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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 KOUBEI SERVICES FRAMEWORK AGREEMENT

KOUBEI SERVICES FRAMEWORK AGREEMENT

The Board is pleased to announce that on January 3, 2020, Alibaba Health (China), an indirect wholly-owned subsidiary of Company, entered into the Koubei Services Framework Agreement with Koubei Shanghai, pursuant to which Koubei Shanghai shall, via the Group, provide business sourcing and promotion services (including system software services and other payable services) to merchants under the Relevant Categories referred by the Group, and in return the Group shall pay the relevant service fees to Koubei Shanghai.

The Koubei Services Framework Agreement has a term commencing from the Effective Date and ending on March 31, 2021. The Company expects that the service fees payable by the Group under the Koubei Services Framework Agreement for the years ending March 31, 2020 and 2021 will not be more than RMB15,000,000 and RMB95,000,000, respectively.

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 and Koubei Shanghai is a consolidated entity of Alibaba Holding. Accordingly, Koubei Shanghai 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 annual caps in respect of the Koubei Services Framework Agreement is less than 5%, the transactions contemplated under the Koubei Services Framework Agreement constitute continuing connected transactions 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.

INTRODUCTION

The Board is pleased to announce that on January 3, 2020, Alibaba Health (China), an indirect wholly-owned subsidiary of Company, entered into the Koubei Services Framework Agreement with Koubei Shanghai, pursuant to which Koubei Shanghai shall, via the Group, provide business sourcing and promotion services (including system software services and other payable services) to merchants under the Relevant Categories referred by the Group, and in return the Group shall pay the relevant service fees to Koubei Shanghai.

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

KOUBEI SERVICES FRAMEWORK AGREEMENT

Date

January 3, 2020

Parties

- (1) Alibaba Health (China) (for itself and on behalf of its subsidiaries and affiliates)
- (2) Koubei Shanghai

Duration

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

Services to be provided

In order to strengthen the operational capabilities of the merchants in aesthetic medicine and oral health, the parties have entered into the Koubei Services Framework Agreement, pursuant to which both parties shall devote their respective professional capabilities and teams to integrate resources and jointly set up service categories in industries such as aesthetic medicine and oral health, the parties will ensure that consumers will be provided with high-quality and safe aesthetic medicine and oral health products and services, so as to enhance the service experience for those consumers. The Group will be responsible for leading the operation of channels and mini programs in relation to consumer healthcare service categories, such as aesthetic medicine and oral health, on the Tmall platform and the Koubei platform. Koubei Shanghai will be responsible for promoting the registration of more merchants under the aesthetic medicine and oral health categories on the Tmall platform, the Koubei platform as well as other related channels and mini programs.

Koubei Shanghai will provide business sourcing and promotion services to the merchants under the Relevant Categories referred by the Group, including but not limited to: (i) merchant registration, product release and promotion; (ii) services related to merchant advertising, promotion and operation; (iii) merchant consultation and operation services; (iv) technical support; and (v) merchant business development. The Group shall uniformly provide system software services and other payable services to these merchants under the Relevant Categories, and shall pay the relevant service fees to Koubei Shanghai.

These merchants will register on both the Alibaba Health Platform and Koubei platform. The merchant system software services and other charged services in relation to the Relevant Categories on these two platforms shall be provided and charged by the Group, while the basic platform services such as information display and domain name services on Koubei platform shall be provided by Koubei Shanghai.

Service fees, pricing and payment terms

The relevant service fees payable by the Group to Koubei Shanghai under the Koubei Services Framework Agreement in relation to these referred merchants under the Relevant Categories shall be calculated as follows:

- (i) the labour cost and other operation costs paid to external parties incurred by Koubei Shanghai; and
- (ii) 50% of the net income received by the Group from those merchants under the Relevant Categories referred to Koubei Shanghai by the Group who have used the Koubei Services and other third parties in the course of performing the agreement, (including registration fees, transaction commission and advertising fees on the Alibaba Group Platforms which are within the scope of the Koubei Services Framework Agreement as agreed by both parties), *less* the labour and other costs incurred by the Group pursuant to the agreement in relation to these referred merchants (including software service fees, transaction handling charges and incentive fees) and labour and other costs incurred by Koubei Shanghai under (i) above.

The above income items in relation to sales and pricing policies as well as all costs items shall be confirmed and approved by both parties. In the event that the service fees payable by the Group to Koubei Shanghai are negative, the parties shall otherwise negotiate to settle accordingly. The amount of service fees payable to Koubei Shanghai under the Koubei Services Framework Agreement shall be invoiced every month and paid to Koubei Shanghai via bank transfer within 15 working days upon receipt of each invoice. The service fees payable to Koubei Shanghai under the Koubei Services Framework Agreement are determined based on arm's length negotiations with Koubei Shanghai, on commercial terms that are no less favourable than those that will be offered to any independent third parties by Koubei Shanghai.

HISTORICAL TRANSACTION AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNTS

There have been no transactions similar to those under the Koubei Services Framework Agreement carried out between the Group and Koubei Shanghai. The proposed annual caps relating to the Koubei Services Framework Agreement are set out below:

	Annual cap for the period from the Effective Date to March 31, 2020 (RMB)	Annual cap for the year ending March 31, 2021 (RMB)
Koubei Services Framework Agreement	15,000,000	95,000,000

The annual caps have been estimated primarily based on (i) the demand from existing merchants of the Group for the Koubei Services; and (ii) the expected increase in merchants of the Group for the year ending March 31, 2021 and their estimated future demand for the Koubei Services. The Directors (including the independent non-executive Directors) consider that the annual caps under the Koubei Services Framework Agreement are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

REASONS FOR AND BENEFITS OF THE KOUBEI SERVICES FRAMEWORK AGREEMENT

Koubei Shanghai has the expertise and capabilities in localised publicity and promotion for merchants of aesthetic medicine and oral health, while the Group has professional capabilities in the operational and marketing planning for these merchants. It is expected that by entering into the Koubei Services Framework Agreement, the parties will be able to complement their resources from their respective areas, to enhance user experience and improve the operational capabilities of merchants under the aesthetic medicine and oral health categories, and deliver quality services to these merchants under wider applications. By establishing a cooperation relationship with Koubei Shanghai, the Group will be able to capitalise on market opportunities in relation to the rising demand of the aesthetic medicine and oral health industries in the PRC and further expand its market share in these industries.

Considering the above, the Directors (including the independent non-executive Directors) consider that the Koubei Services Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, negotiated on arm's length consideration and on normal commercial terms that 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. Alibaba Holding is the ultimate shareholder of Perfect Advance and Koubei Shanghai is a consolidated entity of Alibaba Holding. Accordingly, Koubei Shanghai 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 annual caps in respect of the Koubei Services Framework Agreement is less than 5%, the transactions contemplated under the Koubei Services Framework Agreement constitute continuing connected transactions 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 Koubei Services Framework Agreement was approved by the Board. As Mr. WU Yongming, Mr. WANG Lei and Mr. XU Hong are employees of Alibaba Holding or its subsidiaries, each of these Directors are 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 Koubei Services Framework Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the Koubei 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 pharmaceutical self-operated business, operation of pharmaceutical e-commerce platform and consumer healthcare services platform, provision of tracking services and other innovative services.

Alibaba Health (China)

Alibaba Health (China) is a limited liability company incorporated in the PRC. 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.

Koubei Shanghai

Koubei Shanghai is established in the PRC with limited liability and is a consolidated entity of Alibaba Holding. Koubei Shanghai and its group of companies operate the Koubei platform, which is one of China's leading restaurants and local services guide platforms for in-store consumption. The Koubei platform provides targeted, data-driven marketing tools and integrated digital operational services for restaurants and local services providers. It provides Koubei mobile applications, the Koubei tab under Alipay mobile applications, the channel under the Taobao mobile applications, Koubei mini programs and other related back-end systems. The Koubei platform provides merchants with storefront information displays and ordering of goods and related services, as well as marketing-related technical services.

Alibaba Holding

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.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries, for the purpose of this announcement, excluding the Group
“Alibaba Group Platforms”	the online platforms for brands and retailers operated by Alibaba Group, including but not limited to Amap, Kaola, DingTalk, Koubei, Taobao.com and Tmall.com
“Alibaba Health (China)”	Alibaba Health Technology (China) Co., Ltd* 阿里健康科技(中國)有限公司, a limited liability company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company
“Alibaba Health Platform”	the independent channel alihealth.tmall.com at Tmall.com

“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 (阿里健康信息技術有限公司), a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Koubei Services Framework Agreement becomes effective, being January 3, 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Koubei Services”	the services provided by Koubei Shanghai to the Group pursuant to the Koubei Services Framework Agreement
“Koubei Services Framework Agreement”	the Koubei Services Framework Agreement dated January 3, 2020 entered into between Alibaba Health (China) and Koubei Shanghai
“Koubei Shanghai”	Koubei (Shanghai) Information Technology Co., Ltd.* 口碑(上海)信息技術有限公司, a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding
“Listing Rules”	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 wholly-owned subsidiary of Alibaba Holding
“PRC”	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 service categories operated by the merchants of the Group for which the Group will procure from time to time, currently including aesthetic medicine, oral health and plastic surgery
“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 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* *for identification purpose only*

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

Hong Kong, January 3, 2020

As at the date of this announcement, the Board comprises eight Directors, of whom (i) two are executive Directors, namely Mr. SHEN Difan 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).