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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  
SOFTWARE SERVICES FRAMEWORK AGREEMENT**

**SOFTWARE SERVICES FRAMEWORK AGREEMENT**

The Board is pleased to announce that on May 5, 2020, the Company entered into the Software Services Framework Agreement with Taobao Holding, pursuant to which the Company agreed that the Group shall, via Taobao Group, provide the Merchants under the Relevant Categories with Software Services on the Tmall Platforms, including but not limited to e-commerce platform operation and maintenance, Merchants management services, technical development, Merchants admission system and product quality control system. Taobao Group shall in return pay the relevant service fees to the Group. The Software Services Framework Agreement has a term commencing from the Effective Date and ending on March 31, 2021. The Company expects that the service fees to be payable by Taobao Group to the Group under the Software Services Framework Agreement for the year ending March 31, 2021 will not be more than RMB148,000,000.

## **LISTING RULES IMPLICATION**

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance. As Taobao Holding is a direct-wholly-owned subsidiary of Alibaba Holding, it is also a connected person of the Company. Since each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the proposed annual cap in respect of the Software Services Framework Agreement is less than 5%, the transactions contemplated under the Software Services Framework Agreement constitute continuing connected transactions of the Company and are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that on May 5, 2020, the Company entered into the Software Services Framework Agreement with Taobao Holding, pursuant to which the Company agreed that the Group shall, via Taobao Group, provide the Merchants under the Relevant Categories with Software Services on the Tmall Platforms, including but not limited to e-commerce platform operation and maintenance, Merchants management services, technical development, Merchants admission system and product quality control system. Taobao Group shall in return pay the relevant service fees to the Group.

The principal terms of the Software Services Framework Agreement are set out below.

## **SOFTWARE SERVICES FRAMEWORK AGREEMENT**

### **Date**

May 5, 2020

### **Parties**

- (1) The Company (for itself and on behalf of its subsidiaries)
- (2) Taobao Holding (for itself and on behalf of its subsidiaries and affiliates)

### **Duration**

The Software Services Framework Agreement has a term commencing from the Effective Date to March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

## **Services to be provided**

Pursuant to the Software Services Framework Agreement, the Group shall provide Taobao Group with Software Services which enable the Merchants to sell products and/or offer services under the Relevant Categories on the Tmall Platforms. Such Software Services include but are not limited to e-commerce platform operation and maintenance, Merchants management services, technical development, Merchants admission system and product quality control system.

## **Services fees, pricing and payment terms**

Taobao Group shall pay the Group service fees in accordance with the underlying standard agreements as amended from time to time, which currently amount to 1% to 10% of the technical service fees paid by the Merchants to Taobao Group and/or their respective affiliates in respect of the value of completed sales of products and/or services under the Relevant Categories generated on the Tmall Platforms. The service fees will be automatically deducted from the fees received from the Merchants after the relevant customer confirms the receipt of the products and/or services purchased under the Relevant Categories. The service fees were determined based on arm's length negotiation with Taobao Group with reference to, among other things, the operating costs expected to be incurred by the Group in providing the Software Services, including staff costs and technical support expenses. The Software Services Framework Agreement is on normal commercial terms which are not more favourable to Taobao Group than those offered to independent third parties.

## **Termination events**

The Software Services Framework Agreement shall automatically terminate upon the occurrence of any of the following events:

- (i) any party is ordered or judged to be bankrupt, comes under receivership or enters into any plan or settlement proposal with its creditors or makes any transfer in the interests of its creditors;
- (ii) the assets of any party are nationalized or requisitioned by any government or government department;
- (iii) Alibaba Holding directly or indirectly holds less than 30% of the total issued share capital of the Company or ceases to be a controlling shareholder of the Company; or
- (iv) the annual cap for the transaction amount of service fees payable to the Group by Taobao Group is exceeded during the term of the Software Services Framework Agreement.

In the event of any dispute on the service fees that is not resolved within 60 days, either the Company or Taobao Holding may terminate the Software Services Framework Agreement by giving the other party written notice of not less than 30 days. If there is a material breach of the Software Services Framework Agreement that has not been remedied after 30 days from the notice of such breach, the non-defaulting party may terminate the Software Services Framework Agreement with immediate effect. Each of the Company and Taobao Holding shall also have the right to terminate the Software Services Framework Agreement by giving the other party written notice of not less than 90 days.

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

Prior to April 10, 2020, there had been no transactions similar to those contemplated under the Software Services Framework Agreement which were carried out between the Group and Taobao Group. The Company had entered into an existing agreement (the “**Agreement**”) with Taobao Holding in respect of the provision of services similar to those to be provided under the Software Services Framework Agreement to Taobao Group. Based on the management accounts of the Company, the unaudited transaction amount for the provision of such similar services under the Agreement for the month ended April 30, 2020 is approximately RMB2,100,000 and these transactions are fully exempted under Chapter 14A of the Listing Rules. As the Group is expected to enter into similar transactions with more members of Taobao Group for the year ending March 31, 2021 as at the date of this announcement, the Group estimates that the maximum transaction amount to be incurred under the Software Services Framework Agreement will not be more than RMB148,000,000.

The proposed annual cap under the Software Services Framework Agreement was determined primarily based on (i) the historical revenue of the Tmall Platforms attributable to the sale of products and/or services under the Relevant Categories; (ii) the projected revenue of the Tmall Platforms for the sale of products and/or services under the Relevant Categories; (iii) the Group’s projection for the sale of products and/or services under the Relevant Categories for the year ending March 31, 2021 based on the expected growth of the corresponding business and the overall healthcare market in the PRC; and (iv) the Group’s marketing plans for enhancing the software services it seeks to provide to the Merchants on the Tmall Platforms in the pharmaceutical and health care products and services e-commerce business.

The Directors (including the independent non-executive Directors) consider that the proposed annual cap under the Software Services Framework Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **INTERNAL CONTROLS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Company will adopt adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual cap of the transactions contemplated under the Software Services Framework Agreement. The Group and Taobao Group will confirm the list of Merchants under the Relevant Categories which have been admitted onto the Tmall Platforms via Taobao Group and the actual revenue derived from these Merchants on a monthly basis. This enables the Group to monitor the usage of the annual cap based on the revenue generated. The finance department of the Company will collect information on the actual transactions conducted with Taobao Group, and the corresponding service fees received under the Software Services Framework Agreement on a monthly basis and update such information to the legal department and the chief financial officer of the Company, to monitor these transaction amounts. The Company will continue to closely monitor the implementation of the Software Services Framework Agreement and take prompt action to make necessary disclosure in the event that any adjustment to the annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under the Software Services Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap has been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the Software Services Framework Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SOFTWARE SERVICES FRAMEWORK AGREEMENT**

The Group has been developing its own pharmaceutical e-commerce, internet healthcare and intelligent medicine businesses throughout the years and therefore, the Group is able to leverage on its expertise and capabilities on software technical support and services to provide efficient and reliable software solutions to the Merchants operating on the Tmall Platforms. The cooperation between the Group and Taobao Group under the Software Services Framework Agreement not only allows the Group to generate revenue and to better optimize its resources as Alibaba Group's healthcare flagship platform, but also provides marketing opportunities for the Group to expand its product portfolio and broaden its customer base. This enables the Group to capture further market share in view of the rapid growth of the Company's pharmaceutical self-operated healthcare product and services sales business.

Having reviewed the terms of the Software Services Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Software Services Framework Agreement and the proposed annual cap are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the Software Services Framework Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance. As Taobao Holding is a direct-wholly-owned subsidiary of Alibaba Holding, it is also a connected person of the Company. Since each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the proposed annual cap in respect of the Software Services Framework Agreement is less than 5%, the transactions contemplated under the Software Services Framework Agreement constitute continuing connected transactions of the Company and are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Software Services Framework Agreement was approved by the Board. As Mr. ZHU Shunyan, Mr. WU Yongming, Mr. WANG Lei and Mr. XU Hong 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. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the Software Services Framework Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the Software Services Framework Agreement or are required to abstain from voting on the resolutions of the Board approving the transactions.

## **PRINCIPAL ACTIVITIES OF THE GROUP AND THE OTHER PARTIES**

### **The Group**

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 the sale of pharmaceutical and healthcare products and services and the provision of Internet-based medical services, consumer healthcare services and intelligent medicine services, provision of tracking services and other innovative services.



## **Alibaba Holding and Alibaba Group**

Alibaba Holding is a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and it aspires to be a company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment, and innovation initiatives.

## **Taobao Holding**

Taobao Holding is a limited liability company incorporated in the Cayman Islands and a direct-wholly-owned subsidiary of Alibaba Holding. Taobao Holding is the indirect holding company of certain PRC subsidiaries of Alibaba Holding relating to Taobao Marketplace and Tmall.com.

## **DEFINITION**

“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, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
“Board”	the board of directors of the Company
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技术有限公司), a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected persons”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Software Services Framework Agreement becomes effective, being May 5, 2020

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Merchants”	the legal entities conducting sale of products or provision of services on the Tmall Platforms and are referred by Taobao Group to admit onto the Tmall Platforms
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect-wholly-owned subsidiary of Alibaba Holding
“PRC” or “China”	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
“Relevant Categories”	the products categories or services offered by the Merchants on the Tmall Platforms from time to time, which includes pharmaceutical products, medical devices, medical services, adult products, health food and food for special medical purpose and other related categories as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Software Services”	the services to be provided by the Group to Taobao Group under the Software Services Framework Agreement
“Software Services Framework Agreement”	the agreement dated May 5, 2020 entered into between the Company and Taobao Holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules



“Taobao Group”	Taobao Holding and its subsidiaries and affiliates
“Taobao Holding”	Taobao Holding Limited, a limited liability company incorporated in the Cayman Islands and a direct-wholly-owned subsidiary of Alibaba Holding
“Taobao Marketplace”	the online and mobile commerce platform or destination known as Taobao (淘寶) operated by Alibaba Holding’s affiliates
“Tmall.com”	the third party online and mobile commerce platform known as Tmall (天貓) operated by Alibaba Holding’s affiliates
“Tmall Global”	the third party import e-commerce platform known as Tmall Global (天貓國際) operated by Alibaba Holding’s affiliates
“Tmall Platforms”	Tmall.com and Tmall Global
“%”	per cent.

For and on behalf of the Board  
**Alibaba Health Information Technology Limited**  
**ZHU Shunyan**  
*Chairman and Chief Executive Officer*

Hong Kong, May 5, 2020

*As at the date of this announcement, the Board comprises eight Directors, of which (i) two are executive Directors, namely Mr. ZHU Shunyan and Mr. WANG Qiang; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei and Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. Huang Yi Fei (Vanessa).*