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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 (i) the announcement of the Company dated January 3, 2017 and the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, (ii) the announcement of the Company dated March 10, 2017 and the circular of the Company dated March 14, 2017 in respect of the Services Agreement, and (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement.

As the sales of the Group's products on the AGH Platforms and the sales of the Merchants on Tmall have performed better than the Company's projections leading to an increase in demand of the services provided under the CCT Agreements, the service fees payable by the Group and to the Group 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 Annual Caps for the continuing connected transactions contemplated under each of the CCT Agreements for the year ending March 31, 2018 will not be sufficient and propose the same to be revised.

#### **LISTING RULES IMPLICATIONS**

The Company has to re-comply with the reporting, announcement and shareholders' approval requirements pursuant to Rule 14A.54(1) of the Listing Rules. Since one or more of the percentage ratios in respect of each of the Revised Annual Caps for the CCT Agreements for the year ending March 31, 2018 is/are more than 5%, the approval of each of the Revised Annual Caps is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

To comply with Rule 14A.36 of the Listing Rules, the Company will convene the SGM to seek Independent Shareholders' approval for each of the Revised Annual Caps. A circular containing, inter alia, further details of each of the Revised Annual Caps, the letter from the Independent Board Committee to the Independent Shareholders and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice of the SGM, is expected to be despatched to the Shareholders on or before December 15, 2017.

## **BACKGROUND**

References are made to the announcement of (i) the Company dated January 3, 2017 and the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, (ii) the announcement of the Company dated March 10, 2017 and the circular of the Company dated March 14, 2017 in respect of the Services Agreement, and (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement.

Pursuant to the Services Framework Agreement, the AGH Contracting Parties have agreed that the AGH Relevant Entities will provide to the Group the Platform Services relating to the Group's use of various online platforms operated by the AGH Relevant Entities to sell various healthcare-related products and services to consumers and businesses. Pursuant to the Services Agreement, Alibaba Health Technology (China) has agreed to provide the Merchant Services in relation to the Relevant Categories to the Tmall Entities. Pursuant to the Logistics Services Framework Agreement, Zhejiang Cainiao has agreed that the Cainiao Group will provide to the Group the Logistics Services in relation to the delivery of the Group's products to its customers.

The Existing Annual Caps for the year ending March 31, 2018 for each of the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement, is RMB60 million, RMB110 million and RMB23 million, respectively. As the sales of the Group's products on the AGH Platforms and the sales of the Merchants on Tmall have performed better than the Company's projections leading to an increase in demand of the services under the CCT Agreements, the Directors expect that the Existing Annual Caps for the continuing connected transactions contemplated under each of the CCT Agreements for the year ending March 31, 2018 will not be sufficient and propose the same to be revised. The Board confirms that each of the Existing Annual Caps for the year ending March 31, 2018 under each of the CCT Agreements has not yet been exceeded as at the date of this announcement. Save for the Revised Annual Caps, all terms and conditions under the CCT Agreements remain unchanged.

## REASONS FOR REVISION OF THE ANNUAL CAPS

The Group's healthcare products and services sales business has performed well and there has been a rapid increase in the Group's sales of healthcare products and services on the AGH Platforms during the year, particularly during the recent "Singles Day" promotional period. This has led to a rapid increase in the service fees payable to Alibaba Group for the Platform Services and in service fees payable to Cainiao Group for the Logistics Services. As such, the service fees payable by the Group under the Services Framework Agreement and the Logistics Services Framework Agreement for the year ending March 31, 2018 are expected to be higher than the levels that were envisaged at the time of the entry of the respective agreements.

Similarly, the sales performance of the Merchants on Tmall has improved following the provision of the Merchant Services provided by the Group to the Tmall Entities and there was also significant growth in sales during the "Singles Day" promotional period. As a result, the service fees payable to Alibaba Health Technology (China) under the Services Agreement for the year ending March 31, 2018 are expected to be higher than the level that was envisaged at the time of the entry of the Services Agreement.

Accordingly, the Board considers that each of the Existing Annual Caps will not be sufficient for the year ending March 31, 2018 and revision of the same will be required.

## HISTORICAL AMOUNTS AND REVISED ANNUAL CAPS AND BASIS FOR DETERMINING THE REVISED ANNUAL CAPS

The historical transaction amounts for the year ended March 31, 2017, the approximate transaction amounts for the seven months ended October 31, 2017 based on the management accounts, the Existing Annual Caps pursuant to the respective announcements or circular and the proposed Revised Annual Caps relating to each of the CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2017 (RMB)	Approximate unaudited transaction amounts for the seven months ended October 31, 2017 based on management accounts (RMB)	Existing Annual Caps for the year ending March 31, 2018 (RMB)	Proposed Revised Annual Caps for the year ending March 31, 2018 (RMB)
Services Framework Agreement	12,653,000	35,949,000	60,000,000	80,000,000
Services Agreement	42,301,000	64,409,000	110,000,000	130,000,000
Logistics Services Framework Agreement	957,000	12,010,000	23,000,000	26,000,000

The Revised AGH Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Services Framework Agreement for the seven months ended October 31, 2017, (ii) the increase in the sales of products by the Group as a result of the “Singles Day” promotion period, (iii) the expected sales of products during the fourth quarter of the financial year, (iv) the products and services that the Group intends to feature on the AGH Relevant Entities’ platforms, and (v) the potential of the future development of online healthcare products and services business in China.

Similarly, the Revised Logistics Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Logistics Service Framework Agreement for the seven months ended October 31, 2017, (ii) the increase in the sales of products leading to increase in demand for Logistics Services by the Group as a result of the “Singles Day” promotion period, (iii) the expected sales of the products during the fourth quarter of the financial year, (iv) the products and services that the Group intends to feature on the AGH Relevant Entities’ platforms, and (v) the potential of the future development of online healthcare products and services business in China.

The Revised Tmall Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Services Agreement for the seven months ended October 31, 2017, (ii) the increase in the sales of products by the Merchants as a result of the “Singles Day” promotion period leading to an increase in the fees expected to be payable to the Group by the Tmall Entities, and (iii) the Company’s adjusted projections for the Relevant Categories based on projections for the growth of the corresponding business and the overall healthcare market in China, and taking into account the expected sales of the products for the Relevant Categories by the Merchants during the fourth quarter of the financial year, as well as the Company’s marketing plans in relation to enhancing the services that the Company seeks to continue providing for the pharmaceutical and healthcare products and services e-commerce business of Tmall.

The Directors, whereby the independent non-executive Directors’ opinion will be subject to the advice of the Independent Financial Adviser, consider that the Revised Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **INTERNAL CONTROLS FOR THE GROUP’S CONTINUING CONNECTED TRANSACTIONS**

As previously disclosed, the Company has adopted adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the CCT Agreements. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding services fees incurred on the Platform Services, the Logistics Services and the Merchant Services on a weekly, bi-weekly and bi-weekly basis, respectively, and has been updating such information to the legal department and the chief financial officer of the Company, to monitor these transaction amounts.

The Company will continue to closely monitor the implementation of the CCT Agreements and take prompt actions to make necessary disclosure and obtain Independent Shareholders’ approval in the event that any further adjustment to an annual cap becomes foreseeable.

## **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. As Alibaba Holding Controls each of the AGH Relevant Entities, each of the AGH Relevant Entities is a connected person of the Company. Zhejiang Cainiao is an indirectly non-wholly-owned subsidiary of Alibaba Holding, each of the members of the Cainiao Group is a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Tmall Technology and the Company, and Controls Tmall Network. The Tmall Entities are members of Alibaba Group. Accordingly, the Tmall Entities are also connected persons of the Group.

Accordingly, each of the CCT Agreements constitutes continuing connected transactions under Chapter 14A of the Listing Rules. Since the Company has to re-comply with the reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.54(1) of the Listing Rules before the Existing Annual Caps are exceeded and one or more of the applicable percentage ratios in respect of each of the Revised Annual Caps for the CCT Agreements for the year ending March 31, 2018 is/are higher than 5%, the approval of each of the Revised Annual Caps is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the Revised Annual Caps. The Company will also appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on this matter.

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 each of the CCT Agreements. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the Revised Annual Caps. Other than the aforesaid Directors, no other Directors have a material interest in the CCT Agreements or are required to abstain from voting on the resolutions of the Board approving the Revised Annual Caps.

## **THE SGM**

To comply with Rule 14A.36 of the Listing Rules, the Company will convene the SGM to seek Independent Shareholders' approval for each of the Revised Annual Caps. Any Shareholder with a material interest in any of the CCT Agreements, the transactions contemplated thereunder and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, each of Perfect Advance and Ali JK holds a total of 4,420,628,008 Shares and 1,187,500,000 Shares, respectively, representing approximately 47.11% and 12.66%, respectively, of the issued share capital of the Company. Each of Perfect Advance and Ali JK and their associates shall abstain from voting in relation to the ordinary resolutions to be put forward at the SGM for the purpose of approving each of the Revised Annual Caps.

Apart from the above, none of the Shareholders has a material interest in the CCT Agreements and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the Revised Annual Caps.

A circular containing, inter alia, further details of the each of the Revised Annual Caps, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with the notice of SGM, is expected to be despatched to the Shareholders on or before December 15, 2017, as additional time is required to finalize certain information to be included therein.

## **INFORMATION ABOUT THE PARTIES**

### **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 healthcare product sales and services, product tracking services, and intelligent medicine and health management services.

### **The AGH Contracting Parties**

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 GMV in the twelve months ended March 31, 2017 on the basis of publicly available comparable transaction value data for the most recent fiscal year. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses 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 and innovation initiatives and others.

### **The Tmall Entities**

Zhejiang Tmall Network Co., Ltd\* (浙江天貓網絡有限公司) is a company incorporated under the laws of the PRC and an indirect Subsidiary of Alibaba Holding, which is principally engaged in the operation of Tmall. Zhejiang Tmall Technology Co., Ltd\* (浙江天貓技術有限公司) is a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding, which is principally engaged in the provision of software and technology services for Tmall.

Tmall was launched by Alibaba Group in 2008 as an online platform featuring brands and retailers with each seller having a uniquely identifiable online storefront. Tmall caters to online and mobile consumers looking for branded products and a premium shopping experience. It is a trusted platform for consumers to buy both homegrown and international branded products and products that are not available in traditional retail outlets. Brands and retailers operate their own stores on the Tmall platform with unique brand identities and look and feel, accompanied by full control over their own branding and merchandising. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Alibaba Group operates its China retail marketplaces comprising Taobao Marketplace, a mobile commerce destination, and Tmall, a B2C platform. Alibaba Group's China retail

marketplaces had approximately 488 million annual active consumers (formerly annual active buyers) in the 12 months ended September 30, 2017. In the month ended September 30, 2017, the various mobile apps that consumers use to access Alibaba Group’s China retail marketplaces had approximately 549 million mobile MAUs.

## **Zhejiang Cainiao**

Zhejiang Cainiao is incorporated in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of Alibaba Holding. It is primarily engaged in provision of data-driven logistics solutions and a supply chain platform in the PRC to merchants, buyers and other logistics companies. Zhejiang Cainiao is committed to provide merchants and buyers timely and comprehensive logistics services and real-time logistics information.

## **DEFINITIONS**

“AGH Contracting Parties”	Alibaba.com China and Taobao China
“AGH Platforms”	the platforms operated by the AGH Relevant Entities, including Tmall and Tmall Global
“AGH Relevant Entities”	Alibaba Technology, Hangzhou Alibaba Advertising, Taobao China, the Tmall Entities and their respective affiliates, collectively
“Alibaba.com China”	Alibaba.com China Limited (阿里巴巴網絡中國有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Alibaba Holding
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries, for the purpose of this announcement, excluding the Group
“Alibaba Health Technology (China)”	Alibaba Health Technology (China) Co., Ltd.* (阿里健康科技(中國)有限公司), a company established in the PRC and 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, and the American depositary shares of which are listed on the New York Stock Exchange
“Alibaba Technology”	Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Ali JK”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of Alibaba Holding
“associate”	has the meaning given to it under the Listing Rules
“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 Zhejiang Cainiao
“CCT Agreements”	the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement
“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
“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of a person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty per cent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors (or similar governing body) of such person and the term “Controlled” shall be construed accordingly
“Director(s)”	member(s) of the Board
“Existing Annual Caps”	the existing annual cap amounts approved for each of the CCT Agreements
“Group”	the Company and each of its Subsidiaries from time to time
“Hangzhou Alibaba Advertising”	Hangzhou Alibaba Advertising Co., Ltd.* (杭州阿里巴巴廣告有限公司), a company incorporated in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, being the independent non-executive Directors, established to advise the Independent Shareholders on the Revised Annual Caps
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Revised Annual Caps
“Independent Shareholders”	the Shareholders of the Company, other than (i) Alibaba Holding and its associates, including Perfect Advance and Ali JK; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Revised Annual Caps



“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics Services”	the logistics services provided under the Logistics Services Framework Agreement
“Logistics Services Framework Agreement”	the agreement dated June 28, 2017 entered into between the Company and Zhejiang Cainiao in relation to the provision of the Logistics Services by Cainiao Group to the Group
“Merchant”	a legal entity which conducts sale of products or provision of services on Tmall
“Merchant Services”	the services provided by the Group under the Services Agreement
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Platform Services”	the services provided under the Services Framework Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Relevant Categories”	certain product categories or services offered in the Tmall Pharmaceutical and Healthcare e-Commerce Business, namely over-the-counter drugs, refined Chinese medicines such as Chinese medicinal drinks, medical devices such as blood pressure monitors and glucose meters, contact lenses and solutions, sexual health and family planning products such as condoms and sex toys, prescription drugs and medical services such as packages for dental services, health check-up services, nutritional management and genetic testing etc., which, for the avoidance of doubt, excludes all categories of products or services sold on or through Tmall International
“Revised AGH Annual Cap”	the revised annual cap for the service fees payable by the Group for the year ending March 31, 2018 under the Services Framework Agreement
“Revised Annual Caps”	the Revised AGH Annual Cap, the Revised Tmall Annual Cap and the Revised Logistics Annual Cap
“Revised Logistics Annual Cap”	the revised annual cap for the service fees payable by the Group for the year ending March 31, 2018 under the Logistics Services Framework Agreement
“Revised Tmall Annual Cap”	the revised annual cap for the service fees payable to the Group for the year ending March 31, 2018 under the Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Services Agreement”	the agreement dated March 10, 2017 entered into between Alibaba Health Technology (China) and the Tmall Entities in relation to the provision of the Merchant Services by Alibaba Health Technology (China) to the Tmall Entities
“Services Framework Agreement”	the agreement dated December 31, 2016 entered into between the Company and the AGH Contracting Parties in relation to the provision of the Platform Services by the AGH Relevant Entities to the Group
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider, and vote on each of the Revised Annual Caps
“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
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“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)
“Tmall Entities”	Tmall Technology and Tmall Network, collectively

“Tmall International”	the third party online transaction platform for brands and retailers operated by Alibaba Group under the domain name Tmall.hk (or such other URLs as may be used by Tmall International, 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 International)
“Tmall Network”	Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), a company incorporated under the laws of the PRC and ultimately Controlled by Alibaba Holding
“Tmall Pharmaceutical and Healthcare e-Commerce Business”	the pharmaceutical and healthcare products and services e-commerce business of Tmall
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding
“Zhejiang Cainiao”	Zhejiang Cainiao Supply Chain Management Co., Ltd.* (浙江菜鳥供應鏈管理有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of Alibaba Holding
“%”	per cent

\* For identification purpose only

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

Hong Kong, November 21, 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.*