

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 IN RELATION TO
(1) THE SETTLEMENT AGREEMENT IN RESPECT OF THE DISPUTE
AND LEGAL PROCEEDINGS WITH ORACLE
AND
(2) THE DISPOSAL LOSS FOR THE LICENSE RIGHTS UNDER
THE ORACLE LICENSE AND SERVICE AGREEMENT**

The Company has entered into a Settlement Agreement on January 12, 2015 in respect of the Dispute and Legal Proceedings with Oracle Hong Kong and Oracle Beijing. Under the Settlement Agreement, the Parties have agreed that as full and final settlement of the Dispute and the Legal Proceedings, among other things, (i) CITIC 21CN Technology, a subsidiary of the Company, shall pay Oracle Beijing the Settlement Sum of approximately RMB37.2 million within three working days upon the signing of the Settlement Agreement, (ii) Oracle Hong Kong shall refund the Deposit of approximately US\$11.0 million, together with accrued interest of approximately US\$1.2 million to the Company within three working days upon the receipt of the Settlement Sum by Oracle Beijing, and (iii) the Parties shall take all necessary steps to end the Legal Proceedings.

In addition, as the Group has completed the migration of its Drug PIATS infrastructure from the database management software and middleware licensed by Oracle Beijing to the cloud computing platform provided by Alibaba Cloud, the Company's management expects that the Group will no longer receive any economic benefits from the use of the license rights under the Oracle License and Service Agreement in the future. As such, they expect the Group to recognize a corresponding disposal loss for the year ending March 31, 2015.

Based on the preliminary assessment of the Company's management and subject to the audit of the Group's financial statements for the year ending March 31, 2015 by the Company's external auditors, the Group expects to recognize a before tax gain of approximately HK\$114.1 million** in respect of the Settlement Agreement and the reversal of related accruals, and a before tax loss of approximately HK\$34.1 million** in respect of the License Rights Disposal for the year ending March 31, 2015.

SETTLEMENT AGREEMENT

Reference is made to the interim report of Alibaba Health Information Technology Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the period ended September 30, 2014 (the "**2014 Interim Report**"). As set out in detail in Note 15 to the condensed consolidated financial statements in the 2014 Interim Report, the Group has been involved in a dispute (the "**Dispute**") arising from a payment agreement (the "**Payment Agreement**") signed on May 30, 2006 among 中信21世紀(中國)科技有限公司 (CITIC 21CN (China) Technology Company Limited*) ("**CITIC 21CN Technology**"), a subsidiary of the Company, Oracle (China) Software Systems Co., Ltd. (formerly known as Beijing Oracle Software Systems Co., Ltd.) ("**Oracle Beijing**"), the Company and Oracle Systems Hong Kong Limited ("**Oracle Hong Kong**"). The Payment Agreement provided, among other things, the settlement arrangement for fees that arose from a license and service agreement signed between Oracle Beijing and CITIC 21CN Technology in respect of certain database management software and middleware licensed and services provided by Oracle (the "**Oracle License and Service Agreement**"). Pursuant to the Payment Agreement, approximately US\$11.0 million has been paid by the Company to Oracle Hong Kong as a deposit on May 30, 2006 (the "**Deposit**").

Arbitration proceedings were commenced with the China International Economic and Trade Arbitration Commission (the "**CIETAC Proceedings**") and legal proceedings were commenced in the courts of Beijing and Hong Kong (the "**Legal Proceedings**") in respect of the Dispute. The CIETAC Proceedings were concluded during the financial year ended March 31, 2011 with an arbitral award handed down by CIETAC, which was subsequently set aside by the Beijing First Intermediate People's Court and ceased to have legal effect as from October 25, 2011. As at September 30, 2014, the Legal Proceedings remained in progress. For details regarding the Dispute, the CIETAC Proceedings and the Legal Proceedings, please refer to Note 15 to the condensed consolidated financial statements in the 2014 Interim Report.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) that CITIC 21CN Technology, Oracle Beijing, the Company and Oracle Hong Kong (together the “**Parties**”) entered into a settlement agreement (the “**Settlement Agreement**”) on January 12, 2015, pursuant to which the Parties have agreed that as full and final settlement of Dispute and the Legal Proceedings, among other things, (i) CITIC 21CN Technology, a subsidiary of the Company, shall pay Oracle Beijing approximately RMB37.2 million (the “**Settlement Sum**”) within three working days upon the signing of the Settlement Agreement, (ii) Oracle Hong Kong shall refund the Deposit of approximately US\$11.0 million, together with accrued interest of approximately US\$1.2 million to the Company within three working days upon the receipt of the Settlement Sum by Oracle Beijing (the “**Refund**”), and (iii) the Parties shall take all necessary steps to end the Legal Proceedings. The Board considers the Settlement Agreement to be in the best interests of the Company and the Shareholders as a whole.

DISPOSAL LOSS

The Group has completed the migration of its product identification, authentication and tracking system for the drug industry (“**Drug PIATS**”) infrastructure from the database management software and middleware licensed by Oracle Beijing under the Oracle License and Service Agreement to the cloud computing platform provided by 阿里雲計算有限公司 (Alibaba Cloud Computing Ltd.*) (“**Alibaba Cloud**”). Accordingly, the Company’s management expects that the Group will no longer receive any economic benefits from the use of the license rights under the Oracle License and Service Agreement in the future. As such, they expect the Group to recognize a corresponding disposal loss for the year ending March 31, 2015 (the “**License Rights Disposal**”).

FINANCIAL IMPACT

Based on the preliminary assessment of the Company’s management and subject to the audit of the Group’s financial statements for the year ending March 31, 2015 by the Company’s external auditors, the Group expects to recognize a before tax gain of approximately HK\$114.1 million** in respect of the Settlement Agreement and the reversal of related accruals, and a before tax loss of approximately HK\$34.1 million** in respect of the License Rights Disposal for the year ending March 31, 2015. The financial impact estimated above has not been audited or otherwise reviewed by the Company’s external auditors. The information contained in this announcement is based on currently available information after the Company’s management review of the Group’s management accounts as of December 31, 2014.

This announcement is issued by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.

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

Hong Kong, January 12, 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.

* *For identification purpose only*

** *Such amounts have been converted into HK\$ at an exchange rate of RMB1: HK\$1.2676 or US\$1: HK\$7.7567 for the purpose of illustration only. No representation is made that any amount in RMB or US\$ could have been or could be converted at the relevant dates at the above rate or at any other rates or at all.*