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ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

**REVISION OF ANNUAL CAP OF
CONTINUING CONNECTED TRANSACTIONS —
2020 SUPPLY AND PURCHASE FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated March 28, 2019 in respect of, among other things, the 2020 Supply and Purchase Framework Agreement entered into between the Company and Alibaba Singapore, pursuant to which the Group agreed to supply and/or purchase various products to or from Alibaba Group on the platforms or stores operated by Alibaba Group from time to time, and to 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, for a term which commenced on April 1, 2019 and which will end on March 31, 2020.

The Group's pharmaceutical self-operated healthcare product and service sales business has been expanding quickly, which has led to an increase in the Group's demand for healthcare products purchased from Alibaba Group. As such, the total fees payable under the 2020 Supply and Purchase Framework Agreement in relation to purchase of products from Alibaba Group are expected to be higher than the level envisaged at the time of entry of the 2020 Supply and Purchase Framework Agreement. The Directors expect that the Existing Purchase Annual Cap of RMB20 million for the year ending March 31, 2020 will not be sufficient and propose the same to be revised. It is expected that the total fees payable by the Group under the 2020 Supply and Purchase Framework Agreement for the year ending March 31, 2020 shall not exceed RMB35 million. The Supply Annual Cap in relation to supply of products by the Group to Alibaba Group under the 2020 Supply and Purchase Framework Agreement remains unchanged.

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 Singapore. Accordingly, Alibaba Singapore is also a connected person of the Company and the transactions contemplated under the 2020 Supply and Purchase Framework Agreement will constitute continuing connected transactions of the Company pursuant to the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirements (as applicable) before the Existing Purchase Annual Cap is exceeded. As all of the applicable percentage ratios calculated with reference to the Revised Purchase Annual Cap are less than 5%, the revision of the Existing Purchase Annual Cap is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REVISION OF EXISTING ANNUAL CAP

Reference is made to the announcement of the Company dated March 28, 2019 in respect of, among other things, the 2020 Supply and Purchase Framework Agreement entered into between the Company and Alibaba Singapore, pursuant to which the Group agreed to supply and/or purchase various products to or from Alibaba Group on the platforms or stores operated by Alibaba Group from time to time, and to 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, for a term which commenced on April 1, 2019 and which will end on March 31, 2020.

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The Board confirms that the Existing Purchase Annual Cap for the year ending March 31, 2020 has not yet been exceeded as at the date of this announcement. Save for the Revised Purchase Annual Cap, all the terms and conditions under the 2020 Supply and Purchase Framework Agreement remain unchanged. The Company will continue to closely monitor the implementation of the 2020 Supply and Purchase Framework Agreement and take prompt actions to make necessary disclosure and, if necessary, obtain independent shareholders' approval in the event that any further adjustment to the Revised Purchase Annual Cap becomes foreseeable.

HISTORICAL TRANSACTION AMOUNT

Based on the Group's management accounts, the unaudited transaction amount under the 2020 Supply and Purchase Framework Agreement in relation to the purchase of products from Alibaba Group for the ten months ended January 31, 2020 was approximately RMB19.6 million.

REASON FOR REVISION OF THE EXISTING PURCHASE ANNUAL CAP

The Group's pharmaceutical self-operated healthcare product and service sales business has been expanding quickly and the Group has been selling an increasing number of healthcare products through its self-operated online store, some of which the Group procures from Alibaba Group. Accordingly, total fees payable by the Group under the 2020 Supply and Purchase Framework Agreement for the year ending March 31, 2020 are expected to be higher than the level envisaged at the time of entry of the 2020 Supply and Purchase Framework Agreement. Accordingly, the Board considers that the Existing Purchase Annual Cap will not be sufficient for the year ending March 31, 2020 and the revision of the same will be required.

The Revised Purchase Annual Cap was determined with reference to (i) the unaudited transaction amount payable by the Group in relation to purchase of products under the 2020 Supply and Purchase Framework Agreement for the ten months ended January 31, 2020; (ii) the expected sales of products for the remaining period of the financial year ending March 31, 2020; (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 product sales business.

The Directors (including the independent non-executive Directors) consider that the Revised Purchase Annual Cap is 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 Singapore. Accordingly, Alibaba Singapore is also a connected person of the Company and the transactions contemplated under the 2020 Supply and Purchase Framework Agreement will constitute continuing connected transactions of the Company pursuant to the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirements (as applicable) before the Existing Purchase Annual Cap is exceeded. As all of the applicable percentage ratios calculated with reference to the Revised Purchase Annual Cap are less than 5%, the revision of the Existing Purchase Annual Cap is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. WU Yongming, Mr. WANG Lei and Mr. XU Hong 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 2020 Supply and Purchase Framework Agreement. Accordingly, they abstained from voting on the resolution passed by the Board to approve the Revised Purchase Annual Cap. Other than the aforesaid Directors, no other Directors have a material interest in the 2020 Supply and Purchase Framework Agreement or are required to abstain from voting on the resolution of the Board approving the Revised Purchase Annual Cap.

INFORMATION ABOUT THE PARTIES

The Company and 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 the sale of pharmaceutical and healthcare products and services and the provision of Internet-based medical services, consumer healthcare services and intelligent medicine services, tracking services and other innovative services.

Alibaba Singapore

Alibaba Singapore is a limited company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding. Alibaba Singapore is a holding company principally engaged in overseas e-commerce business of Alibaba Holding.

Alibaba Holding and Alibaba Group

Alibaba Holding is a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and it aspires to be a company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment, and innovation initiatives.

DEFINITIONS

“2020 Supply and Purchase Framework Agreement”	the agreement dated March 28, 2019 entered into between the Company and Alibaba Singapore
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
“Alibaba Singapore”	Alibaba.com Singapore E-Commerce Private Limited, a company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding
“Board”	the board of directors of the Company
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, 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

“Director(s)”	member(s) of the Board
“Existing Purchase Annual Cap”	the existing annual cap of RMB20 million in relation to purchase of products from Alibaba Group under the 2020 Supply and Purchase Framework Agreement
“Group”	the Company and each of its Subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Revised Purchase Annual Cap”	the revised annual cap of RMB35 million in relation to purchase of products from Alibaba Group under the 2020 Supply and Purchase Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“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
“substantial shareholder”	has the meaning given to it under the Listing Rules
“Supply Annual Cap”	the annual cap of RMB20 million in relation to supply of products to Alibaba Group under the 2020 Supply and Purchase Framework Agreement
“%”	per cent

By Order of the Board
Alibaba Health Information Technology Limited
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, February 21, 2020

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 Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei, (Vanessa).