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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 — SUPPLY FRAMEWORK AGREEMENT

On October 15, 2017, the Company entered into the Supply Framework Agreement with Alibaba Singapore, pursuant to which the Company shall procure the Group to supply to Alibaba Group various products including but not limited to health products, nutritional supplements and family planning products for a term commencing on October 15, 2017 and ending on March 31, 2018. The total value of products to be supplied to Alibaba Group by the Group under the Supply Framework Agreement shall be not more than HK\$10 million.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alibaba Singapore is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Alibaba Singapore is a connected person of the Company and the transactions contemplated under the Supply Framework 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 Supply Framework Agreement is less than 5%, the transactions contemplated under the Supply Framework 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.

SUPPLY FRAMEWORK AGREEMENT

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Date

October 15, 2017

Parties

- (1) the Company (for itself and on behalf of its Subsidiaries) as the supplier
- (2) Alibaba Singapore (for itself and on behalf of its affiliates) as the purchaser

Term

From October 15, 2017 to March 31, 2018, unless otherwise terminated in accordance with the terms thereunder

Subject matter

Pursuant to the Supply Framework Agreement, the Company has agreed that the Group will supply various products to Alibaba Group to be sold on the platforms or stores operated by Alibaba Group from time to time. The Group will also provide other related services including product description publication on Alibaba Group's platforms, maintenance, inventory control, promotional activities and packaging in accordance with the standard agreements and terms as agreed by the parties from time to time.

Fees and payment

The supply price of the products shall be agreed by the parties before placing order in accordance with the standard agreements entered into between the Group and Alibaba Group from time to time. Under the standard agreements and terms, the Group may also pay Alibaba Group a deposit, cash rebate and cost for storage and logistics services provided by Alibaba Group (if applicable) based on the total supply price of products supplied, or other basis under the standard terms and conditions as agreed by the parties from time to time.

The supply price of products supplied after deducting the service fees payable by the Group to Alibaba Group for the services provided by it, shall be settled by Alibaba Group in accordance with the standard terms and conditions as agreed by the parties. As at the date of this announcement, it shall be settled once and twice a month depending on the stories or platforms operated by Alibaba Group.

The Company has undertaken to ensure that the price of products supplied to Alibaba Group shall not be higher than that offered to other third parties under the same terms during the same period of time.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLY 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. The Group has been marketing and selling products on various platforms and through various distribution channels. The Company believes that by marketing and selling products on or through platforms, stores and distribution channels operated by Alibaba Group, it will be able to broaden its customer base and generate higher sales volume.

The Directors (including the independent non-executive Directors) consider that the transactions under the Supply Framework Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Supply 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 date of the Supply Framework Agreement, there had been no transactions similar to those under the Supply Framework Agreement carried out between the Group and Alibaba Group.

ANNUAL CAP AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

Pursuant to the terms of the Supply Framework Agreement, it is expected that the maximum aggregate amount to be received by the Group under the Supply Framework Agreement for the ending March 31, 2018 will be not more than HK\$10 million. 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.

Such annual cap has been estimated primarily based on (i) the amounts and types of products that the Group intends to sell in future; (ii) the expected growth of the sales of the Group; and (iii) the potential of the future development of healthcare products business in China.

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 and Alibaba Singapore is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Alibaba Singapore is a connected person of the Company and the transactions contemplated under the Supply Framework 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 Supply Framework Agreement is less than 5%, the transactions contemplated under the Supply Framework 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 Supply Framework 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 Supply Framework Agreement. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the Supply Framework Agreement.

PRINCIPAL ACTIVITIES OF THE COMPANY AND ALIBABA SINGAPORE

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 Singapore is a limited company incorporated in Singapore and an indirectly wholly-owned Subsidiary of Alibaba Holding. Alibaba Singapore is a holding company principally engaged in the overseas e-commerce business of Alibaba Holding.

DEFINITIONS

“Alibaba Group”	the group of companies comprising Alibaba Singapore and its affiliates, 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 Singapore”	ALIBABA.COM SINGAPORE E-COMMERCE PRIVATE LIMITED, a company incorporated in Singapore and an indirectly 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)
“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
“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
“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

“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“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
“Supply Framework Agreement”	the agreement dated October 15, 2017 entered into between the Company and Alibaba Singapore
“%”	per cent

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

Hong Kong, October 15, 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.