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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)**

### **REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS**

References are made to the announcement of the Company dated March 28, 2019 in respect of (i) the 2020 Logistics Services Framework Agreement entered into between Alibaba Health (HK) and Hangzhou Cainiao, pursuant to which Hangzhou Cainiao has agreed that Cainiao Group shall provide the Group the Logistics Services for a term commencing on April 1, 2019 and ending on March 31, 2020; and (ii) the 2020 Shared Services Agreement entered into between the Company and Alibaba Holding, pursuant to which Alibaba Holding has agreed that the relevant Alibaba Service Providers shall provide the Group the Shared Services for a term commencing on April 1, 2019 and ending on March 31, 2020.

The Group's sales of healthcare products and services through its pharmaceutical self-operated online store have performed better than the Company's original projections, which has led to an increase in demand for the Logistics Services. In addition, the Group's demand for the Shared Services has considerably increased as a result of the Group's significant business growth. As such, the total service fees payable under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement are expected to be higher than the levels that were envisaged at the time of the entry of the respective agreements. The Directors expect that the Existing Logistics Services Annual Cap and the Existing Shared Services Annual Cap of RMB92 million and RMB83 million, respectively, for the year ending March 31, 2020, will not be sufficient and propose the same to be revised. It is expected that the total service fees payable by the Group under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement for the year ending March 31, 2020 shall not exceed RMB120 million and RMB130 million, respectively.

## **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 Hangzhou Cainiao is an indirect non-wholly owned Subsidiary of Alibaba Holding. Accordingly, Alibaba Holding and each of the members of Cainiao Group is also a connected person of the Company and the transactions contemplated under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement will constitute continuing connected transactions of the Company pursuant to the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirements (as applicable) before the Existing Annual Caps are exceeded. As all of the applicable percentage ratios calculated with reference to each of the Revised Annual Caps are less than 5%, the revision of the Existing Annual Caps is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **REVISION OF EXISTING ANNUAL CAPS**

References are made to the announcement of the Company dated March 28, 2019 in respect of (i) the 2020 Logistics Services Framework Agreement entered into between Alibaba Health (HK) and Hangzhou Cainiao, pursuant to which Hangzhou Cainiao has agreed that Cainiao Group shall provide the Group the Logistics Services for a term commencing on April 1, 2019 and ending on March 31, 2020; and (ii) the 2020 Shared Services Agreement entered into between the Company and Alibaba Holding, pursuant to which Alibaba Holding has agreed that the relevant Alibaba Service Providers shall provide the Group the Shared Services for a term commencing on April 1, 2019 and ending on March 31, 2020.

The Group's sales of healthcare products and services through its pharmaceutical self-operated online store have performed better than the Company's original projections, which has led to an increase in demand for the Logistics Services. In addition, the Group's demand for the Shared Services has considerably increased as a result of the Group's significant business growth. As such, the total service fees payable under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement are expected to be higher than the levels that were envisaged at the time of the entry of the respective agreements. The Directors expect that the Existing Logistics Services Annual Cap and the Existing Shared Services Annual Cap of RMB92 million and RMB83 million, respectively, for the year ending March 31, 2020, will not be sufficient and propose the same to be revised. It is expected that the total service fees payable by the Group under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement for the year ending March 31, 2020 shall not exceed RMB120 million and RMB130 million, respectively.

The Board confirms that the Existing Annual Caps for the year ending March 31, 2020 have not yet been exceeded as at the date of this announcement. Save for the Revised Annual Caps, all the terms and conditions under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement remain unchanged. The Company will continue to closely monitor the implementation of the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement and take prompt actions to make necessary disclosure and, if necessary, obtain independent shareholders' approval in the event that any further adjustment to the Revised Annual Caps become foreseeable.

## **HISTORICAL TRANSACTION AMOUNTS**

Based on the Group's management accounts, the unaudited transaction amounts under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement for the seven months ended October 31, 2019 were approximately RMB50.9 million and RMB54.6 million, respectively.

## **REASONS FOR REVISION OF THE EXISTING ANNUAL CAPS**

The Group's pharmaceutical self-operated healthcare product and service sales business has been expanding quickly, as demonstrated by the rapid increase of the Group's gross merchandise volume (GMV) from sales through its self-operated online store (AliHealth Overseas Flagship Store\* (阿里健康海外旗艦店)) since the date of the 2020 Logistics Services Framework Agreement. Given the distribution of healthcare products through the Group's self-operated online store has led to an increasing need for logistics services, the total service fees payable by the Group under the 2020 Logistics Services Framework Agreement for the year ending March 31, 2020 are expected to be higher than the level that was envisaged at the time of the entry of the agreement.

The Group's demand for office premises sharing services, customer service support services and SMS platform services has considerably increased as a result of the Group's significant business growth since the date of the 2020 Shared Services Agreement. As such, the total service fees payable by the Group under the 2020 Shared Services Agreement for the year ending March 31, 2020 are expected to be higher than the level that was envisaged at the time of the entry of the agreement.

Accordingly, the Board considers that the Existing Annual Caps will not be sufficient for the year ending March 31, 2020 and the revision of the same will be required.

The Revised Logistics Services Annual Cap was determined with reference to (i) the unaudited transaction amount payable by the Group under the 2020 Logistics Services Framework Agreement for the seven months ended October 31, 2019; (ii) the expected sales of products during the fourth quarter of the financial year ending March 31, 2020; (iii) the products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (iv) the potential of the future development of online and offline healthcare product sales business.

The Revised Shared Services Annual Cap was determined with reference to (i) the expected growth of the Group's businesses during the fourth quarter of the financial year ending March 31, 2020, and the resulting increase in demand for the Shared Services; (ii) the unaudited transaction amount of service fees payable by the Group under the 2020 Shared Services Agreement for the seven months ended October 31, 2019; (iii) the prevailing market rates for comparable services offered by other service providers or the estimated costs that would be incurred by the Company in hiring personnel to provide the Shared Services internally (as applicable); and (iv) where the fees are calculated based on prevailing rates charged by the relevant Alibaba Service Providers to independent third party users, the current prevailing rates for such services charged by the relevant Alibaba Service Providers.

The Directors (including the independent non-executive Directors) consider that each of the Revised Annual Caps is fair and reasonable and in the interests of the Group and the 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 and Hangzhou Cainiao is an indirect non-wholly owned Subsidiary of Alibaba Holding. Accordingly, Alibaba Holding and each of the members of Cainiao Group is also a connected person of the Company and the transactions contemplated under the 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement will constitute continuing connected transactions of the Company pursuant to the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirements (as applicable) before the Existing Annual Caps are exceeded. As all of the applicable percentage ratios calculated with reference to each of the Revised Annual Caps are less than 5%, the revision of the Existing Annual Caps is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As 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 2020 Logistics Services Framework Agreement and the 2020 Shared Services Agreement. Accordingly, they abstained from voting on the resolution passed by the Board to approve the Revised Annual Caps. Other than the aforesaid Directors, no other Directors have a material interest in the aforesaid agreements or are required to abstain from voting on the resolution of the Board approving the Revised Annual Caps.

## **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 e-commerce, Internet-based medical business, consumer healthcare services and intelligent medicine services.

### **Alibaba Health (HK)**

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.

### **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 infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a company that lasts at least 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

### **Hangzhou Cainiao**

Hangzhou Cainiao is established in the PRC with limited liability and is an indirect non-wholly owned Subsidiary of Alibaba Holding. Hangzhou Cainiao is primarily engaged in the provision of data-driven logistics solutions and a supply chain platform in the PRC to merchants, buyers and other logistics companies.

## DEFINITIONS

“2020 Logistics Services Framework Agreement”	the agreement dated March 28, 2019 entered into between Alibaba Health (HK) and Hangzhou Cainiao
“2020 Shared Services Agreement”	the agreement dated March 28, 2019 entered into between the Company and Alibaba Holding
“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 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)
“Alibaba Service Providers”	the parties to provide the Shared Services under the 2020 Shared Services Agreement, which include Alibaba Holding, persons controlled by it and persons under the common control of Alibaba Holding, and any other persons designated by Alibaba Holding
“Board”	the board of directors of the Company
“Cainiao Group”	Cainiao Smart Logistics and its Subsidiaries
“Cainiao Smart Logistics”	Cainiao Smart Logistics Network Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of Hangzhou Cainiao and an indirect non-wholly owned subsidiary of Alibaba Holding
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技术有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	member(s) of the Board

“Existing Annual Caps”	the Existing Logistics Services Annual Cap and the Existing Shared Services Annual Cap
“Existing Logistics Services Annual Cap”	the existing annual cap of RMB92 million under the 2020 Logistics Services Framework Agreement
“Existing Shared Services Annual Cap”	the existing annual cap of RMB83 million under the 2020 Shared Services Agreement
“Group”	the Company and each of its Subsidiaries from time to time
“Hangzhou Cainiao”	Hangzhou Cainiao Supply Chain Management Co., Ltd* (杭州菜鳥供應鏈管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned Subsidiary of Alibaba Holding
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics Services”	the services to be provided under the 2020 Logistics Services Framework Agreement
“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
“Revised Annual Caps”	the Revised Logistics Services Annual Cap and the Revised Shared Services Annual Cap
“Revised Logistics Services Annual Cap”	the revised annual cap of RMB120 million under the 2020 Logistics Services Framework Agreement
“Revised Shared Services Annual Cap”	the revised annual cap of RMB130 million under the 2020 Shared Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Shared Services”	the services to be provided under the 2020 Shared Services Agreement
“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**  
**SHEN Difan**  
*Chief Executive Officer and Executive Director*

Hong Kong, November 29, 2019



*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).*