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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)**

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTION – SERVICES FRAMEWORK AGREEMENT**

On December 31, 2016, the Company (for itself and on behalf of its subsidiaries) entered into the Services Framework Agreement with the AGH Group (for itself and on behalf of its Subsidiaries), pursuant to which the AGH Service Group will provide the Services and the Group will pay the Service Fees. The Services Framework Agreement commences from the Effective Date until March 31, 2018.

As Alibaba Holding is the ultimate majority shareholder of the Company, and Controls the AGH Service Group, each of the AGH Service Group is a connected person of the Group. The transactions under the Services Framework Agreement between the Group and the AGH Service Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company expects that the total Service Fees to be paid by the Group to the AGH Service Group under the Services Framework Agreement for the two years ending March 31, 2017 and 2018 will be not more than RMB15,000,000 and RMB60,000,000, respectively. Since one or more of the applicable percentage ratios in respect of the annual cap is higher than 5%, the transactions contemplated under the Services Framework Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To comply with the requirements under Rule 14A.36 of the Listing Rules, the Company will convene an SGM to seek Independent Shareholders' approval for the Services Framework Agreement and their respective annual caps.

A circular containing, inter alia, further details of the Services Framework Agreement and the transactions contemplated thereunder, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with the notice of SGM, is expected to be despatched to the Shareholders in accordance with the Listing Rules.

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A summary of the principal terms of the Services Framework Agreement and the estimated annual cap for the transactions thereunder are set out below.

## **SERVICES FRAMEWORK AGREEMENT**

### **Date**

December 31, 2016

### **Parties**

- (1) The Company (for itself and on behalf of its subsidiaries)
- (2) The AGH Group (for itself and on behalf of its Subsidiaries)

### **Duration**

Subject to approval by the Independent Shareholders at the SGM, the Services Framework Agreement commences from the Effective Date and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

## **Services to be provided**

Pursuant to the Services Framework Agreement, the AGH Group has agreed that the AGH Service Group will provide to the Group the Services including but not limited to the internet information related software technical services, bonus points system related software technical services, internet information services, secondary domain name services, other related platform services, and other similar or related services. The AGH Service Group shall provide the Services to the Group in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by the AGH Service Group from time to time.

## **Service Fees and payment terms**

The Service Fees shall be calculated in accordance with the standard terms and conditions as amended and published on the respective online sales platforms operated by the respective entities from time to time. As at the date of this announcement, the Service Fees comprise the following two components:

- (i) an annual service fee designated by the relevant entity of the AGH Service Group for each category of products to be sold on its online sales platform; and
- (ii) the real-time transaction fees calculated as a percentage of the amount of sales generated by the Group on the online sales platforms operated by the AGH Service Group, which shall be prescribed by the respective entities as standard fees at their discretion.

The AGH Service Group will ensure that the terms under which the Services to be provided to the Group are no less favorable than terms available to other independent third parties in accordance with the respective standard agreements which are to be applicable to other merchants.

The designated annual fees will be settled at the beginning of each calendar year and the real-time transaction fees will be settled immediately after the sale.

## **REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTIONS UNDER THE SERVICES FRAMEWORK AGREEMENT**

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 by marketing and selling products or services on online sales platforms operated by the AGH Service Group, it will be able to reach out to more customers and improve its understanding of their needs.

The Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the transactions under the Services Framework Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Services Framework Agreement have been negotiated on an arm's length basis and on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## HISTORICAL TRANSACTION AMOUNTS

Prior to the Services Framework Agreement, members of the Group have entered into service agreements with the AGH Service Group for the provision of the Services which shall expire on December 31, 2016. The aggregate amount of Service Fees paid by the Group for the Services under the service agreements is summarized below:

	<b>For the year ended March 31, 2015</b>	<b>For the six months ended September 30, 2016</b>
	<b>Historical Transaction Amounts (RMB) (Note)</b>	
Services	Nil	72,275

*Note:* The Group completed the acquisition of GWQNP on August 16, 2016 following which the provision of Services by the Tmall Entities to GWQNP became continuing connected transactions. Accordingly, the historical transaction amount set out above excludes the transaction amounts incurred by GWQNP prior to such date. For details relating to the acquisition of GWQNP and the continuing connected transactions between GWQNP and the Tmall Entities, please refer to the announcement of the Company dated August 16, 2016.

## ANNUAL CAP AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

The annual cap for the Service Fees payable under the Services Framework Agreement for the two years ending March 31, 2017 and 2018 are set out below:

	<b>For the year ending March 31, 2017</b>	<b>For the year ending March 31, 2018</b>
	<b>Annual Cap (RMB) (Note)</b>	
Services	15,000,000	60,000,000

*Note:* The annual cap for the year ending March 31, 2017 has taken into account the amount of Service Fees incurred and to be incurred by the Group for the period up to December 31, 2016 under the existing service agreements which shall expire on December 31, 2016.

Such annual cap has been estimated primarily based on (i) historical transaction amounts as hereinabove mentioned; (ii) the products and services that the Group intends to feature on Alibaba Group's platforms in future; and (iii) the potential of the future development of online healthcare products and services business in China.

The Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, considered that the annual cap is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Alibaba Holding is the ultimate majority shareholder of the Company, and Controls the AGH Service Group, each of the AGH Service Group is a connected person of the Company. The transactions contemplated under the Services Framework Agreement between the Group and the AGH Service Group thus constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the annual cap is higher than 5%, the transactions contemplated under the Services Framework Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the entering into of the Services Framework Agreement. The Company will also appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on this matter.

As Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai are employees of Alibaba Holding or its subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transaction. Accordingly, they abstained from voting on the resolutions in connection with the continuing connected transactions under the Services Framework Agreement.

## **THE SGM**

To comply with Rule 14A.36 of the Listing Rules, the Company will convene the SGM to seek Independent Shareholders' approval for the Services Framework Agreement, the transactions contemplated thereunder and the annual caps. Any Shareholder with a material interest in the Services Framework Agreement and the transactions contemplated thereunder and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, Perfect Advance, which holds a total of 4,420,628,008 Shares, representing approximately 54.03% of the issued share capital of the Company, and its associates, shall abstain from voting in relation to the ordinary resolutions to be put forward at the SGM for the purpose of approving the Services Framework Agreement and the transactions contemplated thereunder.

Apart from the above, none of the Shareholders has a material interest in the Services Framework Agreement and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the same.

A circular containing, inter alia, further details of the Services Framework Agreement and the transactions contemplated thereunder, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with the notice of SGM, is expected to be despatched to the Shareholders in accordance with the Listing Rules.

## **INFORMATION ABOUT 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 a pharmaceutical e-commerce business operator and healthcare network service provider which seeks to utilize the most advanced information technology to offer internet solutions for the healthcare industry. The principal activities of the Group comprise the operation of product tracking platforms in the PRC, pharmaceutical e-commerce and medical services network business.

## **INFORMATION ABOUT THE AGH GROUP**

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. Alibaba Holding is the largest retail commerce company in the world in terms of GMV in the twelve months ended March 31, 2016, compared with others on the basis of publicly available comparable transaction value data for the most recent fiscal year.

Alibaba Holding operates Tmall, China's largest third-party platform for brands and retailers, in each case by monthly active users in 2015, according to iResearch, and Tmall Global, which is an extension of Tmall enabling overseas brands and retailers to reach Chinese consumers without the need for physical operations in China. Alibaba Holding also operates a China wholesale marketplace, 1688.com, which matches wholesale buyers and sellers in categories such as general merchandise, apparels, electronics, raw materials, industrial components and agricultural and chemical products.

Alibaba Holding operates these platform through its Subsidiaries, which includes Taobao China and Alibaba.com China and their respective Subsidiaries.

## **DEFINITIONS**

“AGH Group”	Alibaba.com China and Taobao China
“AGH Service Group”	Alibaba Technology, Hangzhou Alibaba Advertising, Taobao China, the Tmall Entities and their respective affiliates, collectively

“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries, for the purpose of this announcement, excluding the Group
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange
“Alibaba Technology”	Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of Alibaba Holding
“Alibaba.com China”	Alibaba.com China Limited (阿里巴巴網絡中國有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Alibaba Holding
“Board”	the board of directors of the Company
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected person(s)”	has the meaning ascribed to it is under the Listing Rules
“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of a 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 per cent (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 “Controlled” has the meaning correlative to the foregoing
“Director(s)”	director(s) of the Company

“Effective Date”	the effective date of the Services Framework Agreement, being the date of the Services Framework Agreement or the date of the approval of the Services Framework Agreement and continuing connected transactions contemplated thereunder by the Independent Shareholders at the SGM (whichever is the later)
“Group”	the Company and its subsidiaries
“GWQNP”	Guangzhou Wu Qian Nian Pharmaceutical Chain Co., Ltd.* (廣州五十年醫藥連鎖有限公司), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Hangzhou Alibaba Advertising”	Hangzhou Alibaba Advertising Co., Ltd.* (杭州阿里巴巴廣告有限公司), a company incorporated in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, being the independent non-executive Directors, established to advise the Independent Shareholders on the Services Framework Agreement and the continuing connected transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Services Framework Agreement and the continuing connected transactions contemplated thereunder
“Independent Shareholders”	the Shareholders of the Company, other than (i) Alibaba Holding and its associates, including Perfect Advance; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Services Framework Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of Alibaba Holding



“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
“Service Fees”	the service fees to be paid by the Group to the AGH Service Group under the Services Framework Agreement
“Services”	the services to be provided by the AGH Service Group to the Group under the Services Framework Agreement
“Services Framework Agreement”	the services agreement dated December 31, 2016 entered into between the Company and the AGH Group
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider, and vote on the Services Framework Agreement and the continuing connected transactions contemplated thereunder
“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”	entities which are Controlled
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Alibaba Holding
“Tmall”	a third party online platform for brands and retailers operated by Alibaba Group under the domain name Tmall.com (or such other URLs as may be used by Tmall, including but not limited to URLs used for internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall)
“Tmall Entities”	Tmall Technology and Tmall Network, collectively

“Tmall Global”	the third party online transaction platform for brands and retailers operated by Alibaba Group under the domain name tmall.hk (or such other URLs as may be used by Tmall Global, including but not limited to URLs used for internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall Global)
“Tmall Network”	Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), a company incorporated in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding
“%”	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, January 3, 2017

*As at the date of this announcement, the Board comprises eight Directors, of whom (i) one is an executive Director, namely, 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.*