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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 RENEWED AGENCY AGREEMENT

Reference is made to the announcement of the Company dated January 6, 2017 in relation to the Agency Agreement, which expired on March 31, 2017.

Pursuant to the Renewed Agency Agreement entered into by Alibaba Health (HK), an indirect wholly-owned Subsidiary of the Company, and Alimama on June 28, 2017, Alibaba Health (HK) (for itself and on behalf of its Subsidiaries) as the marketing agent will refer Alibaba Health Group's contracted clients to purchase, and Alimama as the marketing services provider will provide to Alibaba Health Group's contracted clients, various marketing and advertising services on the marketing and branding platforms provided by Alimama, for a term of one (1) year that runs retrospectively from April 1, 2017 to March 31, 2018. The Group expects that the annual cap of the incentive fees to be received under the Renewed Agency Agreement will be no more than RMB7,000,000.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alimama is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Alimama is also a connected person of the Company and the transactions contemplated under the Renewed Agency Agreement will constitute continuing connected transactions for the Company in accordance with the Listing Rules.

As each of the applicable percentage ratios calculated with reference to the annual cap in respect of the Renewed Agency Agreement is less than 5%, the transactions contemplated under the Renewed Agency Agreement are subject to the reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE RENEWED AGENCY AGREEMENT

Background

Reference is made to the announcement of the Company dated January 6, 2017 in relation to the Agency Agreement entered into between Alibaba Health Technology (China) and Alimama. Under the Agency Agreement, as part of the Company's ordinary and usual course of business, the Company from time to time identifies clients who require promotion services for their brands, and formulates marketing and promotion plans for those clients, including recommending them to use Alimama's marketing and advertising services. As the Agency Agreement expired on March 31, 2017, a renewed agreement has been agreed between the parties and the principal terms of the Renewed Agency Agreement are set out below.

Date

June 28, 2017

Parties

- (1) Alibaba Health (HK) (for itself and on behalf of its Subsidiaries), as the marketing agent
- (2) Alimama, as the marketing services provider

Duration

The Renewed Agency Agreement shall be for a term of one (1) year that runs retrospectively from April 1, 2017 to March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided by Alimama, incentive fees and payment term

Pursuant to the Renewed Agency Agreement, Alibaba Health (HK) (for itself and on behalf of its Subsidiaries), as the marketing agent, will refer Alibaba Health Group's contracted clients to purchase, and Alimama, as the marketing services provider, will provide to Alibaba Health Group's contracted clients, various marketing and advertising services on the marketing and branding platforms provided by Alimama and/or its affiliated companies during the term of the Renewed Agency Agreement. The actual marketing expenses will be settled by Alibaba Health Group or its contracted clients to Alimama directly on a quarterly basis.

In return for the agency effort to be made by Alibaba Health Group, Alibaba Health Group will be entitled to receive from Alimama annual incentive fees should Alibaba Health Group's contracted clients' actual marketing expenses with Alimama exceed certain amounts. As at the date of this announcement, the incentive fees include: (i) at least 10% of the total actual annual marketing expenses to be incurred by or on behalf of Alibaba Health Group's contracted clients with Alimama, and will be up to 30% of such actual annual marketing expenses should the total marketing expenses incurred by or on behalf of contracted clients reach certain thresholds; or (ii) solely in respect of Alimama's "Brand Zone (品牌專區)"

marketing products and services, at least 3% of the total actual annual marketing expenses to be incurred by or on behalf of Alibaba Health Group's contracted clients in respect of such marketing products and services with Alimama, and will be up to 5% of such actual annual marketing expenses should the total marketing expenses in respect of such marketing products and services incurred by or on behalf of contracted clients reach certain thresholds. The range of total incentive fees payable under the Renewed Agency Agreement is determined with reference to the terms and conditions set out in the standard agency agreement of Alimama as amended from time to time in relation to such agency services and based on arm's length negotiations with Alimama and are on standard or better commercial terms than those offered to independent third parties.

Alimama will ensure that the terms under which the incentive fees are to be paid to Alibaba Health Group are no less favorable than the general terms available to other independent third parties.

The actual marketing expenses to be incurred by Alibaba Health Group's contracted clients and the amount of annual incentive fees are to be verified by the parties within three months after the expiry of the Renewed Agency Agreement, and the annual incentive fees are to be paid by Alimama to Alibaba Health Group within 30 business days upon issue of the invoice by Alibaba Health Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED AGENCY AGREEMENT

The Group works with various healthcare brands in its pharmaceutical e-commerce business and has identified a clear demand from healthcare brands for coordinated marketing and promotional consultancy services. Accordingly, the Group believes that by packaging its own marketing and promotional resources together with external resources, including but not limited to Alibaba Group's marketing and promotional resources, it will be able to better serve its customers. Accordingly, the Company has entered into the Renewed Agency Agreement with Alimama, which operates well-established marketing services platforms, to provide more diversified options to its customers together with the Group's marketing resources. At the same time, collecting incentive fees from Alibaba Group and other marketing and promotion services providers will provide additional income for the Group and will be beneficial to the long term development of the Group.

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

HISTORICAL TRANSACTION AMOUNTS

Based on the audited financial statements of the Company as of March 31, 2017, the amounts of the marketing expenses incurred by Alibaba Health Technology (China)'s contracted clients and the incentive fees received by Alibaba Health Technology (China) during the term of the Agency Agreement was approximately RMB755,000 and RMB517,000, respectively.

ANNUAL CAP AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

The annual cap contemplated under the Renewed Agency Agreement covers the incentive fees to be received by Alibaba Health Group from Alimama with regards to the marketing expenses to be incurred by or on behalf of its contracted clients. It is expected that the annual cap of the incentive fees to be received by Alibaba Health Group under the Renewed Agency Agreement for the year ending March 31, 2018 will be not more than RMB7,000,000.

The annual cap has been estimated primarily based on (i) the historical amount of the incentive fees received by Alibaba Health Technology (China) under the Agency Agreement from July 1, 2016 to March 31, 2017; (ii) the expected increase in marketing expenses for the year ending March 31, 2018 by Alibaba Health Group's contracted clients; and (iii) the expected increase in the number of contracted clients for the year ending March 31, 2018, and their estimated future demand for marketing services.

The Directors (including the independent non-executive Directors) consider that the annual cap is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INTERNAL CONTROLS RELATING TO THE IMPLEMENTATION OF THE RENEWED AGENCY AGREEMENT

Alibaba Health Group and Alimama will mutually confirm the list of contracted clients and their marketing expenses incurred with Alimama on a quarterly basis. This will enable the Group to monitor the usage of the proposed annual cap based on the marketing expenses incurred. Besides, the Company's operating team will calculate the incentive fees based on the amounts of marketing expenses incurred by the contracted clients on a monthly basis. The Company will adopt a written policy to monitor compliance with the annual cap, which will set out the proper steps for escalating information regarding the usage of the proposed annual cap from the operating team to the executive officers, including monthly reports to the Company's chief executive officer, chief financial officer and general counsel and then to the independent non-executive Directors where required.

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alimama is an indirect wholly owned Subsidiary of Alibaba Holding. Accordingly, Alimama is also a connected person of the Company and the transactions contemplated under the Renewed Agency Agreement constitute continuing connected transactions for the Company in accordance with the Listing Rules.

As each of the applicable percentage ratios calculated with reference to the annual cap in respect of the Renewed Agency Agreement is less than 5%, the transactions under the Renewed Agency Agreement are subject to the reporting, annual review and announcement requirements, but exempt from independent shareholder's approval requirements, pursuant to Chapter 14A of the Listing Rules.

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 transactions contemplated under the Renewed Agency Agreement. Accordingly, they had abstained from voting on the Board resolutions in connection with the continuing connected transactions under the Renewed Agency Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the transactions contemplated under the Renewed Agency Agreement and were not requested to abstain from voting on the Board resolutions approving the same.

PRINCIPAL ACTIVITIES OF THE GROUP AND ALIMAMA

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 committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise pharmaceutical e-commerce, intelligent medicine business and the operation of product tracking platforms in the PRC.

Alibaba Health (HK) is a limited liability company incorporated in Hong Kong. It is an indirect wholly-owned Subsidiary of the Company that engages primarily in computing technology development, technology consultancy and services, and marketing and business development for the Group's business operations.

Alimama operates Alibaba Group's marketing technology platform, through which it offers sellers on Alibaba Group's marketplaces P4P marketing service and display marketing for both personal computers and mobile devices.

DEFINITIONS

“Agency Agreement”	the agency agreement dated August 4, 2016 entered into between Alibaba Health Technology (China) and Alimama, which is for a term of nine months from July 1, 2016 to March 31, 2017, and details of which are set out in the announcement of the Company dated January 6, 2017
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries, and for the purpose of this announcement, excluding the Group

“Alibaba Health (HK)”	Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司), an indirect wholly-owned Subsidiary of the Company
“Alibaba Health Group”	Alibaba Health (HK) and its Subsidiaries
“Alibaba Health Technology (China)”	Alibaba Health Technology (China) Company Limited* (阿里健康科技(中國)有限公司), an indirect wholly-owned Subsidiary of the Company
“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
“Alimama”	Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司), a company incorporated in the PRC 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, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“Director(s)”	member(s) of the Board
“Group”	the Company and each of its Subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“PRC”	the People’s Republic of China
“Renewed Agency Agreement”	the renewed agency framework agreement entered into between Alibaba Health (HK) and Alimama dated June 28, 2017
“RMB”	Renminbi, the lawful currency of the PRC

“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”	includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“%”	per cent

* *For identification purpose only*

By Order of the Board
Alibaba Health Information Technology Limited
WANG Lei
Chief Executive Officer and Executive Director

Hong Kong, June 28, 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.