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If you have sold or transferred all your shares in **Alibaba Health Information Technology Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares in Alibaba Health Information Technology Limited.

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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)

**NON-EXEMPT CONTINUING CONNECTED TRANSACTION —
SERVICES AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



A letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 25 of this circular.

A notice convening the SGM to be held at Units 2302–2305, 23/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Thursday, March 30, 2017 at 10 a.m. is set out on pages 30 to 31 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

March 14, 2017

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Alibaba Group”	a group of companies comprising Alibaba Holding and its Subsidiaries, but, for the purpose of this circular, excluding the Group
“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 incorporated 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 depository shares of which are listed on the New York Stock Exchange
“Board”	the board of the Directors
“Company” or “Alibaba Health”	Alibaba Health Information Technology Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00241)
“connected person”	has the meaning ascribed 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)”	director(s) of the Company
“Effective Date”	the effective date of the Services Agreement, being the day following the date of the approval of the Services Agreement and continuing connected transactions contemplated thereunder by the Independent Shareholders at the SGM
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the 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 Services Agreement and the continuing connected transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser” or “Somerley Capital”	Somerley Capital 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 appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Services Agreement and the continuing connected transactions contemplated thereunder
“Independent Shareholders”	the Shareholders of the Company, other than (i) Alibaba Holding and its associates, including Perfect Advance Holding Limited; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Services Agreement and the continuing connected transactions contemplated thereunder
“Latest Practicable Date”	March 9, 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merchant”	a legal entity which conducts sale of products or provision of services on Tmall
“mobile MAUs”	the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during a given month
“Original Services Agreement”	the agreement entered into on August 24, 2016 between Alibaba Health Technology (China) and the Tmall Entities, pursuant to which Alibaba Health Technology (China) was engaged to provide certain outsourced and value-added services in connection with the Relevant Categories for a fee
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the BVI and an indirect non-wholly owned Subsidiary of Alibaba Holding
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Relevant Categories”	certain product categories or services offered in the Tmall Pharmaceutical and Healthcare e-Commerce Business, namely over-the-counter drugs, refined Chinese medicines such as Chinese medicinal drinks, medical devices such as blood pressure monitors and glucose meters, contact lenses and solutions, sexual health and family planning products such as condoms and sex toys, prescription drugs and medical services such as packages for dental services, health check-up services, nutritional management and genetic testing etc., which, for the avoidance of doubt, excludes all categories of products or services sold on or through Tmall International
“Services Agreement”	the agreement entered into on March 10, 2017 between Alibaba Health Technology (China) and the Tmall Entities, pursuant to which Alibaba Health Technology (China) will be engaged to provide certain outsourced and value-added services in connection with the Relevant Categories for a fee

DEFINITIONS

“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 the Services Agreement and the continuing connected transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of par value HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	entities which are Controlled
“substantial shareholder”	has the same meaning given to it under the Listing Rules
“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 internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall), which, for the purpose of the Services Agreement, excludes Tmall International
“Tmall Entities”	Tmall Technology and Tmall Network, collectively
“Tmall International”	the 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 International, including but not limited to URLs used for internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall International)
“Tmall Network”	Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), a company incorporated under the laws of the PRC and an indirect Subsidiary of Alibaba Holding
“Tmall Pharmaceutical and Healthcare e-Commerce Business”	the pharmaceutical and healthcare products and services e-commerce business of Tmall
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding
“Type C License”	an Internet Drug Transaction Service Qualification Certificate (Type C) (互聯網藥品交易服務資格證書), which entitles the holder to sell over-the-counter drugs, medical devices, contact lenses and certain sexual health products online, as listed in relevant regulations
“%”	per cent

* English name for identification purpose only.

LETTER FROM THE BOARD



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)

Executive Director:

Mr. WANG Lei (*Chief Executive Officer*)

Non-executive Directors:

Mr. WU Yongming (*Chairman*)

Mr. TSAI Chung, Joseph

Ms. HUANG Aizhu

Mr. KANG Kai

Independent Non-executive Directors:

Mr. YAN Xuan

Mr. LUO Tong

Mr. WONG King On, Samuel

Registered Office:

Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

26/F Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

March 14, 2017

To the Shareholders

Dear Sir /Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION — SERVICES AGREEMENT

1. INTRODUCTION

We refer to the circular of the Company dated August 26, 2016 (the *Circular*) and the announcements of the Company dated April 1, 2016 and August 24, 2016 in which the Company announced, among other things, that on August 24, 2016, Alibaba Health Technology (China) (formerly known as Alibaba Health Technology (Beijing)), a Subsidiary of the Company, entered into the Original Services Agreement with the Tmall Entities, Subsidiaries of Alibaba Holding (the ultimate controlling shareholder of the Company). The Original Services Agreement will expire on March 31, 2017. We also refer to the announcement of the Company dated March 10, 2017 in which the Company announced that the same parties entered into the Services Agreement on March 10, 2017 to renew the Original Services Agreement on substantially the same key terms for one year. Further details of the Services Agreement are set out below.

The purpose of this circular is to provide you with, among other things, (i) further details of the Services Agreement; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) notice of the SGM.

LETTER FROM THE BOARD

2. NON-EXEMPT CONTINUING CONNECTED TRANSACTION — SERVICES AGREEMENT

2.1 Principal terms of the Services Agreement

A summary of the key terms of the Services Agreement is set out below.

(a) *Date*

March 10, 2017

(b) *Parties*

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

(c) *Term and termination*

Subject to approval by the Independent Shareholders at the SGM, the term of the Services Agreement will commence from the Effective Date and end on March 31, 2018, unless otherwise terminated in accordance with the terms of the Services Agreement. The Company will decide on the renewal of the Services Agreement prior to March 31, 2018.

The 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 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 Services Agreement by giving the other party/ parties written notice of no less than 30 days.

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

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

LETTER FROM THE BOARD

(d) Services to be provided

Pursuant to the terms of the 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 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 Tmall Entities': (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 with, and execute business decisions made by, the Tmall Entities.

LETTER FROM THE BOARD

(e) Service fee, annual cap and historical transactions

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. The service fee for the term of the Services Agreement will be 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.

The proposed annual cap in respect of the service fee payable to the Group during the term of the Services Agreement is RMB110 million.

The proposed monetary cap for the applicable period was arrived at after considering the revenue generated by the Company as a result of the historical transactions under the Original Services Agreement since it became effective on September 13, 2016, the unaudited revenue of Tmall attributable to the Relevant Categories for recent financial years, and the Company's own projections for the Relevant Categories for the year ending March 31, 2018 based on projections for the growth of the corresponding business and the overall healthcare market in China, and taking into account the Company's marketing plans in relation to enhancing the services that the Company seeks to continue providing for the Tmall Pharmaceutical and Healthcare e-Commerce Business.

The monetary cap of the Original Services Agreement for the period from its effective date of September 13, 2016 until March 31, 2017 was RMB60 million. For the period from the effective date of the Original Services Agreement till February 28, 2017, the aggregate service fees received by the Group under the Original Services Agreement was approximately RMB33.5 million. The effective period of the Original Services Agreement covers slightly over six months while the Services Agreement will cover a full financial year.

(f) Internal controls relating to the implementation of the Services Agreement

The quarterly payment of the service fees by the Tmall Entities will provide frequent and accurate updates on the usage of the proposed monetary cap. The Tmall Entities and the Company will mutually confirm the service fee relating to the Relevant Categories sold on or offered on Tmall accrued for each relevant month on the first business day of the following month.

The Company's operating team will have day-to-day interaction with Tmall merchants and will be able to closely monitor applicable GMV on a weekly basis.

The Company will adopt a written policy to monitor compliance with the monetary cap, which will set out the proper steps for escalating information regarding the usage of the proposed annual cap from the operating team to the executive officers, including monthly reports to the Company's chief executive officer, chief financial officer and general counsel and then to the independent non-executive directors where required.

The Services Agreement includes a customary provision pursuant to which the Tmall Entities agree to allow the Company and its auditors access to information necessary to report on the non-exempt continuing connected transaction.

LETTER FROM THE BOARD

2.2 Significance of the Services Agreement on the Company's results of operations and future business

The Company continues to be in a developmental stage as it continues to expand and support its other businesses.

Particularly given the development of the B2C online pharmacy after the acquisition of Guangzhou Wu Qian Nian Pharmaceutical Chain Co., Ltd.* (廣州五千年醫藥連鎖有限公司) (“GWQN”) in August 2016, the Services Agreement has not been the only contributor to the Company's results of operations or primary source of growth. As disclosed in the Company's announcements dated July 6, 2016 and August 16, 2016, the Group completed the acquisition of a retail pharmacy chain which holds a Type C License to engage in the online retail pharmaceutical business to provide more products and services to end consumers. The Company expects this business to become the largest contributor to the Company's revenue in the financial years ending March 31, 2017 and 2018.

At the same time the Company launched its new product tracking system and related solutions in May 2016 which it has been growing while it gradually winds down its historical Drug PIATS business.

The Services Agreement, taking into account the expenses for continued upgrading of the Company's IT systems and additional marketing and promotion activities that the Company plans to conduct to further enhance the services that the Company seeks to continue providing for the Tmall Pharmaceutical and Healthcare e-Commerce Business, is expected to continue to generate a small profit at this early developmental stage of the business. Accordingly, the Services Agreement should not be the only positive contributor to the Company's results of operations or the sole or primary source of growth.

2.3 Information about the Company and Alibaba Health Technology (China)

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 a pharmaceutical e-commerce business operator and healthcare network service provider which seeks to utilize the most advanced information technology to offer internet solutions for the healthcare industry. The principal activities of the Group comprise the operation of product tracking platforms in the PRC, pharmaceutical e-commerce and medical services network business.

Alibaba Health Technology (China) is a limited liability company incorporated in the PRC. 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.

2.4 Summary of Current Business and Prospects of the Company

The Company has significantly expanded its business operations during the financial year ending March 31, 2017 including, in particular, completing the acquisition of GWQN which allowed it to begin operating the previously contemplated B2C online pharmacy since August 2016. The Company continues to actively pursue the potential acquisition of relationships with merchants selling certain health food products on Tmall. No definitive agreement has been reached with respect to this proposed asset injection from Alibaba Group.

The current business of the Company comprises the following:

- *Operating the Drug PIATS and its new product tracking system.* Historically, the Company has operated the Drug PIATS business the operation of which is in the process of being wound down. Launched in May 2016, the Company's new product tracking system and related solutions are being developed based on the experience gained by Alibaba Health operating the Drug PIATS business.

LETTER FROM THE BOARD

- *Pharmaceutical e-commerce, e-commerce related services and distribution business:*
 - *B2C online pharmacy.* On August 16, 2016, Alibaba Health completed the acquisition of 100% equity interest in GWQN, a retail pharmacy chain with an Internet Drug Transaction Service Qualification Certificate, which entitles it to operate as a B2C online pharmacy.

Following its acquisition by the Company in August 2016, the Company set out to actively expand its B2C online pharmacy business with a set of new strategic objectives and initiatives implemented by a dedicated and experienced management team, resulting in rapid growth of its business.

Since the acquisition of GWQN, the B2C online pharmacy business has been growing significantly. The B2C online pharmacy derives revenue directly from consumers shopping for products sold by the online pharmacy.

- *B2B Distribution Business and B2C Medical Services Business.* On September 23, 2016, Alibaba Health completed the acquisition of all of the equity interest in Hangzhou Li He Pharmaceutical Co., Ltd* (杭州禮和醫藥有限公司) (“**Hangzhou Li He**”), a company which is mainly engaged in the distribution of pharmaceutical products, medical devices and food products in the PRC (the “**B2B Business**”) and the sales of medical services to consumers including as a merchant on Tmall (the “**B2C Medical Services Business**”).

The B2B Business involves the wholesale distribution of pharmaceutical products, medical devices and food products from pharmaceutical manufacturers and other wholesale distributors to retail pharmacies, while the B2C Medical Services Business mainly involves working with medical services providers to sell medical services packages to consumers.

- *O2O network.* The O2O network acts as a supporting infrastructure for the pharmaceutical e-commerce business that the Company is actively building, as it provides consumers with a more complete experience that includes offline stores across the country to provide quicker access to pharmaceutical products for those with more immediate needs. It also helps to build the Company’s brand name and raise the profile of the Company’s other services and products.
- *Advertisement and marketing business focused on healthcare products and services.* This business involves providing advertising and marketing solutions to healthcare products and services brands, which includes featuring such brands on the Company’s website, APP and own advertising as well as sourcing advertising and marketing solutions from external providers including Alibaba Group’s Alimama.
- *Medical services network.* The Company continues to operate its network hospital business model through its own website and APP, featuring medical institutions, doctors and pharmacists that consumers can consult.
- *The Original Services Agreement.* On August 24, 2016, Alibaba Health Technology (China), a Subsidiary of the Company, entered into the Original Services Agreement with the Tmall Entities which was approved at a SGM on September 12, 2016 and became effective on the following day.

LETTER FROM THE BOARD

2.5 Recent regulatory developments affecting the existing businesses of the Company

The Group's Subsidiary, CITIC 21CN Technology, is the technical operator of the product identification, authentication and tracking system for the drug industry ("Drug PIATS") in the PRC. As disclosed in the Company's announcement dated July 21, 2016, the China Food and Drug Administration (the "CFDA") published the Decision of the China Food and Drug Administration Regarding Amendment of the Good Supply Practice for Pharmaceutical Products (CFDA Order No. 28) (《國家食品藥品監督管理總局關於修改〈藥品經營質量管理規範〉的決定》(國家食品藥品監督管理總局令第28號)(the "Order No. 28"), which was published by the CFDA on July 20, 2016, pursuant to which the CFDA has announced certain amendments to the Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》) (the "Pharmaceutical GSP"). The Company understands that the Order No. 28 means that the use of the Drug PIATS by drug trading enterprises will no longer be mandatory though the CFDA continues to require such enterprises to be responsible for managing tracking for their products.

As disclosed in the Company's announcement of final results for the financial year ended March 31, 2016 dated June 22, 2016 and its annual report 2016 despatched on July 19, 2016 and in the Circular dated August 26, 2016 relating to the Original Services Agreement, even though the Company continued the Drug PIATS operations under the CFDA's direction since the Announcement Regarding the Temporary Halt in Enforcement of the Announcement No. 1 of 2015 Regarding Relevant Rules on the Drug PIATS (Announcement No. 40 of 2016) (《關於暫停執行2015年1號公告藥品電子監管有關規定的公告》(2016年第40號)) published by the CFDA, the Group also began to develop new market-based tracking solutions to assist enterprises to fulfil their regulatory compliance needs. In May 2016, the Company launched its "碼上放心" (*Ma Shang Fang Xin*) tracking platform, offering tracking services to enterprises for the full life cycle of their products and value-added services to assist them to strengthen their operational capabilities.

By leveraging on strong calculation and data processing capability using cloud computing technologies, the Company's *Ma Shang Fang Xin* platform can process larger quantities of big data and concurrently support hundreds of thousands of business users, with its sound compatibility, accessibility and security. Given that the Company also accumulated a wealth of experience and expertise in its previous operation of the Drug PIATS, it believes that it has an advantage in operating in the market.

The Company has also expanded the application of the tracking platform beyond drugs to other products, such as food and nutritional supplements. As of February 28, 2017, more than 4,000 enterprises, including those from the drug, food and nutritional supplement industries had contracted with the Company to join the "*Ma Shang Fang Xin*" platform.

Therefore, taking into account all the above factors, the Company expects that terminating its operation of the Drug PIATS will not have a significant impact on the Company's business revenue as a whole and will not result in a material adverse impact on the Company's revenue, business and results of operations going forward.

2.6 Information about the Tmall Entities

Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司) is a company incorporated under the laws of the PRC and an indirect Subsidiary of Alibaba Holding, which is principally engaged in the operation of Tmall.

Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司) is a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding, which is principally engaged in the provision of software and technology services for Tmall.

LETTER FROM THE BOARD

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.

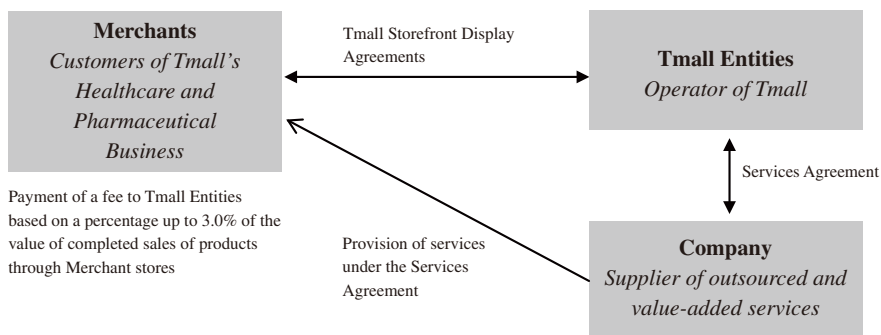
Alibaba Group operates its China retail marketplaces comprising Taobao Marketplace, a mobile commerce destination, Tmall, a B2C platform, and Juhuasuan, a sales and marketing platform for flash sales where merchants can acquire new customers and raise brand awareness through special discounts and promotional events. Alibaba Group's China retail marketplaces had approximately 443 million annual active buyers in the 12 months ended December 31, 2016. In the month ended December 31, 2016, the various mobile apps that consumers use to access Alibaba Group's China retail marketplaces had approximately 493 million mobile MAUs.

2.7 Information about the Tmall Pharmaceutical and Healthcare e-Commerce Business

The Tmall Pharmaceutical and Healthcare e-Commerce Business was established in 2012 and has been operating as a line of business within Tmall. Merchants who sell pharmaceutical and healthcare products and services sign up with Tmall and generally pay the Tmall Entities a fee (this fee is based on a percentage up to 3.0% of the value of completed sales of products through Merchant stores).

The customers of the Tmall's Healthcare and Pharmaceutical Business are Merchants. Tmall serves a customer base comprising more than 1,600 Merchants (with which Tmall has direct legal relationships) in relation to the Relevant Categories.

Set out below is a diagram illustrating the proposed relationship of Tmall, Merchants and the Company in respect of the services to be provided by the Group in relation to the Relevant Categories as contemplated under the Services Agreement.



As far as the Directors are aware, there have been no changes in the general economic and market conditions in China that materially and adversely affected the operations of Tmall's Healthcare and Pharmaceutical e-Commerce Business in relation to the Relevant Categories since March 31, 2016 and up to the Latest Practicable Date.

LETTER FROM THE BOARD

2.8 Information about Alibaba Holding and Alibaba Group

Alibaba Holding is the ultimate majority shareholder of the Company and the Tmall Entities are Subsidiaries of Alibaba Holding. Accordingly, the Tmall Entities are also connected persons of the Group. It is expected that the highest of the applicable percentage ratios in respect of the Services Agreement will be more than 5%. Accordingly, the transactions contemplated under the Services Agreement will constitute continuing connected transactions for the Company in accordance with the Listing Rules.

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 online and mobile commerce company in the world in terms of gross merchandise volume. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help businesses leverage the power of the Internet to establish an online presence and conduct commerce with hundreds of millions of consumers and other businesses.

2.9 Reasons for and benefits of the Services Agreement

The Original Services Agreement was initially agreed among the parties against the backdrop of significant regulatory uncertainty in the PRC relating to B2C third party online platforms. This regulatory uncertainty remains with respect to the Relevant Categories. Since the Company and Alibaba Holding did not have sufficient visibility on when a licensing regime would be in place to allow for the transfer of the business covering the Relevant Categories, the services provided under the Original Services Agreement allowed the Group to deliver specialized, outsourced services to Tmall and its merchants in a manner that would drive significant growth for the underlying business.

The services provided under the Services Agreement remain within the existing skill set of the Group given that it has been developing its own website, mobile APP, O2O pharmacy business and cloud hospital. Particularly since Alibaba Holding's investment in the Company in 2014, Alibaba Health has developed its own expertise and relationships with a wide variety of key participants in the healthcare sector in China, beyond the healthcare products retailers whom Tmall serves.

During the term of the Original Services Agreement, the business has been growing steadily. The revenue attributable to the Original Services Agreement from its effective date to February 28, 2017 was approximately RMB33.5 million.

The Services Agreement is intended to continue the success of the Original Services Agreement. The service fees received under the Services Agreement will 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, Alibaba Health's revenue will show greater diversification going forward. The key terms of the Services Agreement are substantially the same as the Original Services Agreement except for the annual cap and the notice period for the termination right. There will continue to be sufficient safeguards to ensure that the controlling shareholder does not exercise undue control over the listed issuer through any artificial arrangements.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Services Agreement is entered into in the ordinary and usual course of business of the Group and is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

2.10 Listing Rules implications

As Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai 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 contemplated under the Services Agreement. Accordingly, they had abstained from voting on the board resolutions in connection with the continuing connected transaction under the Services Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the transactions contemplated under the Services Agreement and are not requested to abstain from voting on the board resolutions approving the same.

Alibaba Holding is the ultimate majority shareholder of the Company and the Tmall Entities are Subsidiaries of Alibaba Holding. Accordingly, the Tmall Entities are also connected persons of the Group. It is expected that the highest of the applicable percentage ratios in respect of the Services Agreement will be more than 5%.

Accordingly, the transactions contemplated under the Services Agreement will constitute non-exempt continuing connected transactions and are subject to the applicable requirements under the Listing Rules, including the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened by the Company at which the ordinary resolutions will be proposed to seek approval from the Independent Shareholders by way of poll for the Services Agreement and the continuing connected transactions contemplated thereunder. Perfect Advance which holds a total of 4,420,628,008 Shares, representing approximately 54.03% of the issued share capital of the Company, and its associates shall abstain from voting at the SGM. Save as disclosed above, no other Shareholder is required to abstain from voting on the resolutions approving the Services Agreement and the continuing connected transactions contemplated thereunder.

2.11 Independent Board Committee and Independent Financial Adviser

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the approval for the Services Agreement and the continuing connected transactions contemplated thereunder. Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Services Agreement are fair and reasonable and in the interests of the Company so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the SGM.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 25 of this circular.

3. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the proposed resolutions set out in the notice of the SGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the proposed resolutions.

4. GENERAL

Your attention is drawn to the general information set out in the Appendix to this circular.

LETTER FROM THE BOARD

5. SGM AND PROXY ARRANGEMENT

The notice of the SGM is set out on pages 30 to 31 of this circular. At the SGM, resolutions will be proposed to approve the Services Agreement and the continuing connected transactions contemplated thereunder.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the SGM.

An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

By Order of the Board
WANG Lei
Chief Executive Officer and Executive Director



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)

March 14, 2017

To the Independent Shareholders

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTION —
SERVICES AGREEMENT**

We refer to the circular of the Company dated March 14, 2017 to its Shareholders of which this letter forms part. Terms defined in the circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you in relation to the Services Agreement and the continuing connected transactions contemplated thereunder; whether the terms of the Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and how to vote on the resolutions regarding the Services Agreement and the continuing connected transactions contemplated thereunder, taking into account the recommendations from the Independent Financial Adviser.

Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote on the relevant resolutions.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 4 to 14 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and
- (b) the letter from the Independent Financial Adviser set out on pages 16 to 25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

Having considered the advice from Somerley Capital, we are of the view that the terms of the Services Agreement are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions 1 and 2 in relation to the Services Agreement and the continuing connected transactions to be presented at the SGM.

Yours faithfully,
Independent Board Committee
**Mr. YAN Xuan, Mr. LUO Tong and
Mr. WONG King On, Samuel**
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central Hong Kong

14 March 2017

To: *the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION — SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Services Agreement and the transactions contemplated under (the “**Continuing Connected Transactions**”) together with the proposed cap. Details of the Services Agreement and the Continuing Connected Transactions are set out in the circular of the Company dated 14 March 2017 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meaning as those defined in the Circular.

On 24 August 2016, Alibaba Health Technology (China) (formerly known as Alibaba Health Technology (Beijing)), a Subsidiary of the Company, entered into the Original Services Agreement with the Tmall Entities, Subsidiaries of Alibaba Holding, regarding the provision of certain outsourced and value-added services in relation to the Relevant Categories in accordance with the terms and conditions thereof. The Original Services Agreement will expire on 31 March 2017 and the same parties entered into the Services Agreement on 10 March 2017 to renew the Original Services Agreement on substantially the same key terms for one year. Alibaba Holding is the ultimate majority shareholder of Tmall Technology and the Company, and Controls Tmall Network. The Tmall Entities are members of the Alibaba Group. Accordingly, the Tmall Entities are connected persons of the Group. As a result, the transactions contemplated under the Services Agreement constitute continuing connected transactions for the Company. As the highest of the percentage ratios in respect of the Services Agreement will be more than 5%, the transactions contemplated under the Services Agreement are subject to the reporting, announcement, annual review and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions and on how they should vote at the SGM. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

In formulating our advice, we have reviewed, among other things, the Services Agreement, the historical financial information in respect of the provision of the services contemplated under the Original Services Agreement, the annual reports of the Company for the financial years ended 31 March 2015 (the “**2015 Annual Report**”) and 31 March 2016 (the “**2016 Annual Report**”), the interim report of the Company for the six months ended 30 September 2016 (the “**Interim Report**”), and the information contained in the Circular. We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, and have assumed that they are true, accurate and complete in all material aspects at the time they were made and will remain so up to the time of the SGM. We have also sought and received confirmation from the Directors, that all material relevant information has been supplied to us and that no material facts have been

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

omitted or withheld from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group and the Tmall Entities.

As at the Latest Practicable Date, Somerley Capital Limited does not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Somerley Capital Limited. In the last two years, except for independent financial adviser engagements (in relation to (i) the proposed grant of restricted share units to a director of a Subsidiary of the Company, details of which were set out in the circular of the Company dated 22 May 2015; (ii) the proposed very substantial acquisition, connected transaction and reverse takeover for the Company, details of which were set out in the announcement of the Company dated 15 April 2015; (iii) the conditional grant of restricted share units to connected persons of the Company, details of which were set out in the circular of the Company dated 20 October 2015; (iv) the connected transaction relating to the formation of a joint venture, details of which were set out in the announcement of the Company dated 21 April 2016; (v) the continuing connected transaction (i.e. transactions contemplated under the Original Services Agreement) regarding the provision of certain outsourced and value-added services, details of which were set out in the circular of the Company dated 26 August 2016; and (vi) the continuing connected transactions regarding the provision of online sales platform services by connected parties, details of which were set out in the circular of the Company dated 22 February 2017), there has been no other engagement between the Group and Somerley Capital Limited. We do not consider that the past and existing engagements as independent financial adviser give rise to any conflict for Somerley Capital Limited acting as the independent financial adviser in respect of the Continuing Connected Transactions. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group, the Tmall Entities and the Tmall Pharmaceutical and Healthcare e-Commerce Business

The Group is a pharmaceutical e-commerce business operator and healthcare network service provider which seeks to utilise the most advanced information technology to offer internet solutions for the healthcare industry. The principal activities of the Group comprise the operation of product tracking platforms in the PRC, pharmaceutical e-commerce and medical services network business. Alibaba Health Technology (China) 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.

Tmall Network is a company incorporated under the laws of the PRC and an indirect Subsidiary of Alibaba Holding, which is principally engaged in the operation of Tmall. Tmall Technology is a company incorporated under the laws of the PRC 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 home-grown 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Tmall Pharmaceutical and Healthcare e-Commerce Business was established in 2012 and has been operating as a line of business within Tmall. Merchants who sell pharmaceutical and healthcare products and services sign up with Tmall and generally pay the Tmall Entities a fee (this fee is based on a percentage up to 3.0% of the value of completed sales of products through Merchant stores). The customers of the Tmall's Healthcare and Pharmaceutical Business are Merchants. Tmall serves a customer base comprising more than 1,600 Merchants (with which Tmall has direct legal relationships) in relation to the Relevant Categories.

2. Reasons for and benefits of the Services Agreement

As set out in the "Letter from the Board" contained in the Circular, the Original Services Agreement was initially agreed among the parties against the backdrop of significant regulatory uncertainty in the PRC relating to B2C third party online platforms. This regulatory uncertainty remains with respect to the Relevant Categories. Since the Company and Alibaba Holding did not have sufficient visibility on when a licensing regime would be in place to allow for the transfer of the business covering the Relevant Categories, the services provided under the Original Services Agreement allowed the Group to deliver specialised, outsourced services to Tmall and its merchants in a manner that would drive significant growth for the underlying business. The services provided under the Services Agreement remain within the existing skill set of the Group given that it has been developing its own website, mobile APP, online to offline pharmacy business and cloud hospital, particularly given the Company has developed its own expertise and relationships with a wide variety of key participants in the healthcare sector in China, beyond the healthcare products retailers whom Tmall serves.

In substance, the Services Agreement represents an extension of the term of the Original Services Agreement. Through the Original Services Agreement, the Group aimed to develop as an integrated service provider to the Tmall Entities and further capabilities to provide similar services to more participants in China's healthcare industry. With the Services Agreement, the Group will be able to achieve stronger growth by continuously developing its expertise and enhancing its specific industry experience in the pharmaceutical e-commerce area in the PRC.

In respect of the financial benefits contributed by the Services Agreement, the Services Agreement will provide the Group with additional revenue. As disclosed in the Circular, the revenue attributable to the Original Services Agreement from its effective date to 28 February 2017 was approximately RMB33.5 million. According to the 2016 Annual Report, the Group has been making losses in the past two financial years with the loss attributable to the owners of the Company having widened from approximately RMB81.2 million for the year ended 31 March 2015 to approximately RMB191.6 million for the year ended 31 March 2016. For the six months ended 30 September 2016, the loss attributable to the owners of the Company was approximately RMB102.4 million. We were provided with the historical financial information in respect of the provision of the services contemplated under the Original Services Agreement. It is noted that the Group was able to recover the costs to be incurred in the provision of services during the period from September 2016 to January 2017 by charging the service fee under the Original Services Agreement. It is also noted that the Group was able to generate positive gross profit margin for such business during the period mentioned above. As such, the Group's financial performance is expected to improve with the provision of the services contemplated under the Original Services Agreement and the Services Agreement with substantially the same key terms.

Given (i) the fact that the Services Agreement is a continuation of the Original Services Agreement; (ii) the loss-making position of the Group in recent years; (iii) the fact that the Group generated additional revenue from the provision of services under the Original Services Agreement; and (iv) the potential improvement in the financial performance of the Group, we concur with the Directors' view that the entering into of the Services Agreement is in the interests of the Company and its shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Principal terms of the Services Agreement

Set out below is a summary of the principal terms of the Services Agreement. Further details of the Services Agreement are set out in the “Letter from the Board” contained in the Circular.

- Date: 10 March 2017
- Parties: Alibaba Health Technology (China) and the Tmall Entities
- Term: Subject to approval by the Independent Shareholders at the SGM and commencing from the Effective Date and ending on 31 March 2018, unless otherwise terminated in accordance with the terms of the Services Agreement
- Subject matter: 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;
 - (ii) Merchant customer services, including providing helpline support for Merchants on the process of admission to Tmall and general operational questions; assisting Merchants in optimising searches for their products through their product information display, collating and analysing consumer behaviour 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;
 - (iii) marketing event planning for Merchants, including planning and organising marketing events for Merchants, organising Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis;
 - (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 Tmall Entities in respect of: (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 with, and execute business decisions made by, the Tmall Entities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

– *Service fee and payment terms*

Pursuant to the Services Agreement, 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 (the “**Service Fee**”). The Service Fee will be fixed and may not be adjusted and shall be paid in cash on a quarterly basis.

– *Termination clauses*

Pursuant to the terms of the Services Agreement, the 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 nationalised 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 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 Services Agreement by giving the other party/parties written notice of no less than 30 days. If there is a material breach of the Services Agreement that has not been remedied after 30 days from the notice of such breach, the non-defaulting party/parties may terminate the Services Agreement with immediate effect.

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

4. Evaluation of the terms of the Services Agreement

– *Service Fee*

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.

In assessing the reasonableness and fairness of the Service Fee, we have conducted research on Bloomberg on a best efforts basis in respect of listed companies providing comparable services offered by the Company. We were not able to identify any company engaging in the provision of value-added services specifically to e-commerce business in the healthcare industry. We have therefore further expanded our scope and also reviewed listed companies (the “**Comparable Companies**”) which are providing e-commerce solutions and/or marketing services to online merchants (the “**Comparable Services**”), which are considered to be similar in nature to the value-added services to be provided by the Company under the Services Agreement.

The Comparable Companies have been identified based on the following criteria: (i) under the industries of “internet-based services” or “advertising & marketing” as classified by the Bloomberg Industry Classification System; (ii) engaged in e-commerce solutions and/or marketing services to online merchants; and (iii) with country of domicile in the PRC or Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that the fees charged by companies are usually commercially confidential and such information would not normally be disclosed to the public, we have only been able to identify the fee of one Comparable Company providing Comparable Services that is available in the public domain (i.e. through the annual reports and announcements) with details below:

Comparable Services

Service company	Counter-party	Nature of services provided	Service fee
SINA Corporation	Leju Holdings Limited	Supporting services offered by SINA Corporation to Leju Holdings Limited to publish advertisements on SINA non-real estate websites	15% of the online advertising revenue generated by Leju Holdings Limited from publishing advertisements on SINA non-real estate websites

Services Agreement

Service company	Counter-party	Nature of services to be provided	Service fee
The Company	The Tmall Entities	Value-added services under the Relevant Categories offered by the Company	21.5% of the fees paid by the Merchants to the Tmall Entities and/or their respective affiliates

As illustrated above, the Service Fee of 21.5% is higher than the fee charged for the Comparable Services of 15%.

Given that there is only one Comparable Company and the scope of services to be provided by the Company under the Services Agreement and the services conducted by the Comparable Company are not identical, we have conducted further analysis on reasonableness and fairness of the Service Fee.

We understand that the online merchants on Alibaba Group's Taobao marketplace may engage third party Taobao partners ("TPs") to help them to manage their storefronts or provide other services for a fee. Such other services include information technology services, data analysis services, design services, and marketing and promotion services. Given the similar nature of services currently provided by the TPs to the online merchants, to complement our analysis of the Service Fee, we have conducted research, on a best efforts basis, on the service fees currently charged by the TPs using information from the public domain (e.g. Tmall's website). Based on our research, we noted that many TPs charge a service fee, which is generally calculated based on a percentage point on the gross merchandise volume ("GMV") for transactions completed on the Taobao marketplace. The percentage charged, however, is not disclosed by the TPs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above, we expanded our analysis to the profitability (i.e. gross profit margin) of the transactions contemplated under the Services Agreement so as to supplement our analysis of the Service Fee. Based on our research on the Comparable Companies, we have identified two Comparable Companies with gross profit margin of the Comparable Services available in the public domain (e.g. through the annual reports and announcements) (the “**Comparable Profit Margins**”) with details below:

Comparable Companies	Stock code	Nature of services provided (Note 1)	Comparable Profit Margins (Note 2)
1. eCARGO Holdings Limited	ECG:ASX	Development and provision of e-commerce technologies, integrated offline and online supply chain operations, and provision of digital commerce solutions services mainly in the PRC	50.0%
2. BlueFocus Communication Group Co. Ltd	300058:CH	Provision of marketing and brand management services across disciplines of strategy, digital, advertising, media, social, public relationship, design, branding, customer relationship management, data, e-commerce and mobile solutions, to multinational companies and leading Chinese enterprises	27.7%

Notes:

1. The nature of services provided are extracted from the websites and/or annual reports for the year ended 31 December 2015 of the respective Comparable Companies.
2. The Comparable Profit Margin of eCARGO Holdings Limited is calculated based on its gross profit divided by the revenue as extracted from the annual results announcement for the year ended 31 December 2016. The Comparable Profit Margin of BlueFocus Communication Group Co. Ltd is calculated based on the segmental gross profit divided by the segmental revenue in providing the Comparable Services as disclosed in its annual report for the year ended 31 December 2015.

As illustrated above, the profit margins of these two Comparable Companies in providing the Comparable Services range from 27.7% to 50.0%. Based on the historical financial information for the provision of services under the Original Services Agreement during the period from September 2016 to January 2017, the profit margin for conducting this business during the period (the “**Historical Profit Margin**”) is within and towards the high end of the range of the Comparable Profit Margins.

Considering (i) the Service Fee of 21.5% is higher than the fee charged by the Comparable Company for the Comparable Services of 15%; and (ii) the Historical Profit Margin is within and towards the high end of the range of the Comparable Profit Margins, we are of the view that, the Service Fee is fair and reasonable.

– *Payment terms*

The Service Fee shall be paid in cash on a quarterly basis. The payment terms were negotiated on an arm’s length basis. As advised by the Company, the quarterly basis settlement can enhance administrative efficiency in settlement.

Considering the credit periods from 30 days to 90 days offered by the Group to independent third parties as disclosed in the 2016 Interim Report, we consider that the payment terms of the Services Agreement is in line with the Group’s management policy.

Also, we understand that Alibaba Holding currently engages Alipay.com Co., Ltd. (“**Alipay**”) in respect of the provision of online payment services on the marketplaces of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Alibaba Holding by paying processing fees to Alipay. According to the commercial agreement between Alipay and Alibaba Holding dated 29 July 2011 (the “**Commercial Agreement**”), the payment of processing fees is made on a calendar quarter basis.

Given that (i) payment/credit terms of the Services Agreement are in line with the Group’s management policy; and (ii) the settlement of payments under the Services Agreement and the Commercial Agreement, which is also related to the provision of services to the online transaction platform, is likewise made on a quarterly basis, we consider the payment terms under the Services Agreement acceptable.

– *Termination clauses*

Pursuant to the termination clauses of the Services Agreement, both Alibaba Health Technology (China) and the Tmall Entities shall have the right to terminate the Services Agreement by giving other party written notice of no less than 30 days.

As advised by the Company, no significant upfront costs and investment costs which are long-term in nature were incurred or expected to be incurred by the Group in order to provide the services under the Services Agreement. The incremental costs to be incurred by the Company mainly comprise staff costs and marketing and promotional expenses which are relatively flexible and staff may also be readily redeployed to work on the Group’s other related businesses. As such, no material financial impact on the Group is expected in terms of costs to be incurred in the event that the Services Agreement is terminated.

– *Conclusion*

Given that (i) the Service Fee is higher than that of the Comparable Services and the Historical Profit Margin is within and towards the high end of the range of the Comparable Profit Margins; (ii) the payment terms of the Services Agreement are in line with the Group’s management policy and comparable to similar service agreement entered into by Alibaba Holding; and (iii) no material financial impact on the Group is expected in terms of the costs to be incurred in the event that the Services Agreement is terminated, we are of the view that the terms of the Services Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

5. The proposed cap

The proposed monetary cap (the “**Cap**”) for the Service Fee to be received pursuant to the Services Agreement is RMB110 million during the term of the Services Agreement which was determined principally based on the service fees expected to be received pursuant to the Services Agreement for the year ending 31 March 2018 (the “**Projected Service Fee**”) and a buffer. The Projected Service Fee is computed based on (i) the historical value of completed sales of products or services under the Relevant Categories on Tmall (the “**Historical Value of Sales**”); (ii) a projected growth on the value of sales of products or services under the Relevant Categories on Tmall for the year ending 31 March 2018 (the “**Projected Growth of Value of Sales**”); (iii) the fee that Merchants pay the Tmall Entities (this fee is based on a percentage up to 3.0% of the value of completed sales of products through Merchant stores); and (iv) the Service Fee.

Given that the Projected Growth of Value of Sales is with reference to (i) the historical growth rates of completed sales of products or services under the Relevant Categories on Tmall in recent financial years; and (ii) the expected value of completed sales of products or services under the Relevant Categories on Tmall for the financial year ending 31 March 2017, and we note that the compound annual growth rate (“**CAGR**”) of the GMV transacted on Tmall from 2014 to 2016 was over 50%, it is considered that the Projected Growth of Value of Sales reasonable.

As a cross-check on the reasonableness of the Projected Service Fee, we have considered the aggregate service fees received by the Group under the Original Services Agreement, which was approximately RMB33.5 million for the period from 13 September 2016 to 28 February 2017. On an annualised basis, the projected transaction amount for the year ending 31 March 2018 is expected to be approximately RMB73.1 million. Based on such amount and the Projected Service Fee, a certain degree of growth is noted (the “**Implied Growth**”). The Implied Growth is considered to be acceptable given that (i) it is within the range of the segmental growth rates on the value of sales projected by the Company among the Relevant Categories and on the conservative side; and (ii) the

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growth of the GMV transacted on Tmall from 2014 to 2016. As such, we are of the view that the Projected Service Fee is reasonable.

The Cap has been arrived based on the Projected Service Fee and a buffer. The extent of the buffer is considered to be reasonable taking into account the potential growth in healthcare expenditure in the PRC and the increasing propensity of consumers to shop online in the PRC.

As a cross-check on the reasonableness of the Cap, we have also considered the annual cap for the service fees received under the Original Services Agreement, which was RMB60 million for an expected term of approximately 6.5 months. On an annualised basis, the annual cap would have been approximately RMB111 million for a term of 12 months and accordingly, the Cap is comparable to the previous annual cap.

Having considered the basis of the Projected Service Fee and the extent of the buffer, and the fact that the Cap is comparable to the previous annual cap for the service fees received under the Original Services Agreement, we are of the view that the Cap is fair and reasonable.

6. Annual review of the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions to be carried out pursuant to the Services Agreement are subject to the following annual review requirements:

- a) each year, the independent non-executive Directors must review the transactions to be carried out pursuant to the Services Agreement and confirm in the annual report whether the transactions to be carried out pursuant to the Services Agreement have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- b) each year, the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days before the bulk printing of the Company's annual report), confirming whether anything has come to their attention that causes them to believe that the transactions to be carried out pursuant to the Services Agreement:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing the transactions to be carried out pursuant to the Services Agreement; and
 - (iv) have exceeded the Cap;
- c) the Company must allow, and ensure that the counterparties to the transactions to be carried out pursuant to the Services Agreement allow, the Company's auditors sufficient access to their records for the purpose of reporting on the transactions to be carried out pursuant to the Services Agreement as set out in paragraph (b). The Board must state in the annual report whether the Company's auditors have confirmed the matters set out in Listing Rule 14A.56; and
- d) the Company shall promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) respectively.

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In addition to the annual review by the auditors and independent non-executive directors of the Company as mentioned above, the Group will further adopt certain internal control procedures, including setting out the proper steps for escalating information regarding the usage of the Cap from the operating team to the executive officers of the Company (with details disclosed in the sub-section headed "Internal control relating to the implementation of the Services Agreement" in the "Letter from the Board" contained in the Circular) to ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the Services Agreement.

In light of the reporting requirements for the transactions to be carried out pursuant to the Services Agreement, in particular, (a) the restriction of the values of the transactions to be carried out pursuant to the Services Agreement by way of the Cap; and (b) the requirement under the Listing Rules for ongoing review by the independent non-executive directors and the auditors of the Company of the terms of the transactions to be carried out pursuant to the Services Agreement and the Cap; and additional internal control procedures, we are of the view that there exist appropriate measures to govern the conduct of the transactions to be carried out pursuant to the Services Agreement and to safeguard the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that the transactions contemplated under the Services Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Services Agreement and the Cap are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
David Ching
Director

Mr. David Ching is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DIRECTORS' INTERESTS OR SHORT POSITIONS IN EQUITY SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Position in Shares

Name of Director	Nature of interest	Total interest in Shares	% of the existing issued Shares
Mr. WANG Lei	Equity derivative interest ^(Note)	10,296,000	0.13%
Mr. WU Yongming	Beneficial owner	1,262,000	0.02%

Note: Subject to vesting, Mr. WANG Lei is interested in a total of 10,296,000 Shares underlying the 8,632,000 options and 1,664,000 restricted share units granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.

Long Position in shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Mr. WANG Lei	Alibaba Holding	Beneficial, equity derivative interests and interests of spouse ⁽¹⁾	102,498	0.00%
		Beneficiary of a trust ⁽²⁾	20,000	0.00%
Mr. TSAI Chung, Joseph	Alibaba Holding	Beneficial, equity derivative interests and interests of spouse ⁽³⁾	1,807,964	0.07%
		Interests in controlled corporation and other interests ⁽⁴⁾	58,770,552	2.35%
		Founder of a discretionary trust ⁽⁵⁾	10,078,199	0.40%

Name of Director	Name of associated corporation	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Ms. HUANG Aizhu	Alibaba Holding	Beneficial and equity derivative interests ⁽⁶⁾	93,572	0.00%
Mr. KANG Kai	Alibaba Holding	Beneficial and equity derivative interest ⁽⁷⁾	14,061	0.00%
Mr. WU Yongming	Alibaba Holding	Beneficial and interests of spouse ⁽⁸⁾	281,017	0.01%
		Interests in controlled corporation ⁽⁹⁾	200,000	0.01%
		Founder of a discretionary trust ⁽¹⁰⁾	6,813,690	0.27%
Mr. YAN Xuan	Alibaba Holding	Beneficial interest	3,000	0.00%

Notes:

1. It represents 21,250 ordinary shares or underlying ordinary shares and 77,000 restricted share units beneficially held by Mr. WANG Lei and 1,500 ordinary shares or underlying shares and 2,748 restricted share units held by his spouse.
2. It represents 20,000 ordinary shares or underlying ordinary shares held by a private trust whereby Mr. WANG Lei and his family are beneficiaries.
3. It represents 1,510,464 ordinary shares and 137,500 restricted share units beneficially held by Mr. TSAI Chung, Joseph and 160,000 ordinary shares held by his spouse.
4. It represents the sum of 21,105,952 ordinary shares or underlying ordinary shares directly or indirectly held by Parufam Limited (of which Mr. TSAI Chung, Joseph is a director and has been delegated sole voting and disposition power), 21,123,178 ordinary shares held by PMH Holding Limited (of which Mr. TSAI Chung, Joseph is the sole director), 15,000,000 ordinary shares held by APN Ltd. (in which Mr. TSAI Chung, Joseph holds 30% equity interest and has been granted a revocable proxy to vote 15,000,000 ordinary shares owned by APN Ltd.), 1,541,422 underlying ordinary shares held by MFG II Ltd. (which is wholly-owned by Mr. TSAI Chung, Joseph).
5. It represents the 10,078,199 ordinary shares and/or options held by Joe and Clara Tsai Foundation Limited (whereby Mr. TSAI Chung, Joseph is the "founder" of the trust within the meaning of the SFO).
6. It represents 49,572 ordinary shares or underlying ordinary shares and 44,000 restricted share units beneficially held by Ms. HUANG Aizhu.
7. It represents 2,061 ordinary shares or underlying ordinary shares and 12,000 restricted share units beneficially held by Mr. KANG Kai.
8. It represents 81,017 ordinary shares held by Mr. WU Yongming, and 200,000 ordinary shares held by his spouse.
9. It represents 200,000 ordinary shares or underlying ordinary shares held by Plus Force Enterprise Ltd. (which is wholly owned by Mr. WU Yongming).
10. It represents 6,813,690 ordinary shares or underlying ordinary shares held by Mr. WU Yongming through two private trusts whereby he is the founder of the discretionary trusts.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the

register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Interests of Directors as Director or Employee of a substantial shareholder or any Subsidiaries of a substantial shareholder

As at the Latest Practicable Date, save for the fact that:

- Mr. WU Yongming, a non-executive Director, was a senior vice president of Alibaba Group and a special assistant to the chairman of the board of directors of Alibaba Holding;
- Mr. TSAI Chung, Joseph was a director and an executive vice chairman of Alibaba Holding;
- Ms. HUANG Aizhu was a senior director (資深總監) of Tmall;
- Mr. KANG Kai was a director (總監) of Tmall and head of Tmall's medical and healthcare business; and
- Mr. WANG Lei was a consultant to Alibaba Group,

none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2016, the date to which the latest published audited financial statements of the Group were made up; and, except for any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its Subsidiaries, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Somerley Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The letter from Somerley Capital is given as of the date of this circular for incorporation herein. Somerley Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Somerley Capital did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2016, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since March 31, 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, up to and including the date of the SGM:

- (i) Services Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;
- (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 25 of this circular;
- (iv) the written consent referred to in the section headed "Consent of Expert" of this Appendix; and
- (v) this circular.

9. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



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)

Notice is hereby given that a special general meeting (the *SGM*) of Alibaba Health Information Technology Limited (the *Company*) will be held at Units 2302–2305, 23/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Thursday, March 30, 2017 at 10 a.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT

1. the Services Agreement (the *Services Agreement*) entered into between Alibaba Health Technology (China) Company Limited* (阿里健康科技(中國)有限公司), an indirect wholly owned subsidiary of the Company, Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司) and Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), members of Alibaba Group, on March 10, 2017, and the continuing connected transactions contemplated thereunder, be and are hereby confirmed, approved and ratified; and
2. any one or more of the directors of the Company (the *Directors*) for and on behalf of the Company be and are hereby authorized to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary, desirable or expedient to give effect to and/or to implement the transactions contemplated in the Resolution 1.”

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
WANG Lei
Chief Executive Officer and Executive Director

Hong Kong, March 14, 2017

Notes:

1. All resolutions at the SGM will be taken by poll pursuant to the Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the *Listing Rules*) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (CCASS) or maintained with a licensed securities dealer (i.e. not directly recorded in his own name in the Register of Members of the Company) shall only be entitled to vote by providing its instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through its licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the meeting, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him.

* English name for identification purposes only.

NOTICE OF SPECIAL GENERAL MEETING

4. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.
6. As at the date of this notice, the Board comprises eight directors, of whom (i) one is an executive Director, namely Mr. WANG Lei; (ii) four are non-executive Directors, namely Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.