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## **ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**

**阿里健康信息技术有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00241)**

### **CONTINUING CONNECTED TRANSACTION — PAYMENT SERVICES FRAMEWORK AGREEMENT**

On September 20, 2017, the Company (for itself and on behalf of its subsidiaries) entered into the Payment Services Framework Agreement with Alipay, pursuant to which Alipay will provide the Payment Services and the Group will pay the service fees. The term of the Payment Services Framework Agreement is from September 20, 2017 to March 31, 2018.

Alipay is a wholly-owned subsidiary of Ant Financial, which, together with its subsidiaries, were confirmed as deemed connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, Alipay has been deemed as a connected person of the Company since July 2017.

The Company expects that the total service fees to be paid by the Group to Alipay under the individual service agreements and the Payment Services Framework Agreement for the period from July 10, 2017 to March 31, 2018 will not be more than RMB10.0 million. Since each of the applicable percentage ratios in respect of the annual cap is less than 5%, the transactions contemplated under the Payment Services Framework Agreement are subject to the reporting, announcement and annual review but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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A summary of the principal terms of the Payment Services Framework Agreement and the estimated annual cap for the transactions thereunder are set out below.

## **PAYMENT SERVICES FRAMEWORK AGREEMENT**

### **Date**

September 20, 2017

### **Parties**

- (1) The Company (for itself and on behalf of its subsidiaries)
- (2) Alipay

### **Duration**

The term of the Payment Services Framework Agreement commenced from September 20, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

### **Payment Services, service fees and payment terms**

Alipay shall provide the Payment Services to the Group, and the Group shall pay to Alipay the service fees which shall be calculated in accordance with the standard terms and conditions of Alipay as amended and published by Alipay from time to time on the websites of Alipay or on the Alibaba Group Platforms or otherwise agreed by the parties.

As at the date of this announcement, each of the applicable service fee rates is not more than 1% of the completed transaction amounts. The service fees shall be deducted from the completed transaction amounts immediately upon completion of such transactions.

Alipay has undertaken to ensure that the service fees charged are fair and determined on arm's length basis and the rate of service fees may be adjusted with reference to market conditions and the co-operation between the parties.

## **REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTIONS UNDER THE PAYMENT SERVICES FRAMEWORK AGREEMENT**

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market. As part of its business, the Company has been marketing and selling products or services online as an online merchant, including on its own websites and on other platforms including those of the Alibaba Group and the Ant Financial Group. As part of such online business, the Group requires efficient and reliable Payment Services to enable safe and prompt real-time payment for its transactions.

Alipay is one of the largest third-party digital payment solution providers in the world. Domestically, after years of development and growth, it commands a dominating market position, with a large user base and established technology. Factors such as security and reliability in online transactions are also highly valued by the Group; and Alipay has demonstrated its excellence in such areas in its operating history. It is expected that the Group will continue to use Alipay's services in the foreseeable future.

The Group has historically, prior to the confirmation by the Stock Exchange that Alipay is a deemed connected person of the Group, entered into similar transactions with Alipay. Following such confirmation, the Company has entered into the Payment Services Framework Agreement with Alipay to further regulate the provision of the Payment Services in compliance with the relevant Listing Rules requirements.

The Directors (including the independent non-executive Directors) consider that the transactions under the Payment Services Framework Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Payment Services Framework Agreement have been negotiated on an arm's length basis and on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **HISTORICAL TRANSACTION AMOUNTS**

Prior to the confirmation of Alipay as a deemed connected person of the Group, members of the Group had entered into individual service agreements with Alipay for the provision of the Payment Services. The aggregate amount of service fees paid by the Group for the Payment Services under those service agreements was approximately RMB1.2 million for the financial year ended March 31, 2017. Based on the unaudited consolidated management accounts of the Group, the aggregate amount of service fees paid by the Group for the Payment Services under those service agreements for the period from April 1, 2017 to July 9, 2017 was approximately RMB1.6 million and the aggregate amount of service fees paid by the Group for the Payment Services under those service agreements for the period from July 10, 2017 to September 19, 2017 did not exceed HK\$3,000,000.

## **ANNUAL CAP AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT**

The annual cap for the service fees payable under the individual service agreements and the Payment Services Framework Agreement for the period from July 10, 2017 (being the date whereby the Ant Financial Group was confirmed as deemed connected persons of the Company) to March 31, 2018 will not be more than RMB10.0 million. Such annual cap has been estimated primarily based on (i) the historical transaction amounts as mentioned above; (ii) the amounts and types of products and services that the Group intends to sell online in the future; (iii) the expected growth of the Group's online sales taking into account the potential for future development of online healthcare products and services and healthcare industry related services businesses; and (iv) the expected resulting increase in demand of the Payment Services by the Group.

The Directors (including the independent non-executive Directors) are of the view that the annual cap is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Alipay is a wholly-owned subsidiary of Ant Financial, which together with its subsidiaries, were confirmed as deemed connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, Alipay has been deemed as a connected person of the Company since July 2017.

Since each of the applicable percentage ratios in respect of the annual cap is less than 5%, the transactions contemplated under the Payment Services Framework Agreement are subject to the reporting, announcement and annual review but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Payment Services Framework Agreement and was required to abstain from voting on the Board resolutions approving the same.

## **INFORMATION ABOUT THE COMPANY**

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.

## **INFORMATION ABOUT THE ANT FINANCIAL GROUP AND ALIPAY**

Ant Financial is a company incorporated in the PRC. Ant Financial provides digital payment services and other financial and value-added services to consumers and small and medium sized enterprises in the PRC and across the world, such as payment, wealth management, lending, insurance and credit system. Ant Financial leverages its customer insights and technologies to help financial institutions, independent software vendors and other partners on its platform to enhance experience of their users and improve their risk management capabilities.

Alipay, a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Ant Financial, is principally engaged in providing payment processing service. Alipay is one of the leading players in the online and offline payment markets in China.

## DEFINITIONS

“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Group Platforms”	third party online platforms for brands and retailers operated by Alibaba Group under the domain names including but not limited to taobao.com, alitrip.com, etao.com, Tmall.com, Tmall.hk etc.
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the shares of which are listed on the New York Stock Exchange
“Alipay”	Alipay.com Co., Ltd.* (支付寶(中國)網絡技術有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
“Ant Financial”	浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*), a company incorporated in the PRC with limited liability, which together with its subsidiaries have been deemed by the Stock Exchange as connected persons of the Company
“Ant Financial Group”	the group of companies comprising Ant Financial and its subsidiaries
“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 is under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Payment Services”	the services to be provided under the Payment Services Framework Agreement
“Payment Services Framework Agreement”	the framework agreement dated September 20, 2017 entered into between the Company and Alipay

“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
“RMB”	Renminbi, the lawful currency of the PRC
“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”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

\* *For identification purposes only*

For and on behalf of the Board  
**Alibaba Health Information Technology Limited**  
**WANG Lei**  
*Chief Executive Officer and Executive Director*

Hong Kong, September 20, 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.*