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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 February 14, 2018 in respect of the Fourth Renewed Cloud Computing Services Agreement, the Renewed Payment Services Framework Agreement and the Renewed Supply Framework Agreement; (ii) the announcement of the Company dated February 14, 2018 and the circular of the Company dated March 13, 2018 in respect of the Renewed Logistics Services Framework Agreement and the Renewed Shared Services Agreement; and (iii) the announcement of the Company dated April 20, 2018 in respect of the Second Renewed Agency Agreement.

Each of the CCT Agreements will expire on March 31, 2019 and it is currently expected that the transactions under the CCT Agreements will continue. On March 28, 2019, the Company and its relevant Subsidiaries entered into the Renewed CCT Agreements, each of which has a term commencing from April 1, 2019 and ending on March 31, 2020.

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 2020 Cloud Computing Services Agreement, the 2020 Payment Services Agreement, the 2020 Supply and Purchase Framework Agreement, the 2020 Logistics Services Framework Agreement, the 2020 Shared Services Agreement and the 2020 Agency Agreement for the year ending March 31, 2020 will not be more than RMB49,000,000, RMB73,000,000, RMB20,000,000 (in relation to supply of products under the 2020 Supply and Purchase Framework Agreement) and RMB20,000,000 (in relation to purchase of products under the 2020 Supply and Purchase Framework Agreement), RMB92,000,000, RMB83,000,000 and RMB20,000,000, respectively.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance and Alibaba Cloud, Alibaba Singapore and the Advertising Parties are members of Alibaba Group. Accordingly, each of Alibaba Cloud, Alibaba Singapore and the Advertising Parties 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. As Hangzhou Cainiao is an indirect non-wholly-owned Subsidiary of Alibaba Holding, each of the members of Cainiao Group is also a connected person of the Company. 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 (i) the announcement of the Company dated February 14, 2018 in respect of the Fourth Renewed Cloud Computing Services Agreement, the Renewed Payment Services Framework Agreement and the Renewed Supply Framework Agreement; (ii) the announcement of the Company dated February 14, 2018 and the circular of the Company dated March 13, 2018 in respect of the Renewed Logistics Services Framework Agreement and the Renewed Shared Services Agreement; and (iii) the announcement of the Company dated April 20, 2018 in respect of the Second Renewed Agency Agreement.

Each of the CCT Agreements will expire on March 31, 2019 and it is currently expected that the transactions under the CCT Agreements will continue. On March 28, 2019, the Company and its relevant Subsidiaries entered into the Renewed CCT Agreements, each of which has a term commencing from April 1, 2019 and ending on March 31, 2020.

2020 CLOUD COMPUTING SERVICES AGREEMENT

Date

March 28, 2019

Parties

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

Duration

The 2020 Cloud Computing Services Agreement shall be for a term of one (1) year from April 1, 2019 to March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 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 service fees shall be calculated and settled in accordance with the standard terms and conditions as amended by Alibaba Cloud from time to time. For example, the fees for ECS, RDS, OSS, SLB, CDN, OCS, OTS, ODPS, Analytic DB, NAT and voice services 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 Alibaba Health Technology (China)'s account based on the actual usage on an hourly or daily basis. The fees for ECS, RDS, Analytic DB, EIP, EDAS, and NAS 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, and 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 and text messaging, and are charged based on a package price with the relevant per unit Discounted Published Rates.

2020 PAYMENT SERVICES FRAMEWORK AGREEMENT

Date

March 28, 2019

Parties

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

Duration

The 2020 Payment Services Framework Agreement shall be for a term of one (1) year from April 1, 2019 to March 31, 2020, 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.

2020 SUPPLY AND PURCHASE FRAMEWORK AGREEMENT

Date

March 28, 2019

Parties

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

Duration

The 2020 Supply and Purchase Framework Agreement shall be for a term of one (1) year from April 1, 2019 to March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Subject matter

Pursuant to the 2020 Supply and Purchase Framework Agreement, the Company has agreed that the Group will supply and/or purchase various products to or from Alibaba Group on the platforms or stores operated by Alibaba Group from time to time. The Group will also provide other related services including daily maintenance, inventory control, pricing, 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 or purchase 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 supplying party may also pay the purchasing party a deductible one-off deposit, cash rebate and cost for transportation, insurance and customs registration and clearance services provided by the supplying party based on the monthly amount 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 or purchased from Alibaba Group will be determined with reference to standard pricing guidelines of the respective party that are applicable to all of such party's customers (including the Group or Alibaba Group and independent third parties). Such standard pricing guidelines provide 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. Each of the parties will regularly review and update its respective standard pricing guidelines 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.

Each of the parties has undertaken to ensure that the price of products supplied to the other party 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 guarantee, quality, payment, use of products and other sales conditions, etc. Notwithstanding the Undertaking, the respective standard pricing guidelines also dictate that the price of products supplied to or purchased from Alibaba Group will not be lower than the lowest price offered to or offered by 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 as well as the product variety 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 and/or procurement of its products. Accordingly, the Board is of the view that the terms of the 2020 Supply and Purchase Framework Agreement, including the Undertaking, represent normal commercial terms and are in the interests of the Company and its shareholders as a whole.

2020 LOGISTICS SERVICES FRAMEWORK AGREEMENT

Date

March 28, 2019

Parties

- (1) Alibaba Health (HK) (for itself and on behalf of its Subsidiaries)
- (2) Hangzhou Cainiao (for itself and on behalf of its affiliates)

Duration

The 2020 Logistics Services Framework Agreement shall be for a term of one (1) year from April 1, 2019 to March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 Logistics Services Framework Agreement, Hangzhou Cainiao has agreed that 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 Cainiao Group from time to time. 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 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 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 of the Group's goods stored in Cainiao Group's warehouses and which are payable monthly. The current applicable storage fees are approximately RMB3 to 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 Cainiao Group, and which are payable against each delivery order. The current applicable delivery fees per each parcel for overseas delivery range from approximately RMB12 to RMB31 for first kilogram and approximately RMB2 to RMB9 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 Cainiao Group, which shall be calculated based on the actual amount of disbursement and are currently collected by Cainiao Group against each delivery order.

The service 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.

2020 SHARED SERVICES AGREEMENT

Date

March 28, 2019

Parties

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

Duration

The 2020 Shared Services Agreement shall be for a term of one (1) year from April 1, 2019 to March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided, pricing terms and payment terms

Pursuant to the 2020 Shared Services Agreement, Alibaba Holding agreed that the relevant Alibaba Service Providers shall provide the Group the Shared Services. 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 and dining coupon 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

The fees for dining coupon services are the costs as shown on the invoices for providing such services |
| 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, administrative and product safety support 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 the 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 2020 Shared Services Agreement shall be billed and settled in cash on a quarterly basis.

2020 AGENCY AGREEMENT

Date

March 28, 2019

Parties

- (1) Alibaba Health (HK) (for itself and on behalf of its Subsidiaries)
- (2) Alimama
- (3) Youku

Duration

The 2020 Agency Agreement shall be for a term of one (1) year from April 1, 2019 to March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 Agency Agreement, Alibaba Health (HK) (for itself and on behalf of its Subsidiaries), will refer Alibaba Health Group’s contracted clients to purchase, and the Advertising Parties, as the marketing services providers, will provide to Alibaba Health Group’s contracted clients, various marketing and advertising services on the marketing and branding platforms provided by the Advertising Parties and/or its affiliated companies. The actual marketing expenses will be settled by Alibaba Health Group’s contracted clients to the Advertising Parties directly.

Incentive fees, pricing terms and payment terms

Alibaba Health Group will be entitled to receive from the Advertising Parties certain incentive rebates in the form of cash or Marketing Resources should the aggregate amount of fees generated by the purchase of Marketing Resources by Alibaba Health Group and its contracted clients exceed certain thresholds. Such rates of incentive rebates and the respective thresholds of purchases are to be published by the Advertising Parties in the first quarter of each calendar year. Based on the rates published by the Advertising Parties to date, the current incentive rebate rates range from 4% to 25% of the purchase price of Marketing Resources. The range of total incentive fees payable under the 2020 Agency Agreement is determined with reference to the terms and conditions set out in the standard agency agreements of the Advertising Parties as amended from time to time in relation to such agency services and based on arm's length negotiations with the Advertising Parties and are on commercial terms no less favourable than those offered to independent third parties. The Company confirm that the incentive rebates to be paid to Alibaba Health Group by the Advertising Parties are no less favourable than the general terms available from other independent third parties.

Based on the 2020 Agency Agreement and the terms and conditions set out in the standard agency agreements of the Advertising Parties as amended from time to time, the amount of annual incentive rebates is to be verified by the parties within thirty days after all purchases of Marketing Resources having been settled at the end of each calendar year and settled within thirty days from the date of invoice.

HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAP AMOUNTS

The historical transaction amounts for the year ended March 31, 2018, the approximate transaction amounts for the ten months ended January 31, 2019 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, 2018 (RMB)	Approximate unaudited transaction amounts for the ten months ended January 31, 2019 based on management accounts (RMB)	Annual caps for the year ending March 31, 2020 (RMB)
2020 Cloud Computing Services Agreement	5,600,000	3,900,000	49,000,000
2020 Payment Services Framework Agreement	7,800,000	16,900,000	73,000,000
2020 Supply and Purchase Framework Agreement (in relation to supply of products)	19,300,000	300,000	20,000,000
2020 Supply and Purchase Framework Agreement (in relation to purchase of products)	N/A	N/A	20,000,000
2020 Logistics Services Framework Agreement	22,900,000	37,400,000	92,000,000
2020 Shared Services Agreement	17,500,000	26,400,000	83,000,000
2020 Agency Agreement	900,000	2,300,000	20,000,000

The Cloud Annual Cap was 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 2020 Cloud Computing Services Agreement; and (v) the applicable rates of services currently published by Alibaba Cloud on its official website.

The Payment Annual Cap was 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 Purchase Annual Cap was determined with reference to (i) the expected volume of purchases of products from Alibaba Group; (ii) the products that the Group intends to purchase from the stores and platforms operated by Alibaba Group; and (iii) the potential of the future development of online and offline healthcare products business in China.

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 that the Group intends to feature on the relevant platforms; and (iv) the potential of the future development of online healthcare products and services business in the PRC.

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 Agency Annual Cap was estimated primarily based on (i) the historical amount of the incentive fees received by Alibaba Health Group under the existing agreement; (ii) the expected increase in marketing efforts for the year ending March 31, 2020 by Alibaba Health Group and its contracted clients; and (iii) the expected increase in the number of contracted clients for the year ending March 31, 2020, and their estimated future demand for marketing services.

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 2020 Cloud Computing Services Agreement, the 2020 Payment Services Framework Agreement, the 2020 Supply and Purchase Framework Agreement, the 2020 Logistics Services Framework Agreement, the 2020 Shared Services Agreement and the 2020 Agency Agreement, on a bi-weekly, bi-weekly, monthly, bi-weekly, monthly and quarterly 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 2020 Supply and Purchase Framework Agreement, the Company's operating and finance teams monitor the price and terms of the supply and/or purchase of products to or from 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 the respective 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 was China’s largest provider of public cloud services by revenue in 2017, including PaaS services and IaaS services, according to IDC. Alibaba Cloud was also the world’s third largest IaaS service provider by revenue in 2017, according to Gartner. 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 2020 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 2020 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 as well as sourcing products from a wide range of suppliers. The Company believes that by entering into the 2020 Supply and Purchase Framework Agreement, it allows the Group to procure products from and market and sell products on or through platforms, stores and distribution channels operated by Alibaba Group, which will be able to expand its product portfolio, broaden its customer base and the source of procurement and generate higher sales volume.

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 2020 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.

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, the 2020 Shared Services Agreement 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 2020 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 2020 Shared Services Agreement against the terms and services offered by third party providers and re-assess the commercial desirability of such arrangements.

The Group works with various healthcare brands in its pharmaceutical e-commerce business and has identified a clear demand from healthcare brands for coordinated marketing and promotional consultancy services. Accordingly, the Group believes that by packaging its own marketing and promotional resources together with external resources, including but not limited to Alibaba Group's marketing and promotional resources, it will be able to better serve its customers. Accordingly, Alibaba Health (HK) has entered into the 2020 Agency Agreement with the Advertising Parties, which operates well-established marketing platforms, to provide more diverse options to its customers together with the Group's marketing resources. At the same time, collecting incentive fees from Alibaba Group and other marketing and promotion services providers will provide additional income for the Group and will be beneficial to the long term development of the Group.

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 each of the Renewed CCT Agreements have been negotiated on 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 shareholder of Perfect Advance and Alibaba Cloud, Alibaba Singapore and the Advertising Parties are members of Alibaba Group. Accordingly, each of Alibaba Cloud, Alibaba Singapore and the Advertising Parties 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. 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. 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 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.

The Renewed CCT Agreements were 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 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, internet-based medical services, consumer healthcare services and intelligent medicine services.

Alibaba Health (HK)

Alibaba Health (HK) is a limited liability company incorporated in Hong Kong. It is an indirect wholly-owned Subsidiary of the Company that engages primarily in computing technology development, technology consultancy and services, and marketing and business development for the Group's business operations.

Alibaba Cloud

Alibaba Cloud offers a complete suite of cloud services, including elastic computing, database, storage, network virtualization services, large scale computing, security, management and application services, big data analytics, a machine learning platform, and IoT services, serving Alibaba Group's ecosystem and beyond. Alibaba Cloud has more than one million paying customers.

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.

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 and Youku

Alimama operates Alibaba Group’s marketing technology platform by using data technology. Alimama’s platform matches the marketing demands of merchants and brands with the media resources on Alibaba Group’s own platforms and third-party properties.

Youku is the third largest online video platform in China based on MAUs in March 2018. It enables users to search, view and share high-quality video content quickly and easily across multiple devices. The Youku brand is among the most recognized online video brands in China.

DEFINITIONS

“2020 Agency Agreement”	the agreement dated March 28, 2019 entered into among Alibaba Health (HK), Alimama and Youku
“2020 Cloud Computing Services Agreement”	the agreement dated March 28, 2019 entered into between Alibaba Health Technology (China) and Alibaba Cloud
“2020 Logistics Services Framework Agreement”	the agreement dated March 28, 2019 entered into between Alibaba Health (HK) and Hangzhou Cainiao
“2020 Payment Services Agreement”	the agreement dated March 28, 2019 entered into between the Company and Alipay
“2020 Shared Services Agreement”	the agreement dated March 28, 2019 entered into between the Company and Alibaba Holding
“2020 Supply and Purchase Framework Agreement”	the agreement dated March 28, 2019 entered into between the Company and Alibaba Singapore
“Advertising Parties”	Alimama and Youku and their affiliates
“Agency Annual Cap”	the annual cap amount under the 2020 Agency Agreement
“Alibaba Cloud”	Alibaba Cloud Computing Ltd.* (阿里雲計算有限公司), a company established in the PRC and a consolidated entity of Alibaba Holding

“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 (HK)”	Alibaba Health (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 Group”	Alibaba Health (HK) and its Subsidiaries
“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, 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 2020 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 Singapore”	Alibaba.com Singapore E-Commerce Private Limited, a company incorporated in Singapore 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
“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
“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 and an indirect non-wholly-owned subsidiary of Alibaba Holding
“CCT Agreements”	the Fourth Renewed Cloud Computing Services Agreement, the Renewed Payment Services Framework Agreement, the Renewed Supply Framework Agreement, the Renewed Logistics Services Framework Agreement, the Renewed Shared Services Agreement and the Second Renewed Agency Agreement
“CDN”	content delivery network
“Cloud Annual Cap”	the annual cap amount under the 2020 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)
“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
“Discounted Published Rates”	with respect to each of the services provided by Alibaba Cloud, the fees for such services calculated by applying a discount ranging from 0%–70% (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 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
“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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logistics Annual Cap”	the annual cap amount under the 2020 Logistics Services Framework Agreement

“Logistics Services”	the services to be provided under the 2020 Logistics Services Framework Agreement
“Marketing Resources”	the marketing resources provided by the Advertising Parties on various platforms in accordance with their standard terms and conditions as amended from time to time
“NAS”	network attached storage documentation services
“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 2020 Payment Services Framework Agreement
“Payment Services”	the services to be provided under the 2020 Payment Services Framework Agreement
“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
“Purchase Annual Cap”	the annual cap amount in relation to purchase of products under the 2020 Supply and Purchase Framework Agreement
“RDS”	relational database service
“Renewed CCT Agreements”	the 2020 Cloud Computing Services Agreement, the 2020 Payment Services Framework Agreement, the 2020 Supply and Purchase Framework Agreement, the 2020 Logistics Services Framework Agreement, the 2020 Shared Services Agreement and the 2020 Agency Agreement
“Renewed Logistics Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and Hangzhou Cainiao

“Renewed Payment Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and Alipay
“Renewed Shared Services Agreement”	the agreement dated February 14, 2018 entered into between the Company and Alibaba Holding
“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
“Second Renewed Agency Agreement”	the second renewed agency framework agreement dated April 20, 2018 entered into between Alibaba Health (HK), Alimama and Youku
“Shared Services”	the services to be provided under the 2020 Shared Services Agreement
“Shared Services Annual Cap”	the annual cap amount under the 2020 Shared Services Agreement
“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 in relation to supply of products under the 2020 Supply and Purchase Framework Agreement
“Youku”	Shanghai Quan Tudou Cultural Communications Company Limited (上海全土豆文化傳播有限公司), a company established in the PRC with limited liability and ultimately controlled by Alibaba Holding
“%”	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, March 28, 2019

As at the date of this announcement, the Board comprises eight Directors, of whom (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 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.