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Share Purchase Agreements and the Capital Increase Agreement (in aggregate) exceed 5% but are all below 25%, the Proposed Acquisition and Proposed Subscription constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

WARNING

The completion of the Proposed Acquisition and the Proposed Subscription is subject to the satisfaction and/or waiver (where applicable) of conditions precedent under the Share Purchase Agreements and the Capital Increase Agreement respectively, which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition Completion”	the completion of the sale and purchase of the equity interests in the Target Company under the Share Purchase Agreements
“Acquisition Consideration”	the consideration for the Proposed Acquisition
“Adjusted Valuation”	has the meaning given to it under the sub-heading “Subscription Consideration” under the section headed “IV. Capital Increase Agreement”
“Alibaba Health (China)”	Alibaba Health Technology (China) Company Limited* (阿里健康科技(中國)有限公司), formerly known as Alibaba Health Technology (Beijing) Company Limited* (阿里健康科技(北京)有限公司), a limited liability company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Alibaba Health Put Option”	has the meaning given to it under the sub-heading “Alibaba Health Put Option, Alibaba Health Step-up Option and Partial Shareholder Put Option” under the section headed “V. Shareholders’ Agreements”
“Alibaba Health Step-up Option”	has the meaning given to it under the sub-heading “Alibaba Health Put Option, Alibaba Health Step-up Option and Partial Shareholder Put Option” under the section headed “V. Shareholders’ Agreements”
“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement dated August 17, 2018 entered into between Alibaba Health (China), the Pre-sale Target Shareholders and the Target Company in respect of the Proposed Subscription
“Company”	Alibaba Health Information Technology Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00241)
“Connected Person”	has the meaning ascribed to it under the Listing Rules

“Cooperation Shareholders	Guiyang Yifangkang Medicinal Technology Centre (Limited Partnership)* (貴陽益芳康醫藥科技服務中心(有限合夥)), Guiyang Wanyixing Medicinal Technology Centre (Limited Partnership)* (貴陽萬益興醫藥科技服務中心(有限合夥)), Guiyang Kangyizu Medicinal Technology Centre (Limited Partnership)* (貴陽康益祖醫藥科技服務中心(有限合夥)), Guiyang Dingxingjun Medicinal Technology Centre (Limited Partnership)* (貴陽鼎興勻醫藥科技服務中心(有限合夥)), Guiyang Yihuikang Medicinal Technology Centre (Limited Partnership)* (貴陽益惠康醫藥科技服務中心(有限合夥)), Guiyang Kangyizhang Medicinal Technology Centre (Limited Partnership)* (貴陽康益章醫藥科技服務中心(有限合夥)), Guiyang Minkanghui Medicinal Technology Centre (Limited Partnership)* (貴陽民康輝醫藥科技服務中心(有限合夥)), Guiyang Xingyuankang Medicinal Technology Centre (Limited Partnership)* (貴陽興源康醫藥科技服務中心(有限合夥)) and Guiyang Kangxingfeng Medicinal Technology Centre (Limited Partnership)* (貴陽康興豐醫藥科技服務中心(有限合夥))
“Daohe Investment”	Nanjing Daohe Investment Management Centre (General Partner)* (南京道合投資管理中心(普通合夥)), a partnership established under the laws of the PRC
“DaShenLin”	DaShenLin Pharmaceutical Group Co., Ltd* (大參林醫藥集團股份有限公司), a company established under the laws of the PRC and listed on the Shanghai Stock Exchange
“Director(s)”	director(s) of the Company
“Disposal Event”	(i) the resignation or dismissal of Wang Chun Lei (王春雷) or Wang Yong Fang (王永芳) within five years of the Subscription Completion; (ii) the breach of the share transfer restrictions under the Shareholders’ Agreement by a Founding Shareholder; or (iii) a material breach by the Target Company or the Founding Shareholders of certain representations, warranties or undertakings under the Capital Increase Agreement or a breach of the Target Company’s obligations in respect of reserved matters under the Shareholders’ Agreements which has a material adverse effect on the Target Company’s business, assets, liabilities or financial condition
“Founder Shareholders”	Wang Chun Lei (王春雷), Wang Yong Fang (王永芳), Fang Zheng (方正), Li Tong (李彤) and Wang Ming Kang (王明康)

“Group”	the Company and its Subsidiaries (after Completion, including the Target Group)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huatai Fund”	Nanjing Huatai Big Healthcare No. 1 Equity Investment Partnership (Limited Partnership)* (南京華泰大健康一號股權投資合夥企業(有限合夥)), Nanjing Huatai Big Healthcare No. 2 Equity Investment Partnership (Limited Partnership)* (南京華泰大健康二號股權投資合夥企業(有限合夥)) and Nanjing Daoxing Investment Management Centre (General Partner)* (南京道興投資管理中心(普通合夥)), each a partnership established under the laws of the PRC
“Huatai Zijin”	Huatai Zijin (Jiangsu) Shareholding Investment Fund (Limited Partnership)* (華泰紫金(江蘇)股權投資基金(有限合夥)), a limited partnership established under the laws of the PRC
“Huizhifang”	Guizhou Huizhifang Technology Technical Services Centre (Limited Partnership)* (貴州匯智芳科技技術服務中心(有限合夥)), a limited partnership established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Shareholders”	Huatai Fund and the Post-sale Target Shareholders
“Partial Shareholder Put Option”	has the meaning given to it under the sub-heading “Alibaba Health Put Option, Alibaba Health Step-up Option and Partial Put Option” under the section headed “V. Shareholders’ Agreements”
“Post-sale Target Shareholders”	certain shareholders of the Target Company following to the Proposed Acquisition and Proposed Subscription, being the Founder Shareholders (excluding Wang Yong Fang (王永芳)), Li Shen Sen (李琛森), Gao Bin (高賓), DaShenLin, Guizhou Lianzong Heding Medicinal Technology Partnership Enterprise (Limited Partnership)* (貴州聯眾合鼎醫藥技術合夥企業(有限合夥)), Guizhou Liankang Medicinal Technology Service Centre (Limited Partnership)* (貴州聯康醫藥科技服務中心(有限合夥)), Yang Zi Wen (楊子紋), the Cooperation Shareholders, and Huizhifang

“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Pre-sale Target Shareholders”	certain shareholders of the Target Company prior to the Proposed Acquisition and Proposed Subscription, being Liang Xuan (梁旋), Lin Xiao Hong (林曉紅), Guo Qiang (郭強), Huatai Zijin, Daohe Investment, Guizhou Province Wenkang Pusu Medicinal Health Entrepreneur Fund (Limited Partnership)* (貴州省文康樸素醫藥健康創業投資基金(有限合夥)), New Yuxinde Investment Management Centre (Limited Partnership)* (新餘信德投資管理中心(有限合夥)), Liu Yi (劉毅), Ningbo Meishan Tax Protected Zone Port Area Fuhai Asset Management Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區富海創資產管理合夥企業(有限合夥)) and the Post-sale Target Shareholders
“Proposed Acquisition”	the sale and purchase of an aggregate of approximately 14.54% of the equity interests in the Target Company as contemplated under the Share Purchase Agreements
“Proposed Subscription”	the proposed subscription of equity interests in the Target Company as contemplated under the Capital Increase Agreement
“Qualifying IPO”	an initial public offering of the Target Company approved by a general meeting of the Target Company under which the shares held by Alibaba Health (China) can be traded freely (subject to any lock up arrangements)
“RMB”	Renminbi, the lawful currency of the PRC
“Share Purchase Agreement I”	the share purchase agreement dated August 17, 2018 entered into between Alibaba Health (China) and the Vendor Shareholders I in respect of the Proposed Acquisition
“Share Purchase Agreement II”	the share purchase agreement dated August 17, 2018 entered into between Alibaba Health (China) and the Vendor Shareholders II in respect of the Proposed Acquisition
“Share Purchase Agreement III”	the share purchase agreement dated August 17, 2018 entered into between Alibaba Health (China) and the Vendor Shareholders III in respect of the Proposed Acquisition
“Share Purchase Agreements”	collectively, the Share Purchase Agreement I, the Share Purchase Agreement II and the Share Purchase Agreement III

“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Agreements”	the shareholders’ agreement dated August 17, 2018 entered between the Target Company, the Post-sale Target Shareholders, the Huatai Fund, Wang Yong Fang (王永芳) and Alibaba Health (China) and related agreements
“Shares”	ordinary shares of par value HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Completion”	the completion of the subscription of equity interests in the Target Company as contemplated under the Capital Increase Agreement
“Subscription Consideration”	the consideration for the Proposed Subscription
“Subscription Pre-Payment Date”	the date on which all the conditions precedent for the payment of the first instalment of the Subscription Consideration are satisfied or waived
“Target Company”	Guizhou Ensure Chain Pharmacy Company Limited* (貴州一樹連鎖藥業有限公司), a company established under the laws of the PRC
“Target Group”	the Target Company and its Subsidiaries
“Vendor Shareholders”	collectively, the Vendor Shareholders I, Vendor Shareholders II and Vendor Shareholders III
“Vendor Shareholders I”	Liang Xuan (梁旋), Lin Xiao Hong (林曉紅), Gao Bin (高賓), Yang Zi Wen (楊子紋) and Liu Yi (劉毅)
“Vendor Shareholders II”	New Yuxinde Investment Management Centre (Limited Partnership)* (新余信德投資管理中心(有限合夥)) and Ningbo Meishan Tax Protected Zone Port Area Fuhai Asset Management Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區富海創資產管理合夥企業(有限合夥))

“Vendor Shareholders III” Guiyang Minkanghui Medicinal Technology Centre (Limited Partnership)* (貴陽民康輝醫藥科技服務中心(有限合夥)), Guiyang Wanyixing Medicinal Technology Centre (Limited Partnership)* (貴陽萬益興醫藥科技服務中心(有限合夥)), Guiyang Yihuikang Medicinal Technology Centre (Limited Partnership)* (貴陽益惠康醫藥科技服務中心(有限合夥)), Guiyang Dingxingjun Medicinal Technology Centre (Limited Partnership)* (貴陽鼎興勻醫藥科技服務中心(有限合夥)), Guiyang Xingyuankang Medicinal Technology Centre (Limited Partnership)* (貴陽興源康醫藥科技服務中心(有限合夥)), Guiyang Kangyizhang Medicinal Technology Centre (Limited Partnership)* (貴陽康益章醫藥科技服務中心(有限合夥)) and Guiyang Kangxingfeng Medicinal Technology Centre (Limited Partnership)* (貴陽康興豐醫藥科技服務中心(有限合夥))

“%” per cent

* *English name for identification purpose only.*

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, August 17, 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.