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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)**

### **INSIDE INFORMATION IN RELATION TO THE FUTURE OPERATION OF THE DRUG PIATS BUSINESS**

This announcement is made by Alibaba Health Information Technology Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the “**SFO**”).

The Group is an integrated healthcare information and content service provider and its principal activities comprise the operation of the product identification, authentication and tracking systems principally for the drug industry (the “**Drug PIATS**”), the construction of a medical services network and pharmaceutical e-commerce business.

The Board wishes to inform the shareholders as follows:

- 1. Announcement Regarding the Temporary Halt in Enforcement of the Announcement No. 1 of 2015 Regarding Relevant Rules on the Drug PIATS (Announcement No. 40 of 2016) (《關於暫停執行2015年1號公告藥品電子監管有關規定的公告》(2016年第40號)) published by the China Food and Drug Administration (the “CFDA”)**

The Company notes the Announcement Regarding the Temporary Halt in Enforcement of the Announcement No. 1 of 2015 Regarding Relevant Rules on the Drug PIATS (Announcement No. 40 of 2016) (《關於暫停執行2015年1號公告藥品電子監管有關規定的公告》(2016年第40號)) published by the CFDA on February 20, 2016 (the “**Announcement No. 40 of 2016**”), pursuant to which the CFDA has announced

that as it is seeking public consultation on amendment of the Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》) in relation to the Drug PIATS, it has decided to temporarily halt enforcement of the relevant rules under Announcement No. 1 of 2015 Regarding Full Implementation of the Drug PIATS by Drug Manufacturing Enterprises and Related Matters (《關於藥品生產經營企業全面實施藥品電子監管有關事宜的公告》(2015年第1號)) (the “**Announcement No. 1 of 2015**”). Among other things, the Announcement No. 1 of 2015 required:

- (i) by December 31, 2015, PRC drug manufacturing enterprises and imported drug manufacturers to join the Drug PIATS and to complete modification of their production lines to add the Drug PIATS barcodes to packaging of their drugs and to collect and upload relevant data and verify the registration and sales of the drugs through the Drug PIATS;
- (ii) by December 31, 2015, all drug distributors and retail enterprises to join the Drug PIATS and to scan the PIATS barcodes to timely verify the registration and sales of the drugs, to upload the relevant data and to ensure its completeness and accuracy, and to conscientiously handle alerts published through the Drug PIATS; and
- (iii) by April 30, 2015, imported drug manufacturers who had yet to join the Drug PIATS to report to the CFDA their selected agents in respect of the Drug PIATS implementation and to commence work to join the Drug PIATS.

## **2. Potential effects of the Announcement No. 40 of 2016 on the Company’s operation of the Drug PIATS business**

We refer to the clarification announcement of the Company dated January 28, 2016 (the “**Clarification Announcement**”) in relation to the Drug PIATS. Unless otherwise indicated, capitalized terms defined in the Clarification Announcement shall have the same meanings when used in this announcement.

The Company was engaged by the State Food and Drug Administration as the technical operator of the Drug PIATS, and as disclosed in the Clarification Announcement, the Company provides technical support and maintenance services in respect of the Drug PIATS. The Company does not own the Drug PIATS as the ownership rights of the Drug PIATS have always belonged to the CFDA.

Since the Company was first engaged by the State Food and Drug Administration to construct and operate the Drug PIATS in 2006, the construction of the nationwide Drug PIATS was basically completed in the second half of 2015, following which the Company has been exploring with the CFDA future plans for operating the Drug PIATS. Since the Clarification Announcement, the Company and the CFDA have been discussing this further and has set up a joint working group to discuss the handover of the Drug PIATS, with the details of the handover (including the timetable and the interim operating business model) still pending determination.

As the operator of the Drug PIATS, the Company has not received any notice from the CFDA to request the Company to cease to provide technical support and maintenance services in respect of the Drug PIATS. The Company will therefore continue its operation of the Drug PIATS and provision of services to the drug industry, and will work closely with the CFDA to continue such operations under the CFDA's direction. The Company continues to believe that a well-operated Drug PIATS is beneficial to society and welcomes any market-based operation solutions that will help to further develop the societal value of the Drug PIATS.

The Company does not currently have sufficient information to accurately estimate the impact on its financial results and operating performance, but the Group's provision of services to the CFDA and the drug industry through the operation of the Drug PIATS is one of the Group's principal businesses, and revenue generated from the operation of the Drug PIATS accounted for almost all of the Group's revenue for the year ended March 31, 2015 and for the six months ended September 30, 2015, and is expected to continue to account for almost all of the Group's revenue for the year ending March 31, 2016.

Based on the information currently available to the Group, the Company expects that if Announcement No. 1 of 2015 continues not to be enforced by the CFDA for a significant period of time or if the CFDA announces other new regulatory policies, there could be a material adverse impact on the Company's revenue, business and results of operations.

The Board confirms that, save as disclosed, the Company maintains its normal business operations. It will continue to develop its other principal businesses such as the construction of a medical services network and pharmaceutical e-commerce business. The Company will promptly make an announcement to notify its shareholders and the market once it has sufficient information to estimate the impact of the Announcement No. 40 of 2016 on its financial results and operating performance.

### **3. The Company's strategy and future**

The Company will still continue its previously disclosed mission: to build an online community where it will connect participants in China's healthcare market. Accordingly, the Company will continue to develop its construction of a medical services network and pharmaceutical e-commerce business. The Company also understands that Alibaba Group remains committed to its decision to make the Company the healthcare flagship of Alibaba Group. The Board will prudently evaluate the impact of the regulatory changes regarding the Drug PIATS on the Company's business and future development, as well as possible responses and adjustments to be made by the Group.

We also refer to the announcements of the Company dated April 15, 2015 and January 4, 2016 in relation to, among other things, the Proposed Acquisition (as defined in such announcements). We are assessing the impact of this development, if any, on the Proposed Acquisition. We note that the long stop date for the fulfillment of the conditions precedent under the share purchase agreement relating to the Proposed Acquisition is March 31, 2016.

**The Proposed Acquisition is subject to a number of conditions including but not limited to Independent Shareholders' approval, which may or may not be fulfilled. While the Company remains committed to pursuing the Proposed Acquisition, there remains uncertainty regarding obtaining the required regulatory approvals for the Proposed Acquisition. In the event that conditions are not fulfilled, the Proposed Acquisition will not proceed.**

**The Company will make further announcements to inform the market as and when necessary under the Listing Rules and/or Part XIVA of the SFO. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.**

By Order of the Board  
**ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**  
**WANG Lei**  
*Chief Executive Officer and Executive Director*

Hong Kong, February 21, 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.*