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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTION —
AGENCY AGREEMENT**

Reference is made to the announcement of the Company dated June 28, 2017 in respect of the Renewed Agency Agreement.

The Renewed Agency Agreement expired on March 31, 2018 and it is currently expected that the transactions under the Renewed Agency Agreement will continue on similar terms with the involvement of an additional connected party. On April 20, 2018, Alibaba Health (HK) entered into the Second Renewed Agency Agreement, which has a term commencing retrospectively from April 1, 2018 and ending on March 31, 2019.

The Company expects that the total incentive fees to be received by Alibaba Health Group under the Second Renewed Agency Agreement for the year ending March 31, 2019 will not be more than RMB8,000,000.

Perfect Advance is a substantial shareholder and a connected person of the Company. As Alibaba Holding is the ultimate majority shareholder of Perfect Advance and each of the Advertising Parties is a member of Alibaba Holding, each of the Advertising Parties is a connected person of the Group. Accordingly, the transactions contemplated under the Second 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 Second Renewed Agency Agreement is less than 5%, the transactions contemplated under the Second Renewed Agency Agreement are subject to the reporting, annual review, and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated June 28, 2017 in respect of the Renewed Agency Agreement.

The Renewed Agency Agreement has expired on March 31, 2018 and it is currently expected that the transactions under the Renewed Agency Agreement will continue on similar terms with the involvement of an additional connected party. On April 20, 2018, Alibaba Health (HK) entered into the Second Renewed Agency Agreement, which has a term commencing retrospectively from April 1, 2018 and ending on March 31, 2019. The principal terms of the Second Renewed Agency Agreement are set out below.

SECOND RENEWED AGENCY AGREEMENT

Date

April 20, 2018

Parties

- (1) Alibaba Health (HK) (for itself and on behalf of its Subsidiaries)
- (2) Alimama
- (3) Youku

Duration

The Second Renewed Agency Agreement shall be for a term of one (1) year from April 1, 2018 to March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Second Renewed Agency Agreement, Alibaba Health (HK) (for itself and on behalf of its Subsidiaries), will refer Alibaba Health Group's contracted clients to purchase, and the Advertising Parties, as the marketing services providers, will provide to Alibaba Health Group's contracted clients, various marketing and advertising services on

the marketing and branding platforms provided by the Advertising Parties and/or its affiliated companies. The actual marketing expenses will be settled by Alibaba Health Group's contracted clients to the Advertising Parties directly.

Incentive fees, pricing terms and payment terms

Alibaba Health Group will be entitled to receive from the Advertising Parties certain incentive rebates in the form of cash or Marketing Resources should the aggregate amount of fees generated by the purchase of Marketing Resources by Alibaba Health Group and its contracted clients exceed certain thresholds. Such rates of incentive rebates and the respective thresholds of purchases are to be published by the Advertising Parties in the first quarter of each calendar year. Based on the rates published by the Advertising Parties to date, the current incentive rebate rates range from 14% to 25% of the purchase price of Marketing Resources. The range of total incentive fees payable under the Second Renewed Agency Agreement is determined with reference to the terms and conditions set out in the standard agency agreement of the Advertising Parties as amended from time to time in relation to such agency services and based on arm's length negotiations with the Advertising Parties and are on commercial terms no less favourable than those offered to independent third parties. The Company confirm that the incentive rebates to be paid to Alibaba Health Group by the Advertising Parties are no less favourable than the general terms available from other independent third parties.

Based on the Second Renewed Agency Agreement and the terms and conditions set out in the standard agency agreement of the Advertising Parties as amended from time to time, the amount of annual incentive rebates is to be verified by the parties within thirty days after all purchases of Marketing Resources having been settled at the end of each calendar year and settled within thirty days from the date of invoice.

HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

The historical transaction amount for the year ended March 31, 2017, the approximate transaction amount for the year ended March 31, 2018 based on the management accounts, and the annual cap relating to the Second Renewed Agency Agreement are set out below:

	Approximate historical amount for the year ended March 31, 2017 (RMB)	Approximate unaudited transaction amount for the year ended March 31, 2018 based on management accounts (RMB)	Annual cap for the year ending March 31, 2019 (RMB)
Second Renewed Agency Agreement	517,000	859,000	8,000,000

The annual cap has been estimated primarily based on (i) the historical amount of the incentive fees received by Alibaba Health Group under the existing agreement; (ii) the expected increase in marketing efforts for the year ending March 31, 2019 by Alibaba Health Group and its contracted clients; and (iii) the expected increase in the number of contracted clients for the year ending March 31, 2019, and their estimated future demand for marketing services. As at the date of this announcement, no incentive fee has been received by Alibaba Health Group since April 1, 2018.

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

INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

As previously disclosed, the Company has adopted 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 Second Renewed Agency Agreement. Alibaba Health Group and the Advertising Parties will confirm the list of contracted clients and their actual marketing expenses incurred on a quarterly basis. This will enable the Group to monitor the usage of the proposed annual cap based on the marketing expenses incurred. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the Advertising Parties, and the corresponding incentive fees incurred under the Second Renewed Agency Agreement on a quarterly basis, and has been updating 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 Second Renewed Agency 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 transaction under the Second Renewed Agency Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the cap have been exceeded.

The independent non-executive Directors will review the continuing connected transactions under the Second Renewed Agency 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, in accordance with the relevant agreements governing them 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 set out in such relevant agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND 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, Alibaba Health (HK) has entered into the Second Renewed Agency Agreement with the Advertising Parties, which operates well-established marketing platforms, to provide more diverse 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 Second Renewed Agency Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Second Renewed Agency Agreement have been negotiated on an arm's length basis, on normal commercial terms, and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. As Alibaba Holding is the ultimate majority shareholder of Perfect Advance and each of the Advertising Parties is a member of Alibaba Group. Accordingly, each of the Advertising Parties is a connected person of the Group. Accordingly, the transactions contemplated under the Second 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 Second Renewed Agency Agreement is less than 5%, the transactions under Second 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 Second Renewed Agency Agreement was approved by the Board. As Mr. WU Yongming, Mr. KANG Kai and Ms. ZHANG Yu 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 Second Renewed Agency Agreement.

INFORMATION OF THE GROUP, ALIMAMA AND YOUKU

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 provides the publisher-side serving and demand-side functionalities for merchants and brands to place various marketing formats on Alibaba Group’s marketplaces and other third-party properties.

Youku is one of the PRC’s largest online television companies, and other leading online video portals and social media platforms in China and provides online advertising services include in-video display, sponsorship and other forms of advertising.

DEFINITIONS

“Advertising Parties”	Alimama and Youku
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries
“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 Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands 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 established in the PRC with limited liability 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 of Hong Kong Limited (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 and the term “Controlled” shall be construed accordingly
“Director(s)”	member(s) of the Board
“Group”	the Company and each of its Subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marketing Resources”	the marketing resources provided by the Advertising Parties on various platforms in accordance with their standard terms and conditions as amended from time to time
“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 dated June 28, 2017 entered into between Alibaba Health (HK) and Alimama
“RMB”	Renminbi, the lawful currency of the PRC
“Second Renewed Agency Agreement”	the second renewed agency framework agreement dated April 20, 2018 entered into between Alibaba Health (HK), Alimama and Youku
“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”	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
“Youku”	Shanghai Quan Tudou Cultural Communications Company Limited (上海全土豆文化傳播有限公司), a company established in the PRC with limited liability and ultimately controlled by Alibaba Holding
“%”	per cent

* *for identification purposes only*

By Order of the Board
Alibaba Health Information Technology Limited
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, April 20, 2018

As at the date of this announcement, the Board comprises eight Directors, of whom (i) one is an executive Director, namely Mr. SHEN Difan; (ii) four are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei, Mr. KANG Kai and Ms. ZHANG Yu; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.