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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the announcement of the Company dated March 13, 2017 in respect of the Third Renewed Cloud Computing Services Agreement; (ii) the announcement of the Company dated September 20, 2017 in respect of the Payment Services Framework Agreement; and (iii) the announcements of the Company dated October 15, 2017, October 27, 2017 and January 10, 2018 in respect of the Supply Framework Agreement.

Each of the CCT Agreements will expire on March 31, 2018 and it is currently expected that the transactions under the CCT Agreements will continue. On February 14, 2018, the Company and its relevant Subsidiaries entered into the Renewed CCT Agreements, each of which has a term commencing from April 1, 2018 and ending on March 31, 2019.

The Company expects that the total service fees to be paid by or to be received by the Group (as the case may be) under each of the the Fourth Renewed Cloud Computing Services Agreement, the Renewed Payment Services Agreement and the Renewed Supply Framework Agreement for the year ending March 31, 2019 will be not more than RMB9,000,000, RMB23,000,000 and RMB23,000,000, respectively.

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 Cloud, and Alibaba Singapore are members of Alibaba Group. Accordingly, each of Alibaba Cloud and Alibaba Singapore is a connected person of the Group. Alipay is a wholly-owned Subsidiary of Ant Financial, which, together with its Subsidiaries, were deemed as connected persons of the Company by the Stock Exchange under Rule 14A.19 of the Listing Rules. Accordingly, the transactions contemplated under each of the Renewed CCT Agreements will constitute continuing connected transactions for 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 each Renewed CCT Agreement is less than 5%, the transactions contemplated under each of the Renewed CCT Agreements are subject to the reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to the announcement of the Company dated March 13, 2017 in respect of the Third Renewed Cloud Computing Services Agreement; (ii) the announcement of the Company dated September 20, 2017 in respect of the Payment Services Framework Agreement; and (iii) the announcements of the Company dated October 15, 2017, October 27, 2017 and January 10, 2018 in respect of the Supply Framework Agreement.

Each of the CCT Agreements will expire on March 31, 2018 and it is currently expected that the transactions under the CCT Agreements will continue. On February 14, 2018, the Company and its relevant Subsidiaries entered into the Renewed CCT Agreements, each of which has a term commencing from April 1, 2018 and ending on March 31, 2019. The principal terms of each of the Renewed CCT Agreements are set out below.

FOURTH RENEWED CLOUD COMPUTING SERVICES AGREEMENT

Date

February 14, 2018

Parties

- (1) Alibaba Health Technology (China)
- (2) Alibaba Cloud

Duration

The Fourth Renewed Cloud Computing Services Agreement shall be for a term of one (1) year from April 1, 2018 to March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Fourth Renewed Cloud Computing Services Agreement, Alibaba Cloud has agreed to provide to the Group various cloud computing services and related services, according to the needs of the Group.

Service fees, pricing terms and payment terms

The fees for ECS, RDS, OSS, SLB, CDN, OCS, OTS, ODPS, Analytic DB and NAT shall be calculated based on the actual usage or bandwidth of those services and the relevant per unit Discounted Published Rates or fixed rate (as the case may be) for such services. Such fees will be deducted from the Alibaba Health Technology (China)'s account based on actual usage on an hourly or daily basis. The fees for ECS, RDS, Analytic DB, HPC, VPC, EIP and EDAS may be charged on a monthly or yearly basis according to the relevant per unit Discounted Published Rates for such services. The fees for ODPS shall be charged according to the relevant per unit Discounted Published Rates for such services, if calculated with reference to amount of storage, shall be settled on hourly basis, or if calculated with reference to computation and downloaded data, shall be settled after completion of each task. Other services include video conferencing, text messaging, are charged based on a package price with the relevant per unit Discounted Published Rates.

RENEWED PAYMENT SERVICES FRAMEWORK AGREEMENT**Date**

February 14, 2018

Parties

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

Duration

The Renewed Payment Services Framework Agreement shall be for a term of one (1) year from April 1, 2018 to March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided, 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. Currently, the service fees are determined based on the volume and the relevant cost of the transactions completed.

Each of the currently 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.

RENEWED SUPPLY FRAMEWORK AGREEMENT

Date

February 14, 2018

Parties

- (1) The Company (for itself and on behalf of its Subsidiaries)
- (2) Alibaba Singapore (for itself and on behalf of its affiliates)

Duration

The Renewed Supply Framework Agreement shall be for a term of one (1) year from April 1, 2018 to March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Subject matter

Pursuant to the Renewed 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, daily 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, pricing terms and payment terms

The supply price of the products shall be agreed by the parties before the placing of orders 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, logistics and promotion 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 price of the products supplied to Alibaba Group will be determined with reference to a standard pricing guideline that is applicable to all of the Group's customers (including Alibaba Group and independent third parties). Such standard pricing guideline provides for the parameters and variance for supply price determination, which include any applicable discounts or premiums based on the size of orders, nature of distribution channels, coverage of localities or consumer segments, etc. The Group will regularly review and update the standard pricing guideline with reference to the costs of the products, the wholesale prices offered by other suppliers and the retail prices of comparable products sold in comparable localities, as well as the strategic value of enhanced marketing or promotion through specific distribution channels or to consumers of specific segments or localities.

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 (the "**Undertaking**"). These terms include the quantity of each order, the localities of the targeted consumers, etc. Notwithstanding the Undertaking, our standard pricing guideline also dictates that the price of products supplied to Alibaba Group will not be lower than the lowest price offered to independent third parties under the same terms during the same time period.

Alibaba Group has launched various distribution channels and platforms that target consumers of a broader spectrum of localities and segments, some of which have higher market penetration and/or strategic business value than those currently offered to the Group by its other distribution partners. By cooperating with and leveraging on such broader spectrum of distribution channels, platforms and consumer reach of Alibaba Group, the Group sees invaluable business opportunities and growth prospects for its healthcare and pharmaceutical e-commerce businesses to enter into new and sizable markets for the distribution of its products. Accordingly, the Board is of the view that the terms of the Renewed Supply Framework Agreement, including the Undertaking, represent normal commercial terms and are in the interests of the Company and its shareholders as a whole.

HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAPS AMOUNTS

The historical transaction amounts for the year ended March 31, 2017, the approximate transaction amounts for the ten months ended January 31, 2018 based on the management accounts, and the annual caps relating to each of the Renewed CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2017 (RMB)	Approximate unaudited transaction amounts for the ten months ended January 31, 2018 based on management accounts (RMB)	Annual caps for the year ending March 31, 2019 (RMB)
Fourth Renewed Cloud Computing Services Agreement	7,838,000	4,783,000	9,000,000
Renewed Payment Services Framework Agreement	1,176,000	5,940,000	23,000,000
Renewed Supply Framework Agreement	Nil	12,482,000	23,000,000

The Cloud Annual Cap has been estimated primarily based on (i) the historical transaction amount of service fees paid by the Group to Alibaba Cloud under the existing agreement; (ii) the expected business growth of the Group; (iii) the estimated future demand for cloud computing services; (iv) the fees and discounts agreed by the parties under the Fourth Renewed Cloud Computing Services Agreement; and (v) the applicable rates of services currently published by Alibaba Cloud on its official website.

The Payment Annual Cap has been estimated primarily based on (i) the historical transaction amounts under the existing agreement; (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 for the Payment Services from the Group.

The Supply Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the expected sales of products; (iii) the products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (iv) the potential of the future development of online and offline healthcare products business in China.

The Directors (including the independent non-executive Directors) consider that each annual cap under the respective Renewed CCT Agreement is fair and reasonable and in the interests of the Group and the shareholders of the Company 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 Renewed 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 fees incurred under the Fourth Renewed Clouding Computing Services Agreement, the Renewed Payment Services Framework Agreement and the Renewed Supply Framework Agreement, on a bi-weekly, bi-weekly, and monthly 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.

In respect of the Renewed Supply Framework Agreement, the Company's operating and finance teams monitor the price and terms of the supply of products supplied to all customers including Alibaba Group and independent third parties on the Group's order system at the time the relevant purchase order is placed to ensure adherence to its standard pricing guideline, including to ensure compliance with the Undertaking. The Company will continue to closely monitor the implementation of the Renewed CCT Agreements and take prompt actions to make necessary disclosure in the event that any adjustment to an annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under each Renewed CCT Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded.

The relevant counterparties to the Renewed CCT Agreements have agreed to allow the Company and its external auditors to access the information necessary to report on the continuing connected transactions contemplated under the respective Renewed CCT Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED CCT AGREEMENTS

As a company whose vision is to “facilitate medicine through big data and using the Internet to change the face of healthcare to provide fair, affordable and accessible medical and healthcare services to 1 billion people”, the Group’s businesses, in particular its product tracking platforms and its intelligent medicine and personal health management services, as well as medical and healthcare big data and artificial intelligence initiatives, leverage on strong calculation and data processing capability using cloud computing technologies to process ever larger quantities of big data that can concurrently support hundreds of thousands of users, with sound compatibility, accessibility and security. The Company believes that these businesses will continue to generate a significant amount of traffic and data and will require the maintenance of stable and sophisticated systems that can cater for real-time access to the Group’s customers. Accordingly the Group needs technology input on cloud computing and other data processing solutions for processing such big data and for maintaining its systems. Alibaba Cloud is a leading provider of cloud computing services in China and is the leader in the PRC market for infrastructure-as-a-service (IaaS), as measured by revenue and, according to the IDC Semi-annual Public Cloud Services Tracker (Nov 2017), Alibaba Cloud was the largest platform-as-a-service (PaaS) player in the PRC based on data in the first half of 2017. Factors such as security and reliability in the handling of healthcare data are also highly valued by the Group; and Alibaba Cloud has demonstrated excellence in such areas in its operating history. By entering into the Fourth Renewed Cloud Computing Services Agreement, the Group believes that it will be able to utilize the cloud computing services provided by Alibaba Cloud to ensure smooth operation of its systems and the stability of its various internet healthcare solutions.

The Company’s mission is to build an online community where it will connect participants in the PRC 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. 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. By entering into the Renewed Payment Services Framework Agreement, the Group will be able to utilize the Payment Services to enable safe and prompt real-time payment for its online transactions.

The Group has been marketing and selling products on various platforms and through various distribution channels. The Company believes that by entering into the Renewed Supply Framework Agreement, it allows the Group to market and sell products on or through platforms, stores and distribution channels operated by Alibaba Group, which will be able to broaden its customer base and generate higher sales volume.

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

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 Cloud, and Alibaba Singapore are members of Alibaba Group. Accordingly, each of Alibaba Cloud and Alibaba Singapore is a connected person of the Group. 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 under Rule 14A.19 of the Listing Rules. Accordingly, the transactions contemplated under each of the Renewed CCT Agreements will constitute continuing connected transactions for 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 each Renewed CCT Agreement is less than 5%, the transactions under each of Renewed CCT Agreements are subject to the reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Renewed CCT Agreements were approved by the Board. As Mr. WU Yongming, Mr. KANG Kai 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 abstained from voting on the resolutions passed by the Board to approve the Renewed CCT Agreements.

INFORMATION OF THE GROUP AND THE OTHER PARTIES

The Group

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.

Alibaba Cloud

The principal activities of Alibaba Cloud include the provision of cloud computing services, including elastic computing, database services and storage and large scale computing services for the platforms of companies integral to the Alibaba Group's ecosystem which includes the Company's platform, and to sellers on the marketplaces and other third-party customers of the Alibaba Group. It also provides Internet infrastructure services, such as web hosting and domain name registration.

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 established 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.

Alibaba Singapore

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 Cloud”	Alibaba Cloud Computing Ltd.* (阿里雲計算有限公司), a company established in the PRC and a member of the Alibaba Group
“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 Health Technology (China)”	Alibaba Health Technology (China) Company Limited* (阿里健康科技(中國)有限公司), formerly known as Alibaba Health Technology (Beijing) Company Limited* (阿里健康科技(北京)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned Subsidiary of the Company
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands
“Alibaba Singapore”	Alibaba.com Singapore E-Commerce Private Limited, a company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alipay”	Alipay.com Co., Ltd.* (支付寶(中國)網絡技術有限公司), a company established in the PRC with limited liability and a wholly-owned Subsidiary of Ant Financial
“Analytic DB”	massive data real time on-line analytical processing service
“Ant Financial”	Ant Small and Micro Financial Services Group Co., Ltd.* (浙江螞蟻小微金融服務集團股份有限公司), a company established 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
“CCT Agreements”	the Third Renewed Cloud Computing Services Agreement, the Payment Services Framework Agreement and the Supply Framework Agreement
“CDN”	content delivery network
“Cloud Annual Cap”	the annual cap amount under the Fourth Renewed Cloud Computing Services 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 (Stock Code: 00241)

“Director(s)”	member(s) of the Board
“Discounted Published Rates”	with respect to each of the services provided by Alibaba Cloud, the fees for such services calculated by applying a 15%, 30% or 50% discount (as the case may be) to the relevant service rate published by Alibaba Cloud on its official website from time to time
“ECS”	elastic computing service
“EDAS”	enterprise distributed application service
“EIP”	elastic internet protocol address
“Fourth Renewed Cloud Computing Services Agreement”	the fourth renewed cloud computing services agreement dated February 14, 2018 entered into between Alibaba Health Technology (China) and Alibaba Cloud
“Group”	the Company and each of its Subsidiaries from time to time
“HPC”	high-performance computing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAT”	network address translation gateway
“OCS”	open cache service
“ODPS”	open data processing service
“OSS”	open storage service
“OTS”	open table service
“Payment Annual Cap”	the annual cap amount under the Renewed Payment Services Framework Agreement
“Payment Services”	the services to be provided under the Renewed Payment Services Framework Agreement
“Payment Services Framework Agreement”	the agreement dated September 20, 2017 entered into between the Company and Alipay

“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
“RDS”	relational database service
“Renewed CCT Agreements”	the Fourth Renewed Cloud Computing Services Agreement, the Renewed Payment Services Framework Agreement and the Renewed Supply Framework Agreement
“Renewed Payment Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and Alipay
“Renewed Supply Framework Agreement”	The agreement dated February 14, 2018 entered into between the Company and Alibaba Singapore
“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
“SLB”	server load balancer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary(ies)”	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 Annual Cap”	the annual cap amount under the Renewed Supply Framework Agreement
“Supply Framework Agreement”	the agreement dated October 15, 2017 entered into between the Company and Alibaba Singapore
“Third Renewed Cloud Computing Services Agreement”	the renewed services agreement dated March 13, 2017 entered into between Alibaba Health Technology (China) and Alibaba Cloud
“VPC”	virtual private cloud
“%”	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, February 14, 2018

As at the date of this announcement, the Board comprises seven Directors, of whom (i) one is an executive Director, namely Mr. WANG Lei; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. KANG Kai and Ms. ZHANG Yu; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.