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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated July 6, 2016 in relation to the acquisition of a 100% equity interest in Guangzhou Wu Qian Nian Pharmaceutical Chain Co., Ltd.\* (廣州五千年醫藥連鎖有限公司). The Acquisition was completed on August 16, 2016.

Prior to the completion of the acquisition of GWQNP (upon which GWQNP became an indirectly wholly owned subsidiary of the Company), on July 12, 2016, GWQNP had entered into a Tmall Services Agreement with the Tmall Entities, pursuant to which the Tmall Entities will provide the Services and GWQNP would pay the Tmall Entities service fees, according to the Tmall various product category technical services fees annual fee summary table and the standard fees charged to Tmall merchants for the Tmall bonus points system, as published on the Tmall website and generally applicable to Tmall merchants. The term of the Tmall Services Agreement is from the date of the Tmall Services Agreement until December 31, 2016.

As Alibaba Holding is the ultimate majority shareholder of the Company, and Controls the Tmall Entities, the Tmall Entities are connected persons of the Group. Given that transactions between the Group and the Tmall Entities constitute connected transactions of the Group, the transactions under the Tmall Services Agreement between GWQNP and the Tmall Entities have become continuing connected transactions of the Company following completion of the acquisition of GWQNP.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements as the Group will continue to conduct the transactions under the Tmall Services Agreement. The Company will also further comply with all connected transactions requirements under Chapter 14A of the Listing Rules if the Tmall Services Agreement is renewed or its terms are varied.

The Company expects that the total commissions paid by GWQNP to the Tmall Entities under the Tmall Services Agreement during the term of the Tmall Services Agreement will not exceed HK\$9,000,000.

Reference is made to the announcement of the Company dated July 6, 2016 in relation to the acquisition of a 100% equity interest in Guangzhou Wu Qian Nian Pharmaceutical Chain Co., Ltd.\* (廣州五十年醫藥連鎖有限公司) (“GWQNP”). The acquisition was completed on August 16, 2016.

Prior to the completion of the acquisition of GWQNP (upon which GWQNP became an indirectly wholly-owned subsidiary of the Company), on July 12, 2016, GWQNP had entered into a Tmall Services Agreement with the Tmall Entities, pursuant to which the Tmall Entities will provide the Services and GWQNP would pay the Tmall Entities service fees, according to the Tmall various product category technical services fees annual fee summary table and the standard fees charged to Tmall merchants for the Tmall bonus points system, as published on the Tmall website and generally applicable to Tmall merchants. Such fees include a standard rebatable annual fee of RMB30,000 and a technical services fee calculated as a percentage of the value of sales of products or services of GWQNP achieved using the Services provided by the Tmall Entities. The term of the Tmall Services Agreement is from the date of the Tmall Services Agreement until December 31, 2016.

As Alibaba Holding is the ultimate majority shareholder of the Company, and Controls the Tmall Entities, the Tmall Entities are connected persons of the Group. Given that transactions between the Group and the Tmall Entities constitute connected transactions of the Group, the transactions under the Tmall Services Agreement between GWQNP and the Tmall Entities have become continuing connected transactions of the Company following completion of the acquisition of GWQNP.

Pursuant to Rule 14A.60 of the Listing Rules, set out below are the principal terms of the Tmall Services Agreement and the estimated cap for the transactions thereunder.

## **Tmall SERVICES AGREEMENT**

On July 12, 2016, GWQNP, an indirectly wholly-owned subsidiary of the Company, entered into a Tmall Services Agreement with the Tmall Entities, pursuant to which the Tmall Entities will provide the Services and GWQNP would pay the Tmall Entities a commission based on a percentage of the GMV that GWQNP generates on Tmall. The principal terms of the Tmall Services Agreement are set out below.

### **Date**

July 12, 2016

### **Parties**

- (1) GWQNP
- (2) The Tmall Entities

### **Duration**

The Tmall Services Agreement commenced on July 12, 2016 and shall end on December 31, 2016, unless otherwise terminated in accordance with the terms thereunder.

### **Services**

Pursuant to the Tmall Services Agreement, the Tmall Entities have agreed to provide to GWQNP certain services, including internet information related software technical services (including product search and product display software services), bonus points system related software technical services, internet information services, secondary domain name and other services.

### **Service fees and payment terms**

The fees for the Services shall be calculated based on the fee table set out in the Tmall various product category technical services fees annual fee summary table and the standard fees charged to Tmall merchants for the Tmall bonus points system, as published on the Tmall website and generally applicable to Tmall merchants. Such fees include a standard rebatable annual fee of RMB30,000 and a technical services fee calculated as a percentage of the value of sales of products or services of GWQNP achieved using the Services provided by the Tmall Entities, which will be settled immediately after the sales.

The Company expects that the total commissions paid by GWQNP to the Tmall Entities under the Tmall Services Agreement during the term of the Tmall Services Agreement will not exceed HK\$9,000,000.

## **REASONS AND BENEFITS OF CONTINUING TO ENTER INTO TRANSACTION UNDER THE TMALL SERVICES 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 intends to develop its retail pharmaceutical business by, among other things, featuring such business on its Alibaba Health mobile application, promoting GWQNP's own website [www.liangxinyao.com](http://www.liangxinyao.com), and conducting advertising and promotions on search engines and specialist healthcare websites. The Company believes that by using the Services provided by the Tmall Entities under the Tmall Services Agreement, it will be able to further promote such business and reach more end consumers.

The Directors (including the independent non-executive Directors) consider that the transactions under the Tmall Services Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Tmall Services Agreement have been negotiated on an arm's length basis and on normal commercial terms and they are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **HISTORICAL TRANSACTION AMOUNTS**

There is no historical cap or historical transaction amount as the Group had recently acquired GWQNP to operate retail pharmaceutical business and GWQNP had also only recently entered into the Tmall Services Agreement with the Tmall Entities.

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

It is expected that the maximum aggregate fees payable by GWQNP to the Tmall Entities under the Tmall Services Agreement during the term of the Tmall Services Agreement will not exceed HK\$9,000,000. The annual cap has been estimated primarily based on the Group's expectations of this new business, taking into account the products and services that the Group intends to continue to feature on Tmall following completion of the acquisition of GWQNP, the estimated demand for such products and services and the current published rates of Tmall for merchants and as agreed by the Parties under the Tmall Services Agreement.

The Directors (including the independent non-executive Directors) 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 Tmall Entities, the Tmall Entities are connected persons of the Group. Given that transactions between the Group and the Tmall Entities constitute connected transactions of the Group, the transactions under the Tmall Services Agreement between GWQNP and the Tmall Entities have become continuing connected transactions of the Company following completion of the acquisition of GWQNP.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements as the Group will continue to conduct the transactions under the Tmall Services Agreement. The Company will also further comply with all connected transactions requirements under Chapter 14A of the Listing Rules if the Tmall Services Agreement is renewed or its terms are varied.

The continuation of the continuing connected transactions under the Tmall Services Agreement, conditional upon the completion of the acquisition of GWQNP, was approved by the Board on July 5, 2016. 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 such decision. Accordingly, they abstained from voting on the relevant resolutions passed by the Board on July 5, 2016 to approve the continuation of the continuing connected transactions under the Tmall Services Agreement, conditional upon the completion of the acquisition of GWQNP.

## **INFORMATION ABOUT THE COMPANY AND GWQNP**

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 an integrated healthcare information and content service provider. 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.

GWQNP is a company established in the PRC, with an existing registered capital of RMB5,000,000 and is mainly engaged in the retailing of pharmaceutical products and traditional Chinese medicine drinks. GWQNP became an indirectly wholly owned subsidiary of the Company upon completion of its acquisition on August 16, 2016.

## **INFORMATION ABOUT THE TMALL ENTITIES**

Zhejiang Tmall Network Co., Ltd\* (浙江天貓網絡有限公司) is a company incorporated under the laws of the PRC and ultimately Controlled by Alibaba Holding, which is principally engaged in the operation of Tmall. Zhejiang Tmall Technology Co., Ltd\* (浙江天貓技術有限公司) is a company incorporated under the laws of the PRC and an indirect non-wholly-owned subsidiary of Alibaba Holding, which is principally engaged in the provision of software and technology services for Tmall.

## **DEFINITIONS**

“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the shares of which are listed on the New York Stock Exchange
“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)
“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
“connected person(s)”	has the meaning ascribed to it is under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GWQNP”	Guangzhou Wu Qian Nian Pharmaceutical Chain Co., Ltd.* (廣州五千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
“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”	GWQNP and the Tmall Entities
“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
“Services”	the services to be provided by the Tmall Entities under the Tmall Services Agreement, including internet information related software technical services, bonus points system related software technical services, internet information services, secondary domain name and other services
“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
“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 Network”	Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), a company incorporated on March 28, 2011 under the laws of the PRC and ultimately Controlled by Alibaba Holding
“Tmall Services Agreement”	the Tmall services agreement and information display services supplemental agreement dated July 12, 2016 entered into between the Parties
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), a company incorporated under the laws of the PRC and an indirect non-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, August 16, 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.*