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## **ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**

**阿里健康信息技术有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00241)**

### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on March 28, 2016, Alibaba Health Technology (Beijing) entered into the Capital Increase Agreement with the Target Company and the Existing Shareholder, pursuant to which Alibaba Health Technology (Beijing) shall inject RMB225,000,000 in cash to the Target Company, of which, RMB2,666,666.67 will be contributed to the increase in its registered capital, and RMB222,333,333.33 will be contributed to its capital reserve. Upon completion of the Capital Increase Agreement, the registered capital of the Target Company shall be increased to RMB10,666,666.67, and the Target Company will be held as to 75% by the Existing Shareholder and 25% by Alibaba Health Technology (Beijing).

As an applicable percentage ratio calculated pursuant Rule 14.20 of the Listing Rules in respect of the Capital Increase Agreement exceeds 5% but is below 25%, the Capital Increase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company is consulting the Stock Exchange on the adoption of an alternative test and will make further announcement if necessary.

**Warning: The completion of the Capital Increase Agreement is subject to the satisfaction and/or waiver (where applicable) of conditions precedent, including but not limited to the Target Company having obtained the necessary corporate authorizations and applicable governmental approvals. As the Capital Increase Agreement may or may not proceed to completion, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

The Board is pleased to announce that on March 28, 2016, Alibaba Health Technology (Beijing) entered into the Capital Increase Agreement with the Target Company and the Existing Shareholder. The principal terms of this Capital Increase Agreement are set out as follows:

## **THE CAPITAL INCREASE AGREEMENT**

### **(1) Date**

March 28, 2016

### **(2) Parties**

- (a) Alibaba Health Technology (Beijing);
- (b) the Target Company; and
- (c) the Existing Shareholder.

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

### **(3) Capital Contribution**

As of the date of this announcement, the Existing Shareholder holds the entire registered capital of RMB8,000,000 in the Target Company. The Parties agreed that:

- the registered capital in the Target Company shall be increased by RMB2,666,666.67 to RMB10,666,666.67;
- Alibaba Health Technology (Beijing) shall inject RMB225,000,000 in cash to the Target Company, of which RMB2,666,666.67 will be contributed to the aforesaid increase in the registered capital of the Target Company, and RMB222,333,333.33 will be contributed to the capital reserve of the Target Company; and
- upon completion of the Capital Increase Agreement, the Target Company will be held as to 75% by the Existing Shareholder and 25% by Alibaba Health Technology (Beijing).

The Target Company will become an associated company of the Company upon completion of the Capital Increase Agreement, and the financial results of the Target Company will not be consolidated into the accounts of the Group.

#### **(4) Consideration and Payment**

The consideration for the Capital Increase Agreement is RMB225,000,000, of which 50% shall be payable by Alibaba Health Technology (Beijing) in immediately available cash to the designated account of the Target Company by telegraphic transfer on the Completion Date. The remaining 50% of the consideration shall be payable in immediately available cash within 6 months after the Completion Date by telegraphic transfer.

The consideration for the Capital Increase Agreement was determined after arm's length negotiations among the Parties with reference to the unaudited net asset value based on the Target Company's management accounts for the year ended December 31, 2015, the business prospects and cash flow requirements of the Target Company, and the prevailing market price for comparable companies and recent comparable transactions.

The Consideration will be financed by funds internally generated by Alibaba Health Technology (Beijing) and/or bank loans.

#### **(5) Management of the Target Company**

In connection with the Capital Increase Agreement, the Parties entered into a shareholders agreement on March 28, 2016, pursuant to which, the Parties agreed that, among other things:

- the Existing Shareholder shall be entitled to appoint three (3) directors (including the chairman), and Alibaba Health Technology (Beijing) shall be entitled to nominate two (2) directors, to the board of directors of the Target Company upon completion of the Capital Increase Agreement;
- matters relating to the Target Company that are reserved for approval by its shareholders shall, unless otherwise agreed, be resolved by a majority of more than two-thirds(2/3) of the votes cast at meetings of shareholders;
- the Target Company shall have one supervisor as designated jointly by the Existing Shareholder and Alibaba Health Technology (Beijing); and
- the Target Company shall be managed by one (1) manager to be nominated by the Existing Shareholder and approved by the its shareholders.

#### **REASONS FOR THE TRANSACTION**

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market. The Company believes that its investment in the Target Company will enable it to participate in the new and promising business area of the use of cloud computing platforms to provide remote medical imaging services, that will also help to further connect the participants in China's healthcare market. Such investment in the Target Company is also made in furtherance of the strategic cooperation framework agreement entered into by the Company with Jiangsu Yuwell Technology Development Co., Ltd.\* (江蘇魚躍科技發展有限公司) on April 17, 2015. For details, please refer to the announcement of the Company dated April 20, 2015.

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

## **LISTING RULES IMPLICATIONS**

As an applicable percentage ratio in respect of the Capital Increase Agreement as calculated pursuant to Rule 14.20 of the Listing Rules exceeds 5% but is below 25%, the Capital Increase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company is consulting the Stock Exchange on the adoption of an alternative test and will make further announcement if necessary.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC, with an existing registered capital of RMB8,000,000 held as to 100% by the Existing Shareholder at the date of this announcement. The Target Company is engaged in the construction of medical imaging big data clouding platforms and provision of related cloud storage services for the development of remote medical imaging services and establishment and operation of offline third party medical imaging centers, as well as the provision of technical development, promotion and consulting services relating to such services and operation.

Based on the unaudited management accounts of the Target Company prepared in accordance with the PRC accounting principles for the twelve months ended December 31, 2015, the total net asset value of the Target Company is RMB13.9 million. Based on the audited accounts of the Target Company for the financial year ended December 31, 2014 and the unaudited management accounts of the Target Company for the financial year ended December 31, 2015, which were prepared in accordance with the PRC accounting principles, the net profit/loss (before and after taxation and extraordinary items) of the Target Company for the two financial years ended December 31, 2014 and 2015 were as follows:

	<b>For the year ended December 31</b>	
	2014	2015
	<i>Audited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before taxation and extraordinary items	(548.6)	(2,852.1)
Net profit/(loss) after taxation and extraordinary items	1,702.6	(1,748.2)

## **INFORMATION ON THE EXISTING SHAREHOLDER**

The Existing Shareholder is a company established in the PRC, the shares of which are listed on the Shanghai Stock Exchange. The Existing Shareholder has more than 60 years of experience in the medical imaging sector and its principal activities include the manufacture of medical imaging devices. Its mission is to become the leading enterprise in China's medical imaging sector by relying on the technical standards and the extensive good relationships with grassroot hospitals that it has accumulated over the long term.

## INFORMATION ON ALIBABA HEALTH TECHNOLOGY (BEIJING), THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is an integrated healthcare information and content service provider and the principal activities of the Group comprise the operation of product identification, authentication and tracking systems principally for the drug industry in the PRC, the construction of a medical services network and pharmaceutical e-commerce business.

Alibaba Health Technology (Beijing) is a limited liability company incorporated in the PRC with a registered capital of RMB220 million. It is an indirect wholly owned subsidiary of the Company that engages primarily in computing technology development, technology consultancy and services, and marketing and business development for the Group's business operations.

### WARNING

**The completion of the Capital Increase Agreement is subject to the satisfaction and/or waiver (where applicable) of conditions precedent, including but not limited to the Target Company having obtained the necessary corporate authorizations and applicable governmental approvals. As the Capital Increase Agreement may or may not proceed to completion, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

### DEFINITION

“Alibaba Health Technology (Beijing)”	Alibaba Health Technology (Beijing) Company Limited* (阿里健康科技(北京)有限公司), a subsidiary of the Company
“Board”	the board of directors of the Company
“Capital Increase Agreement”	the capital increase agreement dated March 28, 2016 entered into by the Parties
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技术有限公司), a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“Completion Date”	the date of completion of the Capital Increase Agreement, which shall take place on the fifth business day after the satisfaction and/or waiver (where applicable) of the conditions precedent, or on such other date as the parties may otherwise agree in writing
“connected persons”	has the meaning ascribed to it is under the Listing Rules
“Director(s)”	director(s) of the Company

“Existing Shareholder”	China Resources Wandong Medical Equipment Company Limited* (華潤萬東醫療裝備股份有限公司), a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600055)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	Alibaba Health Technology (Beijing), the Target Company and the Existing Shareholder
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Target Company”	Wanliyun Medical Information Technology (Beijing) Co., Ltd. (萬里雲醫療信息科技(北京)有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.

\* For identification purposes only

For and on behalf of the Board  
**Alibaba Health Information Technology Limited**  
**WANG Lei**  
*Chief Executive Officer and Executive Director*

Hong Kong, March 28, 2016

*As at the date of this announcement, the Board comprises nine Directors, of which (i) two are executive Directors, namely Ms. CHEN Xiao Ying and Mr. WANG Lei; (ii) four are non-executive Directors, namely Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.*