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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)

(I) DISPATCH OF CIRCULAR REGARDING NON-EXEMPT CONTINUING CONNECTED TRANSACTION – SERVICES AGREEMENT AND (II) THE SERVICES AGREEMENT

We refer to the announcement of Alibaba Health Information Technology Limited (the “**Company**”) dated April 1, 2016 in relation to, among other things, the non-exempt continuing connected transactions contemplated under a services agreement (the “**Original Services Agreement**”) entered into between Alibaba Health Technology (Beijing), a wholly owned subsidiary of the Company, and the Tmall Entities on April 1, 2016, and the announcements of the Company dated April 25, May 25, June 24, July 12, August 12, 2016 and August 22, 2016 respectively, in relation to the delay in dispatch of the Circular (collectively, the “**Announcements**”). The Original Services Agreement was terminated on August 24, 2016 and the same parties entered into a services agreement (the “**Services Agreement**”) in relation to the same services and on the same terms except as outlined in this announcement and the Circular. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

DISPATCH OF THE CIRCULAR

The Board is pleased to announce that the Circular containing, among other things, (i) further details of the Services Agreement; (ii) a letter of advice from the Independent Financial Adviser to the Board in relation to the Services Agreement and the transactions contemplated thereunder; (iii) a notice of the special general meeting (the “**SGM**”) of the Company to consider, and if thought fit, pass the resolutions to approve, among other things, the Services Agreement and the transactions contemplated thereunder; and (iv) other information as required under the Listing Rules for the purpose of the SGM, will be dispatched to the Shareholders on or around August 26, 2016.

The SGM will be held at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, at 10:30 a.m. on Monday, September 12, 2016. Details of which are set out in the notice of SGM contained in the Circular.

THE SERVICES AGREEMENT

The Board announces that on August 24, 2016, Alibaba Health Technology (Beijing), an indirect wholly owned subsidiary of the Company, and the Tmall Entities, members of Alibaba Group, terminated the Original Services Agreement and entered into the Services Agreement in relation to the same services, pursuant to which Alibaba Health Technology (Beijing) will be engaged to provide certain outsourced and value-added services in connection with the Relevant Categories for a fee. Further details of the Services Agreement are contained in the Circular.

The following summary sets out the key changes in the Services Agreement to the Original Services Agreement. The remaining terms of the Services Agreement are the same as set out in the summary of the Original Services Agreement.

(a) Term and termination

Subject to approval by the Independent Shareholders at the SGM, the term of the Services Agreement will commence from the effective date, being the day following the date of the approval, and end on March 31, 2017, unless otherwise terminated in accordance with the terms of the Services Agreement. The Company will decide on the renewal of the Services Agreement prior to March 31, 2017. The Services Agreement shall automatically terminate, among other things, if the monetary cap is exceeded during the term of the Services Agreement.

(b) Annual Cap

The proposed annual cap in respect of the service fee payable to the Group during the term of the Services Agreement is amended to RMB60 million. The Services Agreement includes a provision where the Tmall Entities agree to allow the Company and its auditors access to information necessary to report on the non-exempt continuing connected transaction.

(c) Services to be provided

The Services Agreement is amended to list out the below more detailed categories of outsourced and value-added services in relation to the Relevant Categories:

- (i) Merchants' business development, including tracking market trends and policy updates;
- (ii) Merchant customer services, including providing helpline support for Merchants on the process of admission to Tmall and general operational questions; assisting Merchants in optimizing searches for their products through their product information display, collating and analyzing consumer behavior data, updating Merchants on any new business rules, upcoming marketing activities, business risks, as well as collecting feedback and suggestions from Merchants to improve overall services to Merchants;

- (iii) marketing event planning for Merchants, including planning and organizing marketing events for Merchants, organizing Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis;
- (iv) Technical support, including providing technical support on product information display and store design, transaction completion processes, the use of payment tools, consumer service tools (such as the use of chat windows or complaints forms); and
- (v) assistance to the Tmall Entities' business team with Tmall Entities': (a) Merchant admissions; (b) Merchants' business operations; (c) Merchant management; and (d) product quality control functions, including assisting with formulating rules that govern Merchants' operation, reviewing documents required for Merchants' admission and formulating and implementing quality control rules and conducting regular inspections.

(d) Products and services supported by the Services Agreement

The scope of the Relevant Categories will be fixed for the term of the Services Agreement.

(e) No adjustment to the Service Fee

The service fee for the term of the Services Agreement will be fixed and may not be adjusted.

WARNING

The commencement of the Services Agreement is subject to compliance with the applicable requirements under the Listing Rules, including Independent Shareholders' approval, which may or may not be obtained. If Independent Shareholders' approval is not obtained, the Services Agreement will not proceed and will not become effective.

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, August 24, 2016

As at the date of this announcement, the Board comprises eight Directors, of which (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.