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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 — SHARED SERVICES AGREEMENT

On July 3, 2017, the Company entered into the Shared Services Agreement with Alibaba Holding, pursuant to which Alibaba Holding shall procure the Alibaba Service Providers to provide to the Group Users the Shared Services for a term of one year with retrospective effect from April 1, 2017 to March 31, 2018. Pursuant to the Shared Services Agreement, the total amount of fees payable by the Group Users to the Alibaba Service Providers for the Shared Services for the year ending March 31, 2018 shall not be more than RMB23,000,000.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance. Accordingly, the transactions contemplated under the Shared Services Agreement will constitute continuing connected transactions of 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 Shared Services Agreement is less than 5%, the transactions contemplated under the Shared Services Agreement 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.

SHARED SERVICES AGREEMENT

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Background

Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment, innovation initiatives and others. Such businesses are supported by an abundance of operational support resources, including but not limited to operational manpower, office and business premises, information technology and communication systems. For the year ended March 31, 2017 and the period between April 1, 2017 to June 30, 2017 (the "**Interim Period**"), the Group had entered into various written agreements with Alibaba Group for sharing of some of those resources on a cost basis or on normal commercial terms or better, and in the ordinary and usual course of the Group's business, and Alibaba Group had been able to provide such shared services in a reliable and timely manner. The transactions underlying such agreements had constituted fully exempt continuing connected transactions under Chapter 14A of the Listing Rules. For details relating to the historical transaction amounts incurred by the Group for such transactions for the year ended March 31, 2017 and the Interim Period, please refer to the section headed "Historical Transaction Amounts" in this announcement.

Taking into account the Group's expansion plans and the potential increase in scale of resources sharing in the year ending March 31, 2018, the Company and Alibaba Holding have entered into the Shared Services Agreement which shall be of retrospective effect from April 1, 2017. The terms of the Shared Services Agreement were conducted on an arm's length basis and on normal commercial terms.

Date

July 3, 2017

Parties

- (1) Alibaba Holding
- (2) The Company

Principal Terms

Duration

The Shared Services Agreement shall be for a term of one year with retrospective effect from April 1, 2017 to March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

Services and fees

The Shared Services, together with the respective bases of fee calculations, are detailed as follows:

Description of the Shared Services	Basis for fee calculation
1. Office premises sharing and support services	The fees for sharing of office premises to be calculated on a Prevailing Market Price Basis; the fees for office support services to be calculated on a Cost-plus Basis
2. Customer service support services	Service fees to be calculated on a Cost-plus Basis
3. Operational support services, mid-office system support services, IT system and online platform maintenance related services	Service fees to be calculated on a Cost-plus Basis
4. SMS platform services	Service fees to be calculated on a Cost-plus Basis
5. Legal corporate secretarial, finance, human resources and administrative services	Service fees to be calculated on a Cost-plus Basis
6. Business intelligence (BI) support services	Service fees to be calculated on a Cost-plus Basis
7. User experience design (UED) support services	Service fees to be calculated on a Cost-plus Basis

In this paragraph:

“**Prevailing Market Price Basis**” means the fees for relevant Shared Services shall be determined by the prevailing market price for such services. It is expected that the parties will refer to prevailing rental rates for comparable premises to determine the fees for sharing of office premises.

“**Cost-plus Basis**” means the fees for relevant Shared Services shall be calculated by multiplying the actual costs for the provision of such services by a margin, which shall be determined by one of the four largest international professional accounting firms as designated by Alibaba Holding, with reference to the applicable tax laws and regulations, comparable transactional information, and in accordance with the arm’s length principles.

Payment terms

The fees payable by the Group pursuant to the Shared Services Agreement shall be billed and settled in cash in Renminbi on a quarterly basis.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARED SERVICES AGREEMENT

As disclosed in the paragraph headed “Shared Services Agreement — Background” in this announcement, Alibaba Group’s businesses are comprised of core commerce, cloud computing, digital media and entertainment, innovation initiatives and others, some of which are complementary to the Group’s pharmaceutical e-commerce, intelligent medicine and product tracking platforms businesses. As Alibaba Group is supported by an abundance of operational support resources, the Shared Services Agreement is expected to, on one hand, help enhance utilization and economies of scale of Alibaba Group’s operational support resources and, on the other hand, reduce the management and administrative costs of the Group in procuring similar services from a wide range of other providers. The Company believes that the Shared Services Agreement will allow the Company to better leverage on the mature infrastructure and coverage already built by Alibaba Group and promote better cooperation between Alibaba Group and the Company. In addition, the fees payable for each type of the Shared Services are determined based on prevailing market prices or on a cost-plus basis, in which any margin shall be decided annually by internationally recognized professional parties based on applicable tax laws and comparable transactional information. Furthermore, the Company will from time to time review the terms of the services contemplated under the Shared Services Agreement against the terms and services offered by third party providers and re-assess the commercial desirability of such arrangements.

In light of the above, the Directors (including the independent non-executive Directors) consider that the transactions under the Shared Services Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Shared Services 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.

HISTORICAL TRANSACTION AMOUNTS

For the year ended March 31, 2017, Alibaba Group provided legal and administrative services, which formed part of the Shared Services, to the Group on a cost basis pursuant to various written agreements. The costs for such services were identifiable and had been allocated to the Group on a fair and equitable basis, and accordingly such transactions had constituted fully exempt continuing connected transactions under Rule 14A.98 of the Listing Rules. The agreements for the legal and administrative services that were previously provided for the year ended March 31, 2017 were not renewed as the Company hired an employee specifically in respect of those services previously provided during the year ended March 31, 2017. Accordingly no fees were paid by the Group to Alibaba Group for such services in the Interim Period. The aggregate amount of fees paid to Alibaba Group by the Group under the agreements for such legal and administrative services for the year ended March 31, 2017 was approximately RMB1.08 million.

For the year ended March 31, 2017 and the Interim Period, Alibaba Group provided some other Shared Services, namely customer services support services and system maintenance services, to the Group on a cost-plus basis pursuant to various written agreements. The aggregate amount of fees paid and/or payable to Alibaba Group by the Group under such agreements for the year ended March 31, 2017 and the Interim Period was approximately RMB2.36 million and RMB1.28 million, respectively. As each of the applicable percentage ratios calculated with reference to the aggregate amount of fees paid or payable by the Group

to Alibaba Group for such services was less than 5% and such aggregate amount of fees paid or payable was less than HK\$3 million, such transactions had constituted fully exempt continuing connected transactions under Rule 14A.76 of the Listing Rules.

ANNUAL CAP AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

It is expected that the maximum aggregate fees payable by the Group to Alibaba Group under the Shared Services Agreement for the year ending March 31, 2018 will not be more than RMB23 million.

The annual cap has been estimated primarily based on (i) the expected growth of the Group's businesses and the resulting increase in demand for the operational support services covered under the Shared Services, including the additional services that the Group intends to procure from Alibaba Group, (ii) the aggregate amount of service fees paid by the Group for services similar to the Shared Services for the year ended March 31, 2017 (if applicable), (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 the annual cap is 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 majority shareholder of Perfect Advance. Accordingly, the transactions contemplated under the Shared Services Agreement will constitute continuing connected transactions of 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 Shared Services Agreement is less than 5%, the transactions contemplated under the Shared Services Agreement 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 Shared Services Agreement was approved by the Board. As Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai 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 Shared Services Agreement. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the Shared Services Agreement.

PRINCIPAL ACTIVITIES OF THE COMPANY, THE GROUP AND ALIBABA HOLDING

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. 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 Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of gross merchandise volume (GMV) in the twelve months ended March 31, 2016. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses that provide products, services and digital content to leverage the power of the Internet to engage with their users and customers. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment, innovation initiatives and others.

DEFINITIONS

“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries, for the purpose of this announcement, excluding the Group
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange
“Alibaba Service Providers”	parties to provide the Shared Services under the 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
“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)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	member(s) of the Board
“Group”	the Company and each of its subsidiaries from time to time
“Group Users”	parties to procure the Shared Services under the Shared Services Agreement, which include the Company and its subsidiaries
“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

“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shared Services”	the services to be provided by Alibaba Service Providers as detailed under the paragraph headed “Shared Services Agreement — Principal Terms — Services and fees” in this announcement
“Shared Services Agreement”	the agreement dated July 3, 2017 entered into between the Company and Alibaba Holding
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“subsidiary”	has the meaning given to it under the Listing Rules
“Tmall”	a third party online platform for brands and retailers operated by Alibaba Group under the domain name Tmall.com (or such other URLs as may be used by Tmall, including but not limited to URLs used for internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall)
“%”	per cent

By Order of the Board
Alibaba Health Information Technology Limited
WANG Lei
Chief Executive Officer and Executive Director

Hong Kong, July 3, 2017

As at the date of this announcement, the Board comprises eight Directors, of whom (i) one is an executive Director, namely 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.