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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**

**MOBILE GAMES SERVICES FRAMEWORK AGREEMENT**

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The Board is pleased to announce that on April 1, 2019, Alibaba Health (Beijing), an indirect wholly-owned subsidiary of the Company, entered into the Mobile Games Services Framework Agreement with Aijiuyou, pursuant to which Alibaba Health (Beijing) has agreed to provide login link information services for the products of Aijiuyou through the Services Platform, which enable individual users to login and participate in the Mobile Games developed by Aijiuyou, in consideration of the Shared Advertising Fees payable by Aijiuyou. The Mobile Games Services Framework Agreement has a term of one year commencing from April 1, 2019 and ending on March 31, 2020. The Company expects that the Shared Advertising Fees to be received by the Group under the Mobile Games Services Framework Agreement for the year ending March 31, 2020 will not be more than RMB20,000,000.

**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. As Aijiuyou is a consolidated entity of Alibaba Holding, it is a connected person of the Company.

Since each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the annual cap in respect of the Mobile Games Services Framework Agreement is less than 5%, the transactions contemplated under the Mobile Games Services Framework Agreement constitute continuing connected transactions and 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.

## **BACKGROUND**

The Board is pleased to announce that on April 1, 2019, Alibaba Health (Beijing), an indirect wholly-owned subsidiary of the Company, entered into the Mobile Games Services Framework Agreement with Aijiuyou, pursuant to which Alibaba Health (Beijing) has agreed to provide login link information services for the products of Aijiuyou through the Services Platform, which enable individual users to login and participate in the Mobile Games developed by Aijiuyou, in consideration of the Shared Advertising Fees payable by Aijiuyou.

The principal terms of the Mobile Games Services Framework Agreement are set out below.

## **MOBILE GAMES SERVICES FRAMEWORK AGREEMENT**

### **Date**

April 1, 2019

### **Parties**

- (1) Alibaba Health (Beijing) (for itself and on behalf of its subsidiaries and affiliates)
- (2) Aijiuyou

### **Duration**

The Mobile Games Services Framework Agreement has a term of one year commencing from April 1, 2019 to March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

## **Services to be provided**

Pursuant to the Mobile Games Services Framework Agreement, the Group shall provide login link information services for the products of Aijiuyou through the Services Platform, which enable individual users to login and participate in the Mobile Games developed by Aijiuyou. The login link information services shall include providing the users of the Services Platform with the Mobile Games information and the login link and download route of the Mobile Games in order to facilitate the effective operation of the Mobile Games.

## **Shared advertising fees, pricing and payment terms**

The service fees under the Mobile Games Services Framework Agreement shall be calculated and settled in accordance with the terms and conditions of the individual service order agreed by the parties from time to time. Based on the service order as at the date of this announcement, the Group is entitled to receive the Shared Advertising Fees from Aijiuyou which are calculated based on 40% of the advertising revenue derived from customers of Aijiuyou who placed advertisements in the Mobile Games. The amount of Shared Advertising Fees shall be invoiced every two months and paid to Alibaba Health (Beijing) via bank transfer within 10 days upon receipt of each invoice.

The Shared Advertising Fee payable to Alibaba Health (Beijing) under the Mobile Games Services Framework Agreement is determined based on arm's length negotiations with Aijiuyou, on commercial terms no less favourable than those offered to Independent Third Parties by Aijiuyou, with reference to the terms and conditions of the standard agreement entered into between Aijiuyou with its advertising customers and the expected total advertising revenue to be generated from the Mobile Games.

## HISTORICAL TRANSACTION AMOUNT AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNT

Prior to March 1, 2019, there had been no transactions similar to those under the Mobile Games Services Framework Agreement carried out between the Group and Aijiuyou. Alibaba Health (Beijing) had entered into an existing mobile games agreement with Aijiuyou in respect of the provision of similar services to Aijiuyou for a term from March 1, 2019 to March 31, 2019. At the time of entering into such agreement, the Directors expected that the annual cap of the shared advertising fees to be incurred under the existing agreement would not exceed HK\$3,000,000 and that the applicable percentage ratios, would be less than 5%. Therefore, the transactions contemplated under the existing agreement would be fully exempted under Chapter 14A of the Listing Rules. The approximate transaction amount for the services provided similar to those to be provided under the Mobile Games Services Framework Agreement for the month ended March 31, 2019 based on the management accounts, and the proposed annual cap relating to the Mobile Games Services Framework Agreement are set out below:

	<b>Approximate unaudited transaction amount for the month ended March 31, 2019 based on management accounts (RMB)</b>	<b>Annual cap for the year ending March 31, 2020 (RMB)</b>
Mobile Games Services Framework Agreement	<u>400,000</u>	<u>20,000,000</u>

The annual cap has been estimated primarily based on (i) the Shared Advertising Fees received by Alibaba Health (Beijing) for the month ended March 31, 2019; (ii) the expected increase in marketing efforts to the existing advertising customers of Aijiuyou for the year ending March 31, 2020; and (iii) the expected increase in advertising customers of Aijiuyou for the year ending March 31, 2020, and their estimated future demand for advertising services. The Directors (including the independent non-executive Directors) consider that the annual cap under the Mobile Games Services Framework Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## INTERNAL CONTROL FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company will adopt adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual cap of the transactions contemplated under the Mobile Games Services Framework Agreement. The Group and Aijiuyou will confirm the list of advertising customers of Aijiuyou and the actual advertising revenue derived from these customers on a monthly basis. This will

enable the Group to monitor the usage of the proposed annual cap based on the advertising revenue generated. The finance department of the Company will collect information on the actual transactions conducted with Aijiuyou, and the corresponding Shared Advertising Fees received under the Mobile Games Services Framework Agreement on a monthly basis and update 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 Mobile Games Services Framework Agreement and take prompt action to make necessary disclosure in the event that any adjustment to the annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under the Mobile Games Services Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the cap has been exceeded.

The independent non-executive Directors will review the continuing connected transactions under the Mobile Games Services Framework Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MOBILE GAMES SERVICES FRAMEWORK AGREEMENT**

As the medical and healthcare services industry continues to grow, the Group believes that there is an increasing need for online advertising and digital marketing to capture further market share. By cooperating with Aijiuyou, which is an innovative gaming company in the PRC, the Group believes that it will provide a new platform and advertising channel for promoting our businesses, and increasing our brand awareness, brand presence and the purchase intent of the targeted customers. At the same time, collecting advertising fees from Aijiuyou will enable the Group to generate additional income which is beneficial to the long-term growth and development of the Group.

Having reviewed the terms of the Mobile Games Services Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Mobile Games Services Framework Agreement and the relevant annual cap are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the Mobile Games Services Framework Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and its 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. As Aijiuyou is a consolidated entity of Alibaba Holding, it is a connected person of the Company.

Since each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the annual cap in respect of the Mobile Games Services Framework Agreement is less than 5%, the transactions contemplated under the Mobile Games Services Framework Agreement constitute continuing connected transactions and 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 Mobile Games Services Framework Agreement was approved by the Board. As Mr. WU Yongming, Mr. WANG Lei and Ms. ZHANG Yu 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 transactions. Accordingly, they have abstained from voting on the resolutions passed by the Board to approve the Mobile Games Services Framework Agreement.

## **INFORMATION ON THE COMPANY, THE GROUP AND ALIBABA HEALTH (BEIJING)**

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 are pharmaceutical e-commerce, internet-based medical services, consumer healthcare services and intelligent medicine services.

Alibaba Health (Beijing) is a limited liability company established in the PRC. It is an indirect wholly-owned subsidiary of the Company which primarily engages in the provision of technical services.

## **INFORMATION ON ALIBABA HOLDING, ALIBABA GROUP AND AIJIUYOU**

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange (Stock Code: BABA). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Aijiuyou, being a company established in the PRC, is a consolidated entity of Alibaba Holding which is principally engaged in development and provision of mobile games.

## DEFINITION

“Aijiuyou”	Guangzhou Aijiuyou Information Technology Co., Ltd* (廣州愛九遊信息技術有限公司), a company established in the PRC and a consolidated entity of Alibaba Holding
“Alibaba Health (Beijing)”	Alibaba Health Information Technology (Beijing) Co., Ltd.* (阿里健康信息技術(北京)有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands and the American depositary shares of which are listed on the New York Stock Exchange (Stock Code: BABA)
“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 persons”	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
“Independent Third Parties”	a party or parties that is or are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive, substantial shareholders of the Company, our subsidiaries or any of their respective associates
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mobile Games”	mobile games, application software and websites developed and operated by Aijiuyou including but not limited to Red Packets Question & Answer Contest (Medical and Beauty) (答題紅包賽 — 醫美答題)

“Mobile Games Services Framework Agreement”	the agreement dated April 1, 2019 entered into between Alibaba Health (Beijing) and Aijiuyou
“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, 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
“Shared Advertising Fees”	the advertising fees payable by Aijiuyou to Alibaba Health (Beijing) under the Mobile Games Services Framework Agreement
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Services Platform”	platform of Alibaba Health (Beijing) or other platform designated by the parties to the Mobile Games Services Framework Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

\* *For identification purpose only*

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

Hong Kong, April 1, 2019

*As at the date of this announcement, the Board comprises eight Directors, of which (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, Ms. ZHANG Yu; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.*