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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)

VOLUNTARY ANNOUNCEMENT UPDATE IN RELATION TO THE DRUG PIATS BUSINESS

We refer to the announcement of the Company dated February 21, 2016 notifying shareholders of certain inside information in relation to the future operation of the Drug PIATS business of the Company (the “**PIATS Announcement**”). Unless otherwise indicated, capitalized terms defined in the PIATS Announcement shall have the same meanings when used in this announcement.

The Board wishes to inform the Shareholders as follows:

The Company notes the Decision of the China Food and Drug Administration Regarding Amendment of the Good Supply Practice for Pharmaceutical Products (CFDA Order No. 28) (《國家食品藥品監督管理總局關於修改〈藥品經營質量管理規範〉的決定》(國家食品藥品監督管理總局令第28號) (the “**Order No. 28**”), which was published by the CFDA on July 20, 2016, pursuant to which the CFDA has announced certain amendments to the Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》) (the “**Pharmaceutical GSP**”).

Among other things, the Order No. 28 includes amendments to the Pharmaceutical GSP to:

1. establish the basic position and requirement to build drug tracking systems;
2. delete or amend the content relating to the mandatory requirement of scanning the Drug PIATS barcodes and to upload the relevant data; and
3. delete or amend the content relating to the requirement for enterprises’ computer systems to fulfil the implementation conditions of electronic supervision of pharmaceutical products.

Potential impact of the Order No. 28 on the Company's operation of the Drug PIATS business

The Company understands that the Order No. 28 means that the use of the Drug PIATS by drug trading enterprises will no longer be mandatory though the CFDA continues to require such enterprises to be responsible for managing tracking for their products.

As disclosed in the Company's announcement of final results for the financial year ended March 31, 2016 dated June 22, 2016 and its annual report 2016 despatched on July 19, 2016, even though the Company has continued the Drug PIATS operations under the CFDA's direction since the Announcement No. 40 of 2016, the Group has also already begun to develop new market-based tracking solutions to assist enterprises to fulfil their regulatory compliance needs. The Group recently launched its “碼上放心” (*Ma Shang Fang Xin*) tracking platform which will offer tracking services to enterprises for the full life cycle of their products.

At the same time, the Company has also been actively developing its other principal businesses such as its pharmaceutical e-commerce business and the construction of a medical services network to diversify its revenue sources. Accordingly, while the Company does not expect to generate further revenue other than deferred revenue from the operation of the Drug PIATS, it expects that the Order No. 28 will not have a significant impact on the Company's business revenue as a whole and will not result in a material adverse impact on the Company's revenue, business and results of operations going forward.

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

Hong Kong, July 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.