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ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS — RENEWED TRACKING SERVICES AGREEMENT

Reference is made to the announcement of the Company dated September 26, 2017 in respect of the Tracking Services Agreement, which expired on August 31, 2018.

On September 7, 2018, Alibaba Health (China), an indirect wholly-owned Subsidiary of the Company, entered into the Renewed Tracking Services Agreement with Taobao China, pursuant to which Alibaba Health (China) shall provide to Taobao China the Tracking Services for a term commencing on September 7, 2018 and ending on March 31, 2019. Pursuant to the Renewed Tracking Services Agreement, the total amount of fees payable by Taobao China to Alibaba Health (China) for the provision of the Tracking Services for the term shall not be more than RMB5.8 million.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Taobao China is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Taobao China is a connected person of the Company and the transactions contemplated under the Renewed Tracking Services Agreement will constitute continuing connected transactions of the Company in accordance with the Listing Rules. As each of the applicable percentage ratios calculated with reference to the annual cap in respect of the Renewed Tracking Services Agreement is less than 5%, the transactions contemplated under the Renewed Tracking Services Agreement are subject to the reporting, annual review, and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWED TRACKING SERVICES AGREEMENT

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- Date: September 7, 2018
- Parties: (1) Taobao China
(2) Alibaba Health (China)
- Term: From September 7, 2018 to March 31, 2019, unless otherwise terminated in accordance with the terms thereunder
- Services: Development, operation, maintenance of a tracking system for Taobao China and brand building, to enable merchants on its and its affiliates' platforms, and its business partners, to collect and package third-party authentication information, and use third-party authenticated settlement systems, identity authentication software technology service, basic information management service, tracking code supply chain safety management and system support (the "**Tracking Services**")
- Fees and payment: RMB5.8 million, payable in cash, of which:
- (i) RMB3.48 million (representing 60% of the total fees) shall be payable within five working days of the date of the Renewed Tracking Services Agreement; and
 - (ii) RMB2.32 million (representing 40% of the total fees) shall be payable within three months of the date of the Renewed Tracking Services Agreement.

The fees payable under the Renewed Tracking Services Agreement were determined based on arm's length negotiations with Taobao China with reference to (i) the costs of development and maintenance of the relevant systems and (ii) the historical amount of fees received by Alibaba Health (China) under the Tracking Services Agreement, and the Renewed Tracking Services Agreement is on normal commercial terms which are not more favourable to Taobao China than those offered to independent third parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED TRACKING SERVICES AGREEMENT

The principal activities of the Group comprise, among other things, the operation of product tracking platforms in the PRC. In particular, the Group's *Ma Shang Fang Xin* (碼上放心) tracking platform offers product tracking and related value-added services to help manufacturers establish product tracking systems and realize quality assurance and marketing control, and to provide consumers with a terminal tool for scanning codes to trace product origin for non-drug industries such as food, agricultural products and nutritional supplements. The provision of Tracking Services to Taobao China pursuant to the Renewed Tracking Services Agreement enables the Group to further leverage on its prior accumulated technical and operational experience in the development of product tracking platforms and thereby increase its sources of revenue and enhance its operational efficiency.

In light of the above and considering the fees payable under the Renewed Tracking Services Agreement are determined based on arm's length negotiations with Taobao China with reference to the costs of development and maintenance of the relevant systems, and the terms of the Renewed Tracking Services Agreement are on normal commercial terms which are not more favourable to Taobao China than those offered to independent third parties, the Directors (including the independent non-executive Directors) consider that the transactions under the Renewed Tracking Services Agreement are conducted in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

HISTORICAL AMOUNTS AND ANNUAL CAP

The historical transaction amount for the year ended March 31, 2018 and for the period from September 26, 2017 to August 31, 2018 (being the term of the Tracking Services Agreement) of the Tracking Services was approximately RMB6.3 million and RMB9.0 million (of which approximately RMB2.7 million was attributable to the period from April 1, 2018 to August 31, 2018), respectively.

Pursuant to the terms of the Renewed Tracking Services Agreement, it is expected that the maximum aggregate fees payable by Taobao China to Alibaba Health (China) under the Tracking Services Agreement will not be more than RMB5.8 million. The Directors (including the independent non-executive Directors) consider that the annual cap is fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The Company has adopted adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the continuing connected transaction agreements.

The finance department of the Company has been collecting and will continue to (i) collect information on the actual transactions conducted with the relevant parties and (ii) update such information to the legal department and the chief financial officer of the Company. The Company will continue to closely monitor the implementation of the Renewed Tracking Services Agreement and any new agreements in respect of the Tracking Services and take prompt actions to make necessary disclosures and comply with the Listing Rules requirement in the event that any adjustment to the annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under the Renewed Tracking Services Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap has been exceeded.

The independent non-executive Directors will review the continuing connected transactions under the Renewed Tracking Services Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Taobao China is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Taobao China is a connected person of the Company and the transactions contemplated under the Renewed Tracking Services Agreement will constitute continuing connected transactions of the Company in accordance with the Listing Rules. As each of the

applicable percentage ratios calculated with reference to the annual cap in respect of the Renewed Tracking Services Agreement is less than 5%, the transactions contemplated under the Renewed Tracking Services Agreement are subject to the reporting, annual review, and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Renewed Tracking Services Agreement was approved by the Board. As Mr. WU Yongming, Mr. Wang Lei and Ms. Zhang Yu are employees of Alibaba Holding or its Subsidiaries, each of them is deemed or may be perceived to have a material interest in the Renewed Tracking Services Agreement. Accordingly, each of them has abstained from voting on the resolutions passed by the Board to approve the Renewed Tracking Services Agreement.

PRINCIPAL ACTIVITIES OF ALIBABA HEALTH (CHINA), THE COMPANY AND TAobao CHINA

Alibaba Health (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.

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company is an investment holding company and the Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise the sale of healthcare product services, and the provision of product tracking services, intelligent medicine and health management services.

Taobao China is a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding. Taobao China is the direct holding company of certain PRC Subsidiaries of Alibaba Holding relating to Taobao Marketplace and Tmall.

DEFINITIONS

“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries, for the purpose of this announcement, excluding the Group
“Alibaba Health (China)”	Alibaba Health Technology (China) Co., Ltd.* (阿里健康科技(中國)有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company

“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange
“Board”	the board of directors of the Company
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 00241)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	member(s) of the Board
“Group”	the Company and each of its Subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“PRC”	the People’s Republic of China
“Renewed Tracking Services Agreement”	the agreement dated September 7, 2018 entered into between Alibaba Health (China) and Taobao China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01

“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Taobao Marketplace”	a retail marketplace and China’s largest mobile commerce destination
“Tmall”	China’s largest third-party platform for brands and retailers
“Tmall Global”	a platform within Tmall for overseas brands and retailers to reach Chinese consumers without the need for physical operations in China
“Tracking Services”	has the meaning given to it under the paragraph headed “Renewed Tracking Services Agreement — Services” in this announcement

“Tracking Services Agreement” the agreement dated September 26, 2017 entered into between Alibaba Health (China) and Taobao China

“%” per cent

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

* *For identification purpose only*

Hong Kong, September 7, 2018

As at the date of this announcement, the Board comprises eight Directors, of whom (i) two are executive Directors, namely Mr. SHEN Difan and Mr. WANG Qiang; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei and Ms. ZHANG Yu; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.