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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 NON-EXEMPT 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; (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement; (iv) the announcement of the Company dated July 3, 2017 in respect of the Shared Services Agreement; (v) the announcement of the Company dated January 8, 2018 in respect of the Advertising Services Agreements; and (vi) the announcement of the Company dated November 21, 2017 and the circular of the Company dated January 10, 2018 in respect of the revision of annual caps in respect of the Services Framework Agreement, the Services Agreement, and the Logistics Services Framework Agreement.

Each of the CCT Agreements has expired or will expire on or before 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 2019 CCT Agreements, each of which has a term commencing from the Effective Date 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 Renewed Services Framework Agreement, the Renewed Services Agreement, the Renewed Logistics Services Framework Agreement, the Renewed Shared Services Agreement and the Advertising Services Framework Agreement during the year ending March 31, 2019 will not be more than RMB229 million, RMB241 million, RMB59 million, RMB42 million and RMB54 million, respectively. Since one or more of the applicable percentage ratios in respect of the annual caps under each of the 2019 CCT Agreements is higher than 5%, the transactions contemplated under each of 2019 CCT Agreements are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 directly or indirectly Controls or is the ultimate shareholder of each of Alimama, the AGH Relevant Entities and the Tmall Entities, each of Alimama, the AGH Relevant Entities and the Tmall Entities is a connected person of the Company. As Hangzhou Cainiao is an indirect non-wholly-owned Subsidiary of Alibaba Holding, each of the members of the Cainiao Group is also a connected person of the Company.

To comply with the requirements under Rule 14A.36 of the Listing Rules, the Company will convene an SGM to seek Independent Shareholders' approval for each of the 2019 CCT Agreements and their respective annual caps.

A circular containing, *inter alia*, further details of the 2019 CCT Agreements and the transactions contemplated thereunder, 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 in accordance with the Listing Rules.

BACKGROUND

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, (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement, (iv) the announcement of the Company dated July 3, 2017 in respect of the Shared Services Agreement, (v) the announcement of the Company dated January 8, 2018 in respect of the Advertising Services Agreements, and (vi) the announcement of the Company dated November 21, 2017 and the circular of the

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A summary of the principal terms of each 2019 CCT Agreement and the respective estimated annual caps for the transactions thereunder are set out below.

RENEWED SERVICES FRAMEWORK AGREEMENT

Date

February 14, 2018

Parties

- (1) The Company (for itself and on behalf of its Subsidiaries)
- (2) The AGH Contracting Parties (for themselves and on behalf of their Subsidiaries)

Duration

Subject to the approval by the Independent Shareholders at the SGM, the Renewed Services Framework Agreement will commence from the Effective Date and end on March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Renewed Services Framework Agreement, the AGH Contracting Parties have agreed that the AGH Relevant Entities will provide to the Group the Platform Services including but not limited to Internet information related software technical services, bonus points system related software technical services, Internet information services, secondary domain name services, promotion and logistics related technical services, other related platform services, and other similar or related services. These services relate to the Group's use of various AGH Platforms, to sell healthcare-related products and services to consumers and businesses.

The AGH Relevant Entities shall provide the Platform Services to the Group in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by the AGH Relevant Entities from time to time.

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the standard terms and conditions as amended and published on the respective online sales platforms operated by the respective entities from time to time. Currently, the service fees comprise the following components:

- (i) a standard rebatable annual fee designated by the relevant entity of the AGH Relevant Entities (different annual fees are applicable to different categories of products/services) (if applicable), currently being RMB30,000 per Tmall storefront and RMB60,000 per Tmall Global storefront for the year ending December 31, 2018;
- (ii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group on the AGH Platforms. Currently, the products and services sold by the Group at the relevant storefronts on the AGH Platforms are subject to a fee rate ranging from 2.5% to 7%;
- (iii) a joining fee in relation to participating in the promotional and marketing events launched on the AGH Platforms from time to time. The joining fee is determined with reference to the fixed fee or bidded prices offered by the Group taking into account the commercial circumstances including the scale of the promotional event and comparable prices offered by other independent third parties and is settled in advance before the commencement of the relevant promotional event; and
- (iv) logistics service fees calculated as a percentage of the value of sales of products sold by the Group on the relevant AGH Platforms. Currently, the products and services sold by the Group on the Lingshoutong platform are subject to a logistics service fee rate of 4%.

The technical service fees are determined by the fee rate applicable to the categories of the products or services sold by the Group, with reference to the fee tables published on the respective AGH Platforms from time to time. Currently, the products mainly sold by the Group are categorized into the personal care products, over-the-counter drugs, cosmetics products and medical devices categories, which are subject to fee rates ranging from 2.5% to 7%, under the current fee tables. The fee tables published on the respective AGH Platforms are subject to adjustment and are typically revised annually by the AGH Relevant Entities.

The AGH Relevant Entities will ensure that the terms under which the Platform Services are provided to the Group are no less favorable than the general terms available to other independent third parties. As the standard terms and conditions are amended and published on the respective online sales platforms operated by the AGH Relevant Entities, the Company will regularly check that the rates that it is charged is consistent with such published rates.

As the technical service fees to be charged for the sale of products and services on the respective online sales platforms is subject to change by the AGH Relevant Entities and is beyond the Group's control, the Company will seek Independent Shareholders' approval in the event that there is material change to the terms of the service fees including any material increase in the fee rate applicable to the products and services sold by the Group, as amended from time to time.

The designated annual fees shall be settled at the beginning of each calendar year and the technical service fees will be settled immediately after the sale of the relevant product(s) or service(s).

RENEWED SERVICES AGREEMENT

Date

February 14, 2018

Parties

- (1) The Tmall Entities
- (2) Alibaba Health Technology (China)

Duration

Subject to the approval by the Independent Shareholders at the SGM, the Renewed Services Agreement will commence from the Effective Date and end on March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Termination events

The Renewed Services Agreement shall automatically terminate upon the occurrence of any of the following events:

- (i) if any party is ordered or judged to be bankrupt, comes under receivership or enters into any plan or settlement proposal with its creditors or makes any transfer in the interests of its creditors;
- (ii) if the assets of any party are nationalized or requisitioned by any government or government department;
- (iii) if Alibaba Holding directly or indirectly holds less than 30% of the total issued share capital of the Company or ceases to be a "controlling shareholder" (as defined in the Listing Rules) of the Company; or
- (iv) if the monetary cap is exceeded during the term of the Renewed Services Agreement.

In the event of any dispute on the service fee that is not resolved within 60 days, either the Tmall Entities or Alibaba Health Technology (China) may terminate the Renewed Services Agreement by giving the other party/parties written notice of no less than 30 days.

If there is a material breach of the Renewed Services Agreement that has not been remedied after 30 days from the notice of such breach, the non-defaulting party/parties may terminate the Renewed Services Agreement with immediate effect.

Each of Alibaba Health Technology (China) and the Tmall Entities shall also have the right to terminate the Renewed Services Agreement by giving the other party/parties written notice of no less than 30 days.

Services to be provided

Pursuant to the terms of the Renewed Services Agreement, Alibaba Health Technology (China) agrees to provide the Tmall Entities with the following outsourced and value-added services in relation to the Relevant Categories:

- (i) Merchants' business development, including tracking market trends and policy updates. For example, the Group will update Merchants on any policy changes and provide analysis of how such changes might impact Merchants' business, and on trends to help Merchants identify opportunities or areas to focus on in their business;
- (ii) Merchant customer services, including providing helpline support for Merchants on the process of admission to Tmall and Tmall Supermarket and general operational questions; assisting Merchants in optimizing searches for their products through their product information display, collating and analyzing consumer behavior data, updating Merchants on any new business rules, upcoming marketing activities, business risks, as well as collecting feedback and suggestions from Merchants to improve overall services to Merchants. For example, the Group will assist Merchants to optimize searches for their products through using more intuitive or popular key words of product functions in the product names, increase cross-selling opportunities by analysing overall customer purchase trends and making customized recommendations to consumers and increase repeat custom by recommending certain promotions for repeat purchases. As part of the store design services, the Group can also provide tailored suggestions such as how to use banner designs to drive brand recognition, better placement of the latest promotions on the storefront to increase user clicks, and tab design based on functionality and to emphasize brand recognition;
- (iii) marketing event planning for Merchants, including planning and organizing marketing events for Merchants, organizing Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis. For example, the Group will

plan special marketing events around certain themes such as around hot and cold seasons, or at the same time as specific awareness days such as World Cancer Day or World Diabetes Day, as well as conduct consumer data analysis to provide feedback on the performance of the sales of products or services which Merchants have selected to participate in the marketing events as well as the amount of resultant traffic to the Merchants' stores;

- (iv) technical support, including providing technical support on product information display and store design, transaction completion processes, the use of payment tools, consumer service tools (such as the use of chat windows or complaints forms); and
- (v) assistance to the Tmall Entities' business team with: (a) Merchant admissions; (b) Merchants' business operations; (c) Merchant management; and (d) product quality control functions, including assisting with formulating rules that govern Merchants' operation, reviewing documents required for Merchants' admission and formulating and implementing quality control rules and conducting regular inspections.

The Tmall Entities will continue to have primary responsibility for all work and business decisions pertaining to the Merchant admissions, Merchants' business operations and product quality control functions, including signing and reviewing contracts with Merchants, reviewing product information and images displayed by the Merchants and providing the technology infrastructure, and Alibaba Health Technology (China) agrees to assist and execute business decisions made by the Tmall Entities.

Service fees and payment terms

The Tmall Entities shall pay the Group a service fee amounting to 21.5% of the fees paid by the Merchants to the Tmall Entities and/or their respective affiliates in respect of the value of completed sales of products or services under the Relevant Categories on Tmall and Tmall Supermarket. The service fee rate for the term of the Renewed Services Agreement is fixed and may not be adjusted.

The service fee shall be paid in cash on a quarterly basis. The service fee is determined by reference to, among other things, the operating costs expected to be incurred by the Group in providing the services including staff costs, forecast marketing and promotional activities and technical support expenses.

RENEWED LOGISTICS SERVICES FRAMEWORK AGREEMENT

Date

February 14, 2018

Parties

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

Duration

Subject to the approval by the Independent Shareholders at the SGM, the Renewed Logistics Services Framework Agreement will commence from the Effective Date and end on March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Renewed Logistics Services Framework Agreement, Hangzhou Cainiao has agreed that the Cainiao Group will provide to the Group the Logistics Services including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services and other value-added and logistics services provided by the Cainiao Group from time to time. The Cainiao Group shall provide the Logistics Services to the Group in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by the Cainiao Group from time to time.

Service fees, pricing terms and payment terms

The service fees shall be calculated and settled in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by the Cainiao Group from time to time. As at the date of this announcement, the service fees comprise the following:

- (i) storage fees, which are calculated based on the size and the turnover of the Group's goods stored in the Cainiao Group's warehouses and which are payable monthly. The current applicable storage fees are approximately RMB10 per cubic meter for each applicable day;
- (ii) basic service fees, including delivery fees, which are calculated based on the delivery route, size or the weight (whichever results in the higher rate) of the Group's goods being delivered by the Cainiao Group, and which are payable against each delivery

order. The current applicable delivery fees per each parcel for overseas delivery range from approximately RMB20 to RMB55 for first kilogram and approximately RMB5 to RMB24 for each additional kilogram;

- (iii) value-added service fees, depending on the type of value-added services provided, which are calculated based on the quantity of the goods requiring the respective value-added services and are currently payable against each delivery order; and
- (iv) disbursement and other incidental costs arising from the Logistics Services such as tax paid on behalf of the Group by the Cainiao Group, which shall be calculated based on the actual amount of disbursement and are currently collected by the Cainiao Group against each delivery order.

The services fees (other than the storage fees which are settled monthly) are currently settled immediately against the completion of each delivery order.

Hangzhou Cainiao has undertaken to ensure that the terms under which the Logistics Services to be provided to the Group are no less favorable than terms available to other independent third parties in accordance with the respective standard agreements which are to be applicable to other merchants.

RENEWED SHARED SERVICES AGREEMENT

Date

February 14, 2018

Parties

- (1) Alibaba Holding
- (2) The Company

Duration

Subject to the approval by the Independent Shareholders at the SGM, the Renewed Shared Services Agreement will commence from the Effective Date to March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided, pricing terms and payment terms

The Shared Services, together with the respective bases of fee calculations, are detailed as follows:

Description of the Shared Services	Basis for fee calculation
1. Office premises sharing and support services	The fees for sharing of office premises to be calculated on a Prevailing Market Price Basis ; the fees for office support services to be calculated on a Cost-plus Basis
2. Customer service support services	Service fees to be calculated on a Cost-plus Basis
3. Operational support services, mid-office system support services, IT system and online platform maintenance related services	Service fees to be calculated on a Cost-plus Basis
4. SMS platform services	Service fees to be calculated on a Cost-plus Basis
5. Legal corporate secretarial, finance, human resources and administrative services	Service fees to be calculated on a Cost-plus Basis
6. Business intelligence (BI) support services	Service fees to be calculated on a Cost-plus Basis
7. User experience design (UED) support services	Service fees to be calculated on a Cost-plus Basis
8. Offline open data processing services (ODPS)	Service fees to be calculated on a Cost-plus Basis

In this paragraph:

“**Prevailing Market Price Basis**” means the fees for relevant Shared Services shall be determined by the prevailing market price for such services. It is expected that the parties will refer to prevailing rental rates for comparable premises to determine the fees for sharing of office premises.

“**Cost-plus Basis**” means the fees for the relevant Shared Services shall be calculated by multiplying the actual costs for the provision of such services by a margin, which shall be determined by one of the four largest international professional accounting firms as

designated by Alibaba Holding, with reference to the applicable tax laws and regulations, comparable transactional information, and in accordance with the principles of arm's length transactions.

The service fees payable by the Group pursuant to the Renewed Shared Services Agreement shall be billed and settled in cash on a quarterly basis.

ADVERTISING SERVICES FRAMEWORK AGREEMENT

Date

February 14, 2018

Parties

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

Duration

Subject to the approval by the Independent Shareholders at the SGM, the Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2019, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

The Group shall engage Alimama Group to provide the Advertising Services, including but not limited to, the display of advertisements on the various platforms supported by Alimama Group, including the Taobao Platforms or other third party platforms, from time to time in accordance with the standard terms and conditions as amended and published on the relevant online platforms operated by Alimama Group. The Group shall pay Alimama Group the advertising fees.

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the underlying standard Advertising Services Agreements and the standard terms and conditions as amended and published on the respective online platforms operated by Alimama Group from time to time. As at the date of this announcement, the Advertising Services comprise the following services:

- (i) CPM model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alimama Group charges advertising fees each time the advertisement is displayed, i.e. a unit price for every 1,000 impressions served. The unit prices of certain CPM model advertisements are fixed while the unit prices of other advertisements are

determined through an auction system. Where the auction system applies, the Group offers bid prices for the relevant advertisement spaces taking into account the commercial circumstances and comparable prices offered by other independent third party advertisers on other advertising platforms. Alimama Group's systems automatically accepts the highest bids for each advertising space where the auction process is used. The fixed prices currently charged by Alimama and the bid prices currently offered by the Group which have been accepted under the CPM model range from RMB15 to RMB100 per 1,000 impressions, depending on the designated space, size, advertising format, timing and targeted users;

- (ii) CPC model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alimama Group charges advertising fees each time a user clicks on the displayed advertisement. The unit prices for CPC model advertisements are determined through an auction system, under which the Group offers bid prices for the relevant advertisement spaces taking into account the commercial circumstances and comparable prices offered by other independent third party advertisers on other advertising platforms. Alimama Group's systems automatically accepts the highest bids for each advertising space where the auction process is used. The bid prices currently offered by the Group which have been accepted under the CPC model range from RMB2 to RMB10 per click, depending on the size, advertising format and timing of the advertisement; and
- (iii) Project-based advertising services. Alimama Group provides project-based advertising campaign services, whereby it offers advertisements on its advertising platforms for a certain advertising period. Alimama charges advertising fees based on a CPM model or a cost per time (CPT) model (i.e. advertising fees are charged based on the amount of time displayed) and the estimated page views. The specific location, timing and frequency of the advertisements displayed on various platforms during the period will be determined by Alimama Group.

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 proposed annual caps relating to each of the 2019 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)
Renewed Services Framework Agreement	12,653,000	60,599,000	229,000,000
Renewed Services Agreement	42,301,000	103,387,000	241,000,000
Renewed Logistics Services Framework Agreement	957,000	19,665,000	59,000,000
Renewed Shared Services Agreement	3,440,000	14,981,000	42,000,000
Advertising Services Framework Agreement	32,000	6,752,000	54,000,000

The AGH Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the expected sales of products during the coming financial year; (iii) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms; and (iv) the potential of the future development of online healthcare products and services business in the PRC.

Similarly, the Logistics Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the expected sales of the products during the coming financial year; (iii) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms; and (iv) the potential of the future development of online healthcare products and services business in the PRC.

The Tmall Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the Company's projections for the Relevant Categories for the year ending March 31, 2019 based on projections for the growth of the corresponding business and the overall healthcare market in the PRC; and (iii) 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 Shared Services Annual Cap was determined primarily based on (i) the expected growth of the Group's businesses and the resulting increase in demand for the Shared Services; (ii) the historical transaction amount of service fees paid by the Group for the Shared Services; (iii) the prevailing market rates for comparable services offered by other service providers or the estimated costs that would be incurred by the Company in hiring personnel to provide the Shared Services internally (as applicable); and (iv) where the fees are calculated based on prevailing rates charged by the relevant Alibaba Service Providers to independent third party users, the current prevailing rates for such services charged by the relevant Alibaba Service Providers.

The Advertising Annual Cap was determined with reference to (i) the historical transaction amounts incurred under the existing agreements in respect of the Advertising Services; and (ii) the Group's marketing plans for the financial year ending March 31, 2019.

The Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the proposed annual caps under each 2019 CCT Agreement 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 2019 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, the Merchant Services, the Shared Services and the Advertising Services on a weekly, bi-weekly, bi-weekly, monthly 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.

The Company will continue to closely monitor the implementation of the 2019 CCT Agreements and take prompt action to make necessary disclosure and obtain Independent Shareholders' approval 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 2019 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 AGH Contracting Parties, the Tmall Entities, Hangzhou Cainiao, Alibaba Holding and Alimama have respectively agreed to allow the Company and its external auditors to access the information necessary to report on the non-exempt continuing connected transactions contemplated under the respective 2019 CCT Agreement.

The independent non-executive Directors will review the continuing connected transactions under the 2019 CCT Agreements 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, in accordance with the relevant agreements governing them 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 set out in such relevant agreements.

REASONS FOR ENTERING INTO THE 2019 CCT AGREEMENTS

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in the PRC healthcare market. In respect of the Renewed Services Framework Agreement, the Company believes that by marketing and selling products or services on online sales platforms operated by the AGH Relevant Entities in relation to the Platform Services, it will be able to reach out to more customers and improve its understanding of their needs.

Similarly, in respect of the Renewed Logistics Services Framework Agreement, as the Company has been marketing and selling products or services online, it requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. Accordingly, the Company entered into the Renewed Logistics Services Framework Agreement with Hangzhou Cainiao, which is a well-established domestic and international logistics service solutions provider, to provide efficient and reliable logistics solutions to deliver its products to its customers.

In respect of the Renewed Services Agreement, the Merchant Services remain within the existing skill set of the Group given that it has been developing its own website, mobile APP, O2O pharmacy business and network hospital. The service fees received under the Services Agreement will continue to be one of the steady growing sources of revenue for Alibaba Health. Together with the rapid growth of Alibaba Health's self-operated B2C online pharmacy and Ma Shang Fang Xin tracking platform core businesses, as well as given the potential of such innovative new businesses as intelligent healthcare and health management services, the Merchant Services provided under the Renewed Services Agreement serves as another source of revenue of the Group.

In respect of the Renewed Shared Services Agreement, since Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment, innovation initiatives and others, some of which are complementary to the Group's pharmaceutical e-commerce, intelligent medicine and product tracking platforms

businesses, it can help enhance utilization and economies of scale of Alibaba Group's operational support resources and, on the other hand, reduce the management and administrative costs of the Group in procuring similar services from a wide range of other providers. The Company believes that the Renewed Shared Services Agreement will allow the Company to better leverage on the mature infrastructure and coverage already built by Alibaba Group and promote better cooperation between Alibaba Group and the Company. In addition, the fees payable for each type of the Shared Services are determined based on prevailing market prices or on a cost-plus basis, in which any margin shall be decided annually by internationally recognized professional parties based on applicable tax laws and comparable transactional information. Furthermore, the Company will from time to time review the terms of the services contemplated under the Renewed Shared Services Agreement against the terms and services offered by third party providers and re-assess the commercial desirability of such arrangements.

In respect of the Advertising Services Framework Agreement, the Group has identified the need for coordinated marketing and Advertising Services for the promotion of its products on various e-commerce platforms. The Group believes that the advertising services and resources provided by Alimama is an effective marketing tool and will enable the Group to reach out to more customers and boost the sales of the Group's products. Seeing the success of the Advertising Services provided by Alimama on the Group's sales for the past months, the Group intends to allocate more resources in advertising services provided by Alimama going forward and considers that the entering into of the Advertising Services Framework Agreement would facilitate the administration of the purchase of Advertising Services by the Group.

The Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the transactions under the 2019 CCT Agreements will be conducted in the ordinary and usual course of business of the Group, and that the terms of the 2019 CCT Agreements are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 pharmaceutical e-commerce, intelligent medicine business and the operation of product tracking platforms in the PRC.

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

Tmall Network is a company established in the PRC with limited liability and is controlled by an indirect Subsidiary of Alibaba Holding, which is principally engaged in the operation of Tmall. Tmall Technology is a company established in the PRC with limited liability 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 PRC retail marketplaces comprising Taobao Marketplace, a mobile commerce destination, and Tmall, a B2C platform. Alibaba Group's PRC retail marketplaces had approximately 515 million annual active consumers (formerly annual active buyers) in the 12 months ended December 31, 2017. In the month ended December 31, 2017, the various mobile apps that consumers use to access Alibaba Group's PRC retail marketplaces had approximately 580 million mobile MAUs.

Hangzhou Cainiao

Hangzhou Cainiao is established 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. Hangzhou Cainiao is committed to provide merchants and buyers timely and comprehensive logistics services and real-time logistics information.

Alimama

Alimama operates Alibaba Group's marketing technology platform, through which it provides the publisher-side serving and demand-side functionalities for merchants and brands to place various marketing formats on Alibaba Group's marketplaces and other third-party properties.

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 directly or indirectly Controls or is the ultimate shareholder of each of Alimama, the AGH Relevant Entities and the Tmall Entities, each of Alimama, the AGH Relevant Entities and the Tmall Entities is a connected person of the Company. As Hangzhou Cainiao is an indirect non-wholly-owned Subsidiary of Alibaba Holding, each of the members of the Cainiao Group is also a connected person of the Company.

Since one or more of the applicable percentage ratios in respect of each of the annual caps under each of the 2019 CCT Agreements is higher than 5%, the transactions contemplated under each of 2019 CCT Agreements are 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 entering into of each 2019 CCT Agreement. Platinum has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on this matter.

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 under the 2019 CCT Agreements. Accordingly, they abstained from voting on the resolutions in connection with the continuing connected transactions under the 2019 CCT Agreements.

THE SGM

To comply with Rule 14A.36 of the Listing Rules, the Company will convene the SGM to seek Independent Shareholders' approval for the Services Framework Agreement, the transactions contemplated thereunder and the annual caps. Any Shareholder with a material interest in the 2019 CCT Agreements and the transactions contemplated thereunder and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best each of knowledge, belief and information of the Directors, having made all reasonable enquiries, Perfect Advance and Ali JK, respectively holds a total of 4,420,628,008 Shares and 1,629,925,000 Shares, representing approximately 44.97% and 16.58% 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 the 2019 CCT Agreements and the transactions contemplated thereunder.

Apart from the above, none of the Shareholders has a material interest in the 2019 CCT Agreements and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the same.

A circular containing, *inter alia*, further details of the 2019 CCT Agreements and the transactions contemplated thereunder, 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 in accordance with the Listing Rules.

DEFINITIONS

“2019 CCT Agreements”	the Renewed Services Framework Agreement, the Renewed Services Agreement, the Renewed Logistics Services Framework Agreement, the Renewed Shared Services Agreement and the Advertising Services Framework Agreement
“Advertising Annual Cap”	the annual cap for the services fees payable by the Group for the year ending March 31, 2019 under the Advertising Services Framework Agreement
“Advertising Services”	the advertising services provided by Alimama to the Group under the Advertising Services Agreements
“Advertising Services Agreements”	the Zuanshi Services Agreements, the Zhitongche Services Agreements, the Yiyebaping Services Agreement and the Lihe Advertising Services Agreement
“Advertising Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and Alimama
“AGH Annual Cap”	the annual cap for the service fees payable by the Group for the year ending March 31, 2019 under the Renewed Services Framework Agreement
“AGH Contracting Parties”	Alibaba.com China and Taobao China

“AGH Platforms”	the platforms operated by the AGH Relevant Entities from time to time, including but not limited to Taobao, Tmall, Tmall Global, Rural Taobao and Lingshoutong
“AGH Relevant Entities”	AGH Contracting Parties and its affiliates including Alibaba Technology, Hangzhou Alibaba Advertising, Alibaba Software and the Tmall Entities, collectively
“Ali JK”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands and a 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 (HK)”	Alibaba (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司), an indirect wholly-owned Subsidiary of the Company
“Alibaba Health Pharmaceutical”	Alibaba Health Pharmaceutical Chain Co., Ltd.* (阿里健康大藥房醫藥連鎖有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“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 Service Providers”	the parties to provide the Shared Services under the Shared Services Agreement, which include Alibaba Holding, persons controlled by it and persons under the common control of Alibaba Holding, and any other persons designated by Alibaba Holding
“Alibaba Software”	Alibaba (China) Software Co., Ltd.* (阿里巴巴(中國)軟件有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding

“Alibaba Technology”	Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba.com China”	Alibaba.com China Limited (阿里巴巴網絡中國有限公司), a company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alimama”	Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alimama Group”	Alimama and its Subsidiaries and affiliates
“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 Hangzhou Cainiao
“CCT Agreements”	the Services Framework Agreement, the Services Agreement, the Logistics Services Framework Agreement, the Shared Services Agreement and the Advertising Services Agreements
“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)
“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
“Effective Date”	the effective date of the respective 2019 CCT Agreements, being April 1, 2018 or the date of the approval of the 2019 CCT Agreements and continuing connected transactions contemplated thereunder by the Independent Shareholders at the SGM (whichever is the later)
“GMV”	gross merchandise volume
“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 established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Hangzhou Cainiao”	Hangzhou Cainiao Supply Chain Management Co., Ltd* (杭州菜鳥供應鏈管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Hangzhou Lihe”	Hangzhou Lihe Pharmaceutical Co., Ltd.* (杭州禮和醫藥有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 2019 CCT Agreements

“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, a corporation licensed under the Securities and Futures Ordinance to provide Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2019 CCT Agreements
“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 2019 CCT Agreements
“Lihe Advertising Services Agreement”	the advertising agreement dated January 8, 2018 entered into between Hangzhou Lihe, Alimama and Alibaba Health Technology (China)
“Lingshoutong”	a third party online transaction platform for brands and warrants operated by Alibaba Group under the domain name 8.1688.com (or such other URLs as may be used by Lingshoutong, including but not limited to URLs used for the Internet on personal computers or mobile devices, as amended from time to time based on the business needs of Lingshoutong)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Logistics Annual Cap”	the annual cap for the service fees payable by the Group for the year ending March 31, 2019 under the Renewed Logistics Services Framework Agreement
“Logistics Services”	the logistics services provided under the Renewed Logistics Services Framework Agreement
“Logistics Services Framework Agreement”	the agreement dated June 28, 2017 entered into between the Company and Zhejiang Cainiao
“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 Renewed Services Agreement

“mobile MAUs”	the number of unique mobile devices that were used to visit or access certain mobile applications at least once during a given month
“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 Renewed 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 (i) over-the-counter drugs, refined Chinese medicines such as Chinese medicinal drinks, medical devices, contact lenses and solutions, sexual health and family planning products, prescription drugs and medical and health services, traditional nutritional products, food supplements, dietary nutritional supplements on Tmall, which, for the avoidance of doubt, excludes all categories of products or services sold on or through Tmall Global, and (ii) food supplements, dietary nutritional supplements, offered on Tmall Supermarket
“Renewed Logistics Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and Hangzhou Cainiao in relation to the provision of the Logistics Services by Cainiao Group to the Group
“Renewed Services Agreement”	the agreement dated February 14, 2018 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
“Renewed Services Framework Agreement”	the agreement dated February 14, 2018 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
“Renewed Shared Services Agreement”	the agreement dated February 14, 2018 entered into between the Company and Alibaba Holding in relation to the provision of Shared Services by Alibaba Holding to the Group

“RMB”	Renminbi, the lawful currency of the PRC
“Rural Taobao”	Alibaba Group’s program to pioneer a two-way distribution infrastructure to connect commerce between cities and rural areas in the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and vote on each of the 2019 CCT Agreements
“Services Agreement”	the agreement dated March 10, 2017 entered into between Alibaba Health Technology (China) and the Tmall Entities
“Services Framework Agreement”	the agreement dated December 31, 2016 entered into between the Company and the AGH Contracting Parties
“Shared Services Agreement”	the agreement dated July 3, 2017 entered into between the Company and Alibaba Holding
“Shared Services Annual Cap”	the annual cap for the services fees payable by the Group for the year ending March 31, 2019 under the Renewed Shared Services Agreement
“Shared Services”	the services to be provided by Alibaba Service Providers under the Renewed Shared Services Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“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
“Taobao Platforms”	the online platforms for brands and retailers operated by Alibaba Group, including but not limited to Taobao.com, Tmall.com, Etao.com and Juhuasuan.com
“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 the Internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall)
“Tmall Annual Cap”	the annual cap for the service fees payable to the Group for the year ending March 31, 2019 under the Renewed Services Agreement
“Tmall Entities”	Tmall Technology and Tmall Network, collectively

“Tmall Global”	a 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 Global, including but not limited to URLs used for the Internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall Global)
“Tmall Network”	Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司), a company established in the PRC with limited liability 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 and Tmall Supermarket
“Tmall Supermarket”	a supermarket category operated by Tmall for fresh produce, food products and fast moving consumer goods
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Yiyebaping Services Agreement”	the advertising services agreement entered into between each of Hangzhou Lihe as the purchaser, Alimama as the advertising services provider and Alibaba Health Technology (China) as the agent
“Zhejiang Cainiao”	Zhejiang Cainiao Supply Chain Management Co., Ltd.* (浙江菜鳥供應鏈管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Zhitongche Services Agreements”	each of the advertising services agreements entered into between each of Alibaba Health (HK), Alibaba Health Pharmaceutical and Hangzhou Lihe as purchaser, respectively, and Alimama as the advertising services provider in respect of the advertising services using the Zhitongche advertising software

“Zuanshi Services Agreements” each of the advertising services agreements entered into between each of Alibaba Health (HK), Alibaba Health Pharmaceutical and Hangzhou Lihe as purchaser, respectively, and Alimama as the advertising services provider

“%” per cent

* *English name for identification purpose only.*

For and on behalf 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.