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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

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)

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS 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 pages 25 to 26 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 27 to 49 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 Friday, March 29, 2019 at 10:30 a.m. is set out on pages 56 to 58 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 13, 2019

CONTENTS

	<i>Page</i>
CONTENTS	i
DEFINITIONS	1
LETTER FROM THE BOARD	
1. INTRODUCTION	10
2. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS	11
2.1 PRINCIPAL TERMS OF THE 2020 CCT AGREEMENTS	
2020 Outsourced Services Framework Agreement	11
2020 Platform Services Framework Agreement	14
2020 Advertising Services Framework Agreement	16
2.2 HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAPS AMOUNTS	18
2.3 INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS	20
2.4 REASONS FOR ENTERING INTO THE 2020 CCT AGREEMENTS	20
2.5 INFORMATION ABOUT THE PARTIES	21
2.6 LISTING RULES IMPLICATIONS	22
2.7 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER	23
3. RECOMMENDATION	23
4. GENERAL	23
5. SGM AND PROXY ARRANGEMENT	23
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	25
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	27
APPENDIX — GENERAL INFORMATION	50
NOTICE OF SPECIAL GENERAL MEETING	56

DEFINITIONS

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

“2020 Advertising Services Framework Agreement”	the agreement dated January 30, 2019 entered into between the Company and Alibaba Holding in relation to the provision of the Advertising Services
“2020 CCT Agreements”	the 2020 Outsourced Services Framework Agreement, the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement
“2020 Outsourced Services Framework Agreement”	the agreement dated January 30, 2019 entered into between Alibaba Health (Beijing) and Taobao Holding in relation to the provision of the Merchant Services
“2020 Platform Services Framework Agreement”	the agreement dated January 30, 2019 entered into between the Company and Alibaba Holding in relation to the provision of the Platform Services
“Advertising Services”	the advertising services to be provided by Alibaba Group to the Group under the 2020 Advertising Services Framework Agreement
“Advertising Services Annual Cap”	the annual cap for the services fees payable by the Group for the year ending March 31, 2020 under the 2020 Advertising Services Framework Agreement
“Advertising Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and Alimama
“AGH Contracting Parties”	Alibaba.com China and Taobao China
“AGH Platform(s)”	the platform(s) operated by the AGH Relevant Entities from time to time, including but not limited to Taobao, Tmall, Tmall Global, Rural Taobao, Lazada, LinkedMall, DingTalk and AliExpress
“AGH Relevant Entities”	the AGH Contracting Parties and its affiliates including Alibaba Communication Technology, Alibaba Singapore, Alibaba Software, Alibaba Technology, DingTalk China, DingTalk Technology, Ecart Indonesia, Ecart Malaysia, Hangzhou Alibaba Advertising, Lazada Ltd., Lazada Philippines, Lazada Singapore, Recess, Taobao China, Taobao Network, Taobao Software and the Tmall Entities, collectively

DEFINITIONS

“Alibaba.com China”	Alibaba.com China Limited (阿里巴巴網絡中國有限公司), a company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Communication Technology”	Zhejiang Alibaba Communication Technology Co., Ltd.* (浙江阿里巴巴通信技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries, and for the purpose of this circular, excluding the Group
“Alibaba Group Platforms”	the online platforms for brands and retailers operated by Alibaba Group, including but not limited to Taobao.com, Tmall.com, Etao.com and Juhuasuan.com
“Alibaba Health (Beijing)”	Alibaba Health Information Technology (Beijing) Co., Ltd.* (阿里健康信息技術(北京)有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“Alibaba Health (HK)”	Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司), an indirect wholly-owned Subsidiary of the Company
“Alibaba Health Technology (China)”	Alibaba Health Technology (China) Co., Ltd.* (阿里健康科技(中國)有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange
“Alibaba Singapore”	Alibaba.com Singapore E-Commerce Private Limited, a company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Software”	Alibaba (China) Software Co., Ltd.* (阿里巴巴(中國)軟件有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Technology”	Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“AliExpress”	a third party online transaction platform for brands and retailers operated by Alibaba Group under the domain name aliexpress.com (or such other URLs as may be used by AliExpress, including but not limited to URLs used for the Internet on personal computers or mobile devices, as amended from time to time based on the business needs of AliExpress)
“Ali JK”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned Subsidiary of Alibaba Holding
“Alimama”	Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“associate”	has the meaning given to it under the Listing Rules
“Board”	the board of directors of the Company
“CCT Agreements”	the Renewed Services Agreement and the Services Amendment Agreement, the Renewed Services Framework Agreement and the Advertising Services Framework Agreement
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected person”	has the meaning given to it under the Listing Rules

DEFINITIONS

“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
“DingTalk”	a proprietary enterprise communication and collaboration platform, which provides a unified interface for communications in different forms (including text message, photo, voice, video and e-mail), workflow management and collaboration among enterprises of various sizes and their team members
“DingTalk China”	DingTalk (China) Information Technology Co., Ltd.* (釘釘(中國)信息技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“DingTalk Technology”	DingTalk Technology Co., Ltd.* (釘釘科技有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Director(s)”	member(s) of the Board
“Ecart Indonesia”	PT Ecart Webportal Indonesia, a company incorporated in Indonesia and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Ecart Malaysia”	Ecart Services Malaysia Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Effective Date”	the effective date of the respective 2020 CCT Agreements, being April 1, 2019 or the date of the approval of the 2020 CCT Agreements and continuing connected transactions contemplated thereunder by the Independent Shareholders at the SGM (whichever is later)
“GMV”	gross merchandise volume
“Group”	the Company and each of its Subsidiaries from time to time

DEFINITIONS

“Hangzhou Alibaba Advertising”	Hangzhou Alibaba Advertising Co., Ltd.* (杭州阿里巴巴廣告有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, being the independent non-executive Directors, established to advise the Independent Shareholders on the 2020 CCT Agreements
“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, a corporation licensed under the Securities and Futures Ordinance to provide Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2020 CCT Agreements
“Independent Shareholders”	the Shareholders of the Company, other than (i) Alibaba Holding and its associates, including Perfect Advance and Ali JK; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the 2020 CCT Agreements
“Latest Practicable Date”	March 8, 2019 being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Lazada”	a leading e-commerce platform across Southeast Asia with local language websites and mobile apps in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam
“Lazada Ltd.”	Lazada Ltd., a company established in Thailand with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Lazada Philippines”	Lazada E-Services Philippines Inc., a company incorporated in the Philippines and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Lazada Singapore”	Lazada Singapore Pte. Ltd., a company established in Singapore with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“LinkedMall”	a platform that provides service solutions such as commodity selection, transaction payment, interest exchange, commission settlement and technical support for enterprises. Its customers cover many industries such as banks, aviation, hotels and operators
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Merchant”	a legal entity that conducts sale of products or provision of services on Tmall
“Merchant Services”	the services to be provided by the Group to Taobao Group under the 2020 Outsourced Services Framework Agreement
“Outsourced Services Annual Cap”	the annual cap for the service fees payable to the Group for the year ending March 31, 2020 under the 2020 Outsourced Services Framework Agreement
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned Subsidiary of Alibaba Holding
“Platform Services”	the services to be provided by the AGH Relevant Entities to the Group under the 2020 Platform Services Framework Agreement
“Platform Services Annual Cap”	the annual cap for the service fees payable by the Group for the year ending March 31, 2020 under the 2020 Platform Services Framework Agreement
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Recess”	Recess Company Limited, a company incorporated in Vietnam with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“Relevant Categories”	(a) in respect of Tmall Supermarket, certain product categories or services offered on Tmall Supermarket, namely over-the-counter drugs, medical devices, family planning products, adult products, contact lenses and solutions, refined Chinese medicines such as Chinese medicinal drinks, prescription drugs (if available), traditional nutritional products, food supplements, dietary nutritional supplements, and (b) in respect of Tmall.com, certain product categories or services offered on Tmall.com, namely over-the-counter drugs, refined Chinese medicines such as Chinese medicinal drinks, prescription drugs (if available), traditional nutritional products and dietary nutritional supplements, in each case of (a) and (b), for the avoidance of doubt, excludes all categories of products or services sold on or through Tmall Global, (c) in respect of Tmall Global, certain products categories or services offered on Tmall Global namely over-the-counter drugs, medical devices, family planning products, adult products, contact lenses and solutions, prescription drugs, medical and health services, offered on Tmall Global, which for the avoidance of doubt, excludes all categories of products or services sold on or through Tmall Supermarket
“Renewed Services Agreement”	the agreement dated February 14, 2018 entered into between Alibaba Health Technology (China) and the Tmall Entities
“Renewed Services Framework Agreement”	the agreement dated February 14, 2018 entered into between the Company and the AGH Contracting Parties
“RMB”	Renminbi, the lawful currency of the PRC
“Rural Taobao”	Alibaba Group’s program to pioneer a two-way distribution infrastructure to connect commerce between cities and rural areas in the PRC
“Services Amendment Agreement”	the agreement dated May 28, 2018 entered into between Alibaba Health Technology (China) and the Tmall Entities
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and vote on each of the 2020 CCT Agreements
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or Controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Taobao Group”	Taobao Holding and its Subsidiaries
“Taobao Holding”	Taobao Holding Limited, a limited liability company incorporated in the Cayman Islands and a wholly-owned Subsidiary of Alibaba Holding
“Taobao Marketplace”	a retail marketplace and China’s largest mobile commerce destination
“Taobao Network”	Zhejiang Taobao Network Co., Ltd.* (浙江淘寶網絡有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Taobao Software”	Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“Tmall”	a third party online platform for brands and retailers operated by Alibaba Group under the domain name Tmall.com (or such other URLs as may be used by Tmall, including but not limited to URLs used for the Internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall)
“Tmall Entities”	Tmall Technology and Tmall Network, collectively
“Tmall Global”	a third party online transaction platform for brands and retailers operated by Alibaba Group under the domain name Tmall.hk (or such other URLs as may be used by Tmall Global, including but not limited to URLs used for the Internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall Global)
“Tmall Network”	Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Tmall Pharmaceutical and Healthcare e-Commerce Business”	the pharmaceutical and healthcare products and services e-commerce business of Tmall, Tmall Supermarket and Tmall Global
“Tmall Supermarket”	a supermarket category operated by Tmall for fresh produce, food products and fast moving consumer goods
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“%”	per cent

* *English name for identification purpose only.*



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
阿里健康信息技术有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

Executive Directors:

Mr. SHEN Difan (*Chief Executive Officer*)
Mr. WANG Qiang

Non-executive Directors:

Mr. WU Yongming (*Chairman*)
Mr. WANG Lei
Ms. ZHANG Yu

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 13, 2019

To the Shareholders

Dear Sir/Madam,

**RENEWAL OF NON-EXEMPT
CONTINUING CONNECTED TRANSACTIONS**

1. INTRODUCTION

We refer to the announcement of the Company dated January 30, 2019 in relation to the renewal of the non-exempt continuing connected transactions.

The purpose of this circular is to provide you with, among other things, (i) further details of the 2020 Outsourced Services Framework Agreement, the 2020 Platform Services Framework Agreement, and the 2020 Advertising Services Framework 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

References are made to (i) the announcement of the Company dated February 14, 2018 and the circular of the Company dated March 13, 2018 in respect of the Renewed Services Agreement, the Renewed Services Framework Agreement and the Advertising Services Framework Agreement; and (ii) the announcement of the Company dated May 29, 2018 and the circular of the Company dated July 16, 2018 in respect of the Services Amendment Agreement.

Each of the CCT Agreements will expire on or before March 31, 2019 and it is currently expected that the transactions under the CCT Agreements will continue. The transactions under each of the Renewed Services Agreement and the Advertising Services Framework Agreement will continue on similar terms with the involvement of different connected counterparties, and the Company or its relevant Subsidiary has entered into agreements with Alibaba Holding, as the holding company of such connected counterparties. On January 30, 2019, the Company and its relevant Subsidiaries entered into the 2020 CCT Agreements, each of which has a term commencing from the Effective Date and ending on March 31, 2020.

2. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

2.1 PRINCIPAL TERMS OF THE 2020 CCT AGREEMENTS

A summary of the key terms of each 2020 CCT Agreement is set out below.

2020 Outsourced Services Framework Agreement

Date

January 30, 2019

Parties

- (1) Taobao Holding (for itself and on behalf of its Subsidiaries)
- (2) Alibaba Health (Beijing) (for itself and on behalf of its Subsidiaries)

Duration

Subject to the approval by the Independent Shareholders at the SGM, the 2020 Outsourced Services Framework Agreement will commence from the Effective Date and end on March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

LETTER FROM THE BOARD

Termination events

The 2020 Outsourced Services Framework 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 annual cap is exceeded during the term of the 2020 Outsourced Services Framework Agreement.

In the event of any dispute on the service fee that is not resolved within 60 days, either Taobao Holding or Alibaba Health (Beijing) may terminate the 2020 Outsourced Services Framework Agreement by giving the other party written notice of no less than 30 days.

If there is a material breach of the 2020 Outsourced Services Framework Agreement that has not been remedied after 30 days from the notice of such breach, the non-defaulting party may terminate the 2020 Outsourced Services Framework Agreement with immediate effect.

Each of Alibaba Health (Beijing) and Taobao Holding shall also have the right to terminate the 2020 Outsourced Services Framework Agreement by giving the other party written notice of no less than 90 days.

Services to be provided

Pursuant to the terms of the 2020 Outsourced Services Framework Agreement, Alibaba Health (Beijing) and its Subsidiaries agree to provide Taobao Group 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 their business;

LETTER FROM THE BOARD

- (ii) Merchant customer services, including providing helpline support for Merchants on the process of admission to Tmall, Tmall Supermarket and Tmall Global 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 Taobao Group's business team with: (a) Merchant admissions; (b) Merchants' business operations; (c) Merchant management; and (d) product quality control functions, including assisting with formulating rules that govern Merchants' operation, reviewing documents required for Merchants' admission and formulating and implementing quality control rules and conducting regular inspections.

LETTER FROM THE BOARD

Taobao Group 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 (Beijing) agrees to assist and execute business decisions made by Taobao Group.

Service fees and payment terms

Taobao Group shall pay the Group a service fee amounting to 21.5% of the fees paid by the Merchants to Taobao Group and/or their respective affiliates in respect of the value of completed sales of products or services under the Relevant Categories on Tmall, Tmall Supermarket and Tmall Global. The service fee rate for the term of the 2020 Outsourced Services Framework Agreement is fixed and may not be adjusted.

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

2020 Platform Services Framework Agreement

Date

January 30, 2019

Parties

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

Duration

Subject to the approval by the Independent Shareholders at the SGM, the 2020 Platform Services Framework Agreement will commence from the Effective Date and end on March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 Platform Services Framework Agreement, Alibaba Holding has agreed that the AGH Relevant Entities will provide to the Group the Platform Services including but not limited to Internet information related software technical services, bonus points system related software technical services, Internet information services, secondary domain name services, promotion and logistics related technical services, product information display

LETTER FROM THE BOARD

and release services, order verification and processing services, payment system technical services, coordination and storage services for returned products, trading technology services, channel promotion services, other related platform services, and other similar or related services. These services relate to the Group's use of various AGH Platforms, to sell healthcare-related products and services to consumers and businesses.

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

Service fees, pricing terms and payment terms

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

- (i) a standard rebatable annual fee designated by the relevant entity of the AGH Relevant Entities (different annual fees are applicable to different categories of products/services) (if applicable), currently being RMB30,000 per Tmall storefront, RMB60,000 per Tmall Global storefront and RMB10,000 per AliExpress storefront, for the year ending December 31, 2019;
- (ii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group of the applicable categories on the AGH Platforms published from time to time. Currently, the products and services sold by the Group at the relevant storefronts on the AGH Platforms are categorized into the personal care products, over-the-counter drugs, cosmetics products and medical devices categories, which are subject to a fee rate ranging from 1% to 10%; and
- (iii) international delivery fees which include any cost incurred in the delivery of the products sold by the Group on the relevant AGH Platforms.

The fee tables published on the respective AGH Platforms are subject to adjustment and are typically revised annually by the AGH Relevant Entities.

The AGH Relevant Entities will ensure that the terms under which the Platform Services are provided to the Group are no less favorable than the general terms available to other independent third parties. As the standard terms and conditions are amended and published on the respective online sales platforms

LETTER FROM THE BOARD

operated by the AGH Relevant Entities from time to time, the Company will regularly check that the rates that it is charged is consistent with such published rates.

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

The designated annual fees shall be settled at the beginning of each calendar year and the technical service fees will be settled immediately after the sale of the relevant product(s) or service(s). The settlement of the service fees, payment fees and the international delivery fees shall be set off against funds received by the AGH Relevant Entities from customers in respect of the transactions conducted on the relevant AGH Platform.

2020 Advertising Services Framework Agreement

Date

January 30, 2019

Parties

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

Duration

Subject to the approval by the Independent Shareholders at the SGM, the Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 Advertising Services Framework Agreement, Alibaba Group has agreed that Alibaba Group will provide to the Group the Advertising Services, including but not limited to, the display of advertisements on various platforms supported by Alibaba Group, including the Alibaba Group Platforms or other third party platforms, from time to time in accordance with the standard terms and conditions as amended and published on the relevant online platforms operated by Alibaba Group. The Group shall pay Alibaba Group the advertising fees.

LETTER FROM THE BOARD

Service fees, pricing terms and payment terms

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

- (i) CPM (cost per impression) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time the advertisement is displayed, i.e. a unit price for every 1,000 impressions served. The unit prices of certain CPM model advertisements are fixed while the unit prices of other advertisements are determined through an auction system. Where the auction system applies, the Group offers bid prices for the relevant advertisement spaces taking into account the commercial circumstances and comparable prices offered by other independent third party advertisers on other advertising platforms. Alibaba Group's systems automatically accepts the highest bids for each advertising space where the auction process is used. The fixed prices currently charged by Alibaba Group and the bid prices currently offered by the Group which have been accepted under the CPM model range from RMB15 to RMB100 per 1,000 impressions, depending on the designated space, size, advertising format, timing and targeted users;
- (ii) CPC (cost per click) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time a user clicks on the displayed advertisement. The unit prices for CPC model advertisements are determined through an auction system, under which the Group offers bid prices for the relevant advertisement spaces taking into account the commercial circumstances and comparable prices offered by other independent third party advertisers on other advertising platforms. Alibaba Group's systems automatically accepts the highest bids for each advertising space where the auction process is used. The bid prices currently offered by the Group which have been accepted under the CPC model range from RMB2 to RMB10 per click, depending on the size, advertising format and timing of the advertisement; and
- (iii) Project-based advertising services. Alibaba Group provides project-based advertising campaign services, whereby it offers advertisements on its advertising platforms for a certain advertising period. Alibaba Group charges advertising fees based on a cost per time (CPT) model (i.e. advertising fees are charged based on the amount of time displayed). The specific location, timing and frequency of the advertisements displayed on various platforms during the period will be determined by Alibaba Group.

LETTER FROM THE BOARD

2.2 HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAPS AMOUNTS

The historical transaction amounts for the year ended March 31, 2018, the approximate transaction amounts for the nine months ended December 31, 2018 based on the management accounts and the proposed annual caps relating to each of the 2020 CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2018 <i>(RMB)</i>	Approximate unaudited transaction amounts for the nine months ended December 31, 2018 based on management accounts <i>(RMB)</i>	Annual caps for the year ended March 31, 2018 <i>(RMB)</i>	Existing annual caps for the year ending March 31, 2019 <i>(RMB)</i>	Proposed annual caps for the year ending March 31, 2020 <i>(RMB)</i>
2020 Outsourced Services Framework Agreement	124,400,000	115,703,000	130,000,000	183,000,000	148,000,000
2020 Platform Services Framework Agreement	78,600,000	101,202,000	80,000,000	229,000,000	434,000,000
2020 Advertising Services Framework Agreement	7,700,000	32,567,000	10,000,000	54,000,000	252,000,000

The Outsourced Services Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the Company's projections for the Relevant Categories for the year ending March 31, 2020 based on projections for the growth of the corresponding business and the overall healthcare market in the PRC; and (iii) the Company's marketing plans in relation to enhancing the services that the Company seeks to continue providing for the pharmaceutical and healthcare products and services e-commerce business of Tmall. Notwithstanding that the scope of products and services included in the Relevant Categories have been reduced for the six months ending March 31, 2019 as a result of the acquisition of the e-commerce platform business in relation to several categories of products and services from Alibaba Group, the Group recorded a continuing increase in the transaction amounts for the products and services which remain under the 2020 Outsourced Services Agreement during the year ending March 31, 2019 as a whole, driven by the

LETTER FROM THE BOARD

continued rapid growth of the pharmaceutical and healthcare e-commerce business in the PRC and the increased demand for individual products and services during such period. After taking into account the growth in the pharmaceutical e-commerce business and the increasing demand for the products and services included in the Relevant Categories under the 2020 Outsourced Services Agreement, the Group expects the transaction amount for the Outsourced Services for the year ending March 31, 2020 will be similar to that for the year ending March 31, 2019. As such, the Group has set the Outsourced Services Annual Cap at RMB148 million.

The Platform Services Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the expected sales of products during the coming financial year; (iii) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms; and (iv) the potential of the future development of healthcare products and services business in the PRC. In view of the increasing market growth for healthcare-related products and services as well as the rapid growing e-commerce consumer demand in recent years, the Group anticipates that sales derived from online sales platforms will continue to be one of the main sources of revenue of the Group and will increase significantly for the year ending March 31, 2020, which is in line with the sales growth for the year ended March 31, 2018. Under the 2020 Platform Services Agreement, the AGH Relevant Entities will provide the Platform Services to the Group through additional AGH Platforms such as Lazada, LinkedMall, Dingtalk and AliExpress and it is expected that the sales targets in respect of the Merchant Services will continue to increase and hence the Company proposes to increase the Platform Services Annual Cap from the existing amount of RMB229 million for the year ending March 31, 2019 to RMB434 million for the year ending March 31, 2020.

The Advertising Services Annual Cap was determined with reference to (i) the historical transaction amounts incurred under the existing agreements in respect of the Advertising Services; (ii) the Group's marketing plans for the financial year ending March 31, 2020; and (iii) the expected marketing needs of the Group's clients for the financial year ending March 31, 2020. The Group envisages rapid growth in the online healthcare market and intends to achieve increased sales targets in respect of healthcare-related products and services on the AGH Platforms. As such, the Group intends to further increase its marketing efforts by allocating more resources on online advertising and promotion for capturing further consumer demand. With reference to the historical transaction amount for the nine months ended December 31, 2018 incurred under the existing agreement which represents an increase of approximately four times compared with the historical amount for the year ended March 31, 2018, the Group proposed to increase the Advertising Services Annual Cap from RMB54 million for the year ending March 31, 2019 to RMB252 million for the year ending March 31, 2020.

The Directors, including the independent non-executive Directors, consider that the proposed annual caps under each 2020 CCT Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

2.3 INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

As previously disclosed, the Company has adopted adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the 2020 CCT Agreements. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding services fees incurred on the Merchant Services, the Platform Services and the Advertising Services on a bi-weekly, weekly and monthly basis, respectively, and has been updating such information to the legal department and the chief financial officer of the Company, to monitor these transaction amounts.

The Company will continue to closely monitor the implementation of the 2020 CCT Agreements and take prompt action to make necessary disclosure and obtain Independent Shareholders' approval in the event that any adjustment to an annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under each of the 2020 CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. Alibaba Holding and Taobao Holding have respectively agreed to allow the Company and its external auditors to access the information necessary to report on the non-exempt continuing connected transactions contemplated under the respective 2020 CCT Agreement.

The independent non-executive Directors will review the continuing connected transactions under the 2020 CCT Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

2.4 REASONS FOR ENTERING INTO THE 2020 CCT AGREEMENTS

The Company's mission is to connect participants in the PRC healthcare market.

In respect of the 2020 Outsourced Services Framework Agreement, the Merchant Services remain within the existing skill set of the Group given that it has continued to develop its own pharmaceutical e-commerce, internet healthcare, and intelligent medicine businesses. The service fees received under the 2020 Outsourced Services Framework Agreement will continue to be one of the steady growing sources of revenue for Alibaba Health. Together with the rapid growth of Alibaba Health's self-operated B2C online pharmacy business, as well as given the potential of such

LETTER FROM THE BOARD

innovative new businesses as intelligent healthcare and health management services, the Merchant Services provided under the 2020 Outsourced Services Framework Agreement serves as another source of revenue of the Group.

In respect of the 2020 Platform Services Framework Agreement, the Company believes that by marketing and selling products or services on online sales platforms operated by the AGH Relevant Entities in relation to the Platform Services, it will be able to reach out to more customers and improve its understanding of their needs.

In respect of the 2020 Advertising Services Framework Agreement, the Group has identified the need for coordinated marketing and Advertising Services for the promotion of its and its clients' products on various e-commerce platforms. The Group believes that the advertising services and resources provided by Alibaba Group is an effective marketing tool and will enable the Group to reach out to more customers and boost the sales of the Group's and its clients' products. Seeing the success of the Advertising Services provided by Alibaba Group on the Group's sales for the past months, the Group intends to allocate more resources in advertising services provided by Alibaba Group going forward and considers that the entering into of the 2020 Advertising Services Framework Agreement would facilitate the administration of the purchase of Advertising Services by the Group.

The Directors, including the independent non-executive Directors, consider that the transactions under the 2020 CCT Agreements will be conducted in the ordinary and usual course of business of the Group, and that the terms of the 2020 CCT Agreements are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2.5 INFORMATION ABOUT THE PARTIES

The Company

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise pharmaceutical self-operated business, operation of pharmaceutical e-commerce platform and provision of consumer healthcare services, and intelligent medicine services.

Alibaba Health (Beijing)

Alibaba Health (Beijing) is a limited liability company established in the PRC. It is an indirect wholly-owned Subsidiary of the Company that primarily engages in the provision of technical services.

LETTER FROM THE BOARD

Alibaba Holding and Alibaba Group

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange (Stock code: BABA). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group's businesses comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Taobao Holding

Taobao Holding is a limited liability company incorporated in the Cayman Islands and a wholly-owned Subsidiary of Alibaba Holding. Taobao Holding is the indirect holding company of certain PRC Subsidiaries of Alibaba Holding relating to Taobao Marketplace and Tmall.

2.6 LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance. As Alibaba Holding directly or indirectly Controls or is the ultimate shareholder of each of the members of Taobao Group, the AGH Relevant Entities and Alibaba Group, each of the members of Taobao Group, the AGH Relevant Entities and Alibaba Group is a connected person of the Company.

Since one or more of the applicable percentage ratios in respect of each of the annual cap under each of the 2020 CCT Agreements is higher than 5%, the transactions contemplated under each of 2020 CCT Agreements are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the entering into of the 2020 CCT Agreements. Platinum has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on this matter.

As Mr. WU Yongming, Mr. WANG Lei and Ms. ZHANG Yu are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions under the 2020 CCT Agreements. Accordingly, they abstained from voting on the resolutions in connection with the continuing connected transactions under the 2020 CCT Agreements.

LETTER FROM THE BOARD

2.7 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 2020 CCT Agreements and the continuing connected transactions contemplated thereunder. Platinum 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 2020 CCT Agreements 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 pages 25 to 26 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 49 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 favour of the proposed resolutions.

4. GENERAL

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

5. SGM AND PROXY ARRANGEMENT

The notice of the SGM is set out on pages 56 to 58 of this circular. At the SGM, resolutions will be proposed to approve the 2020 CCT Agreements and the continuing connected transactions contemplated thereunder. Any Shareholder with a material interest in the transactions under the 2020 CCT Agreements and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, each of Perfect Advance and Ali JK held a total of 3,103,816,661 Shares and 3,457,511,207 Shares respectively, representing approximately 26.52% and 29.55%, respectively of the issued share capital of the Company. Each of Perfect Advance and Ali JK and their associates, shall abstain from voting in relation to the ordinary resolutions to be put forward at the SGM for the purpose of approving the 2020 CCT Agreements.

LETTER FROM THE BOARD

Apart from the above, none of the Shareholders has a material interest in the transactions under the 2020 CCT Agreements, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the same.

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, Hong Kong 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.

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be Monday, March 25, 2019. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, March 25, 2019.

By Order of the Board

SHEN Difan

Chief Executive Officer and Executive Director



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技术有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

March 13, 2019

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF NON-EXEMPT
CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated March 13, 2019 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 each of the 2020 CCT Agreements and the continuing connected transactions contemplated thereunder; whether the terms of each of the 2020 CCT Agreements 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 each of the 2020 CCT Agreements and the continuing connected transactions contemplated thereunder, taking into account the recommendations from the Independent Financial Adviser.

Platinum Securities Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of each of the 2020 CCT Agreements 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 10 to 24 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

- (b) the letter from the Independent Financial Adviser set out on pages 27 to 49 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 the Independent Financial Adviser, we are of the view that the terms of each of the 2020 CCT Agreements are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the 2020 CCT Agreements and the continuing connected transactions to be proposed 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 text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

21/F LHT Tower
31 Queen's Road Central
Hong Kong

Telephone (852) 2841 7000

Facsimile (852) 2522 2700

Website www.platinum-asia.com

March 13, 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under (i) the 2020 Outsourced Services Framework Agreement; (ii) the 2020 Platform Services Framework Agreement; and (iii) the 2020 Advertising Services Framework Agreement. Details of the 2020 CCT Agreements are contained in the circular of the Company dated March 13, 2019 (“**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the 2020 CCT Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give independent advice to the Independent Board Committee and the Independent Shareholders.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things:

- (i) the 2020 CCT Agreements;
- (ii) the CCT Agreements;
- (iii) the announcements of the Company dated February 14, 2018, May 29, 2018 and January 30, 2019;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the circulars of the Company dated March 13, 2018 and July 16, 2018;
- (v) the annual report of the Company for the financial year ended March 31, 2018 (“**2018 Annual Report**”)
- (vi) the interim report of the Company for the six months ended September 30, 2018 (“**2018 Interim Report**”); and
- (vii) the Company’s internal controls guidelines related to the CCT Agreements.

We have assumed that all information, facts, opinions and representations contained in the Circular and all information, statements and representation provided to us by the Directors and/or the management of the Company, which we have relied on, are true, complete and accurate and not misleading in all material respects as at the date hereof. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters not contained in the Circular, the omission of which would make any statement in the Circular misleading or deceptive.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the 2020 CCT Agreements.

During the past two years, Mr. Li Lan, for and on behalf of Platinum Securities Company Limited, had signed the opinion letters from the Independent Financial Adviser contained in (i) the Company’s circular dated June 12, 2017 in respect of the proposed acquisition of Ali JK Nutritional Products Holding Limited and the entering of the First Framework Technical Services Agreement with the Tmall Entities, (ii) the Company’s circular dated January 10, 2018 in respect of the revised annual caps, (iii) the Company’s circular dated March 13, 2018 in respect of the renewal of non-exempt continuing connected transactions and (iv) the Company’s circular dated July 16, 2018 in respect of the proposed acquisition of Ali JK Medical Products Limited, and the entering of the Second Framework Technical Services Agreement and Services Amendment Agreement with the Tmall Entities, respectively. These past engagements were limited to providing independent advisory

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

services to the independent board committee and the independent shareholders of the Company pursuant to the Listing Rules. Under these past engagements, Platinum Securities Company Limited received normal professional fees from the Company. Notwithstanding the past engagements, as at the Latest Practicable Date, we were independent from, and were not associated with the Company or any other party to the 2020 CCT Agreements, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the 2020 CCT Agreements. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2020 CCT Agreements. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the 2020 CCT Agreements or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, has been established to advise the Independent Shareholders as to whether the terms of each of the 2020 CCT Agreements are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and whether the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the 2020 CCT Agreements

References are made to (i) the announcements of the Company dated February 14, 2018 and May 29, 2018 and the circulars of the Company dated March 13, 2018 and July 16, 2018 in respect of the Renewed Services Agreement and Services Amendment Agreement, (ii) the announcement of the Company dated February 14, 2018 and the circular of the Company dated March 13, 2018 in respect of the Renewed Services Framework Agreement, and (iii) the announcement of the Company dated February 14, 2018 and the circular of the Company dated March 13, 2018 in respect of the Advertising Services Framework Agreement.

Each of the CCT Agreements will expire on or before March 31, 2019 and it is currently expected that the transactions under the CCT Agreements will continue. The transactions under each of the Renewed Services Agreement and the Advertising Services Framework Agreement will continue on similar terms with the involvement of different connected counterparties, and the Company or its relevant Subsidiary has entered into agreements with Alibaba Holding, as the holding company of such connected counterparties. On January 30, 2019, the Company and its relevant Subsidiaries entered into the 2020 CCT Agreements, each of which has a term commencing from the Effective Date and ending on March 31, 2020.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance. As Taobao Holding is a wholly-owned Subsidiary of Alibaba Holding, Taobao Holding is a connected person of the Company.

Since one or more of the applicable percentage ratios in respect of each of the proposed annual caps under each of the 2020 CCT Agreements is higher than 5%, the transactions contemplated under each of 2020 CCT Agreements are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules

2. Information on the Company, Alibaba Health (Beijing), Alibaba Holding, Alibaba Group and Taobao Holding

Information on the Company

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise pharmaceutical self-operated business, operation of pharmaceutical e-commerce platform and provision of consumer healthcare services, and intelligent medicine services.

Information on Alibaba Health (Beijing)

Alibaba Health (Beijing) is a limited liability company established in the PRC. It is an indirect wholly-owned Subsidiary of the Company that primarily engages in the provision of technical services.

Information on Alibaba Holding and Alibaba Group

Alibaba Holding is a company incorporated in the Cayman Islands and its American depository shares are listed on the New York Stock Exchange (Stock code: BABA). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group's business is comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Information on Taobao Holding

Taobao Holding is a limited liability company incorporated in the Cayman Islands and a wholly-owned Subsidiary of Alibaba Holding. Taobao Holding is the indirect holding company of certain PRC Subsidiaries of Alibaba Holding relating to Taobao Marketplace and Tmall.

3. Principal terms of the 2020 CCT Agreements

A summary of the key terms of each of the 2020 CCT Agreements is set out below. For details, please refer to (i) the announcement of the Company dated February 14, 2018 and the circular of the Company dated March 13, 2018 in respect of the Renewed Services Agreement, the Renewed Services Framework Agreement and the Advertising Services Framework Agreement, and (ii) the announcement of the Company dated May 29, 2018 and the circular of the Company dated July 16, 2018 in respect of the Services Amendment Agreement.

3.1. 2020 Outsourced Services Framework Agreement

Date

January 30, 2019

Parties

- (1) Taobao Holding (for itself and on behalf of its Subsidiaries)
- (2) Alibaba Health (Beijing) (for itself and on behalf of its Subsidiaries)

Duration

Subject to the approval by the Independent Shareholders at the SGM, the term of the 2020 Outsourced Services Framework Agreement will commence from the Effective Date and end on March 31, 2020, unless otherwise terminated in accordance with the terms of thereunder.

Termination events

The 2020 Outsourced Services Framework 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 annual cap is exceeded during the term of the 2020 Outsourced Services Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the event of any dispute on the service fee that is not resolved within 60 days, either Taobao Holding or Alibaba Health (Beijing) may terminate the 2020 Outsourced Services Framework Agreement by giving the other party written notice of no less than 30 days.

If there is a material breach of the 2020 Outsourced Services Framework Agreement that has not been remedied after 30 days from the notice of such breach, the non-defaulting party may terminate the 2020 Outsourced Services Framework Agreement with immediate effect.

Each of Alibaba Health (Beijing) and Taobao Holding shall also have the right to terminate the 2020 Outsourced Services Framework Agreement by giving the other party written notice of no less than 90 days.

Services to be provided

Pursuant to the terms of the 2020 Outsourced Services Framework Agreement, Alibaba Health (Beijing) and its Subsidiaries agree to provide Taobao Group 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, Tmall Supermarket and Tmall Global 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 analyzing 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;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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 Taobao Group's business team with: (a) Merchant admissions; (b) Merchants' business operations; (c) Merchant management; and (d) product quality control functions, including assisting with formulating rules that govern Merchants' operation, reviewing documents required for Merchants' admission and formulating and implementing quality control rules and conducting regular inspections.

Taobao Group 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 (Beijing) agrees to assist with, and execute business decisions made by Taobao Group.

Service fees and payment terms

Taobao Group shall pay the Group a service fee amounting to 21.5% of the fees paid by the Merchants to Taobao Group and/or their respective affiliates in respect of the value of completed sales of products or services under the Relevant Categories on Tmall, Tmall Supermarket and Tmall Global. The service fee rate for the term of the 2020 Outsourced Services Framework Agreement is fixed and may not be adjusted.

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

3.2. 2020 Platform Services Framework Agreement

Date

January 30, 2019

Parties

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

Duration

Subject to the approval by the Independent Shareholders at the SGM, the term of the 2020 Platform Services Framework Agreement will commence from the Effective Date and end on March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 Platform Services Framework Agreement, Alibaba Holding has agreed that the AGH Relevant Entities will provide to the Group the Platform Services including but not limited to the Internet information related software technical services, bonus points system related software technical services, Internet information services, secondary domain name services, promotion and logistics related technical services, product information display and release services, order verification and processing services, payment system technical services, coordination and storage services for returned products, trading technology services, channel promotion services, other related platform services, and other similar or related services. These services relate to the Group's use of various AGH Platforms, to sell healthcare-related products and services to consumers and businesses.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the underlying standard agreements and with the standard terms and conditions as amended and published on the respective online sales platforms operated by the respective AGH Relevant Entities from time to time. As at the Latest Practicable Date, the service fees comprise the following two components:

- (i) a standard rebatable annual fee designated by the relevant entity of the AGH Relevant Entities (different annual fees are applicable to different categories of products/services) (if applicable), currently being RMB30,000 per Tmall storefront, RMB60,000 per Tmall Global storefront and RMB10,000 per AliExpress storefront for the year ending December 31, 2019;
- (ii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group of the applicable categories on the AGH Platforms published from time to time. Currently, the products and services sold by the Group at the relevant storefronts on AGH Platforms are categorized into the personal care products, over-the-counter drugs, cosmetics products and medical devices categories, which are subject to a fee rate ranging from 1% to 10%; and
- (iii) international delivery fees which include any cost incurred in the delivery of the products sold by the Group on the relevant AGH Platforms.

The fee tables published on the respective AGH Platforms are subject to adjustment and are typically revised annually by the AGH Relevant Entities.

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

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

The designated annual fees will be settled at the beginning of each calendar year and the technical service fees will be settled immediately after the sale of the relevant product(s) or service(s). The settlement of the service fees, payment fees and the international delivery fees shall be set off against funds received by the AGH Relevant Entities from customers in respect of the transactions conducted on the relevant AGH Platform.

3.3. 2020 Advertising Services Framework Agreement

Date

January 30, 2019

Parties

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

Duration

Subject to the approval by the Independent Shareholders at the SGM, the term of the 2020 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2020, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2020 Advertising Services Framework Agreement, Alibaba Group has agreed that Alibaba Group will provide to the Group the Advertising Services, including but not limited to, the display of advertisement on various platforms supported by Alibaba Group, including the Alibaba Group Platforms or other third party platforms, from time to time in accordance with the standard terms and conditions as amended and published on the relevant online platforms operated by Alibaba Group. The Group shall pay Alibaba Group the advertising fees.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the underlying standard agreements and the standard terms and conditions as amended and published on the respective online platforms operated by the Alibaba Group from time to time. As at the Latest Practicable Date, the Advertising Services comprise the following services:

- (i) CPM (cost per impression) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time the advertisement is displayed, i.e. a unit price for every 1,000 impressions served. The unit prices of certain CPM model advertisements are fixed while the unit prices of other advertisements are determined through an auction system. Where the auction system applies, the Group offers bid prices for the relevant advertisement spaces taking into account the commercial circumstances and comparable prices offered by other independent third party advertisers on other advertising platforms. Alibaba Group's systems automatically accept the highest bids for each advertising space where the auction process is used. The fixed prices currently charged by Alibaba Group and the bid prices currently offered by the Group which have been accepted under the CPM model range from RMB15 to RMB100 per 1,000 impressions, depending on the designated space, size, advertising format, timing and targeted users;
- (ii) CPC (cost per click) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time a user clicks on the displayed advertisement. The unit prices for CPC model advertisements are determined through an auction system, under which the Group offers bid prices for the relevant advertisement spaces taking into account the commercial circumstances and comparable prices offered by other independent third party advertisers on other advertising platforms. Alibaba Group's systems automatically accept the highest bids for each advertising space where the auction process is used. The bid prices currently offered by the Group which have been accepted under the CPC model range from RMB2 to RMB10 per click, depending on the size, advertising format and timing of the advertisement; and

- (iii) Project-based advertising services. Alibaba Group provides project-based advertising campaign services, whereby it offers advertisements on its advertising platforms for a certain advertising period. Alibaba Group charges advertising fees based on a cost per time (CPT) model (i.e. advertising fees are charged based on the amount of time displayed). The specific location, timing and frequency of the advertisements displayed on various platforms during the period will be determined by Alibaba Group.

3.4. Internal controls for the Group's continuing connected transactions

With regards to the internal controls of the Company, we have reviewed the internal controls handbook provided by the management of the Company. We consider that the Company has adopted adequate internal control measures. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding services fees incurred on the Merchant Services, the Platform Services and the Advertising Services on a bi-weekly, weekly and monthly basis, respectively, and has been updating such information to the legal department and the chief financial officer of the Company, to monitor these transaction amounts.

As discussed with the management of the Company, the Company will continue to closely monitor the implementation of the 2020 CCT Agreements and take prompt actions to make necessary disclosure and obtain Independent Shareholders' approval in the event that any further adjustment to an annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under each of the 2020 CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. Alibaba Holding and Taobao Holding have respectively agreed to allow the Company and its external auditors access the information necessary to report on the non-exempt continuing connected transactions contemplated under each 2020 CCT Agreement.

The independent non-executive Directors will review the continuing connected transactions under the 2020 CCT Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

We have reviewed the following items, including but not limited to, (i) the monthly updates in relation to the CCT Agreements; (ii) a total of eight samples of orders or implementation agreements under the CCT Agreements; and (iii) the Company's research on the demand and inventory statistics of customers/suppliers. In addition, we have assessed the fairness and reasonableness of the pricing mechanisms by obtaining and reviewing two sample collections of the related internal control procedures prepared by the Group. Such monthly samples were collected randomly. We note, from the samples that we collected and reviewed, that the pricing policies are in line with the CCT Agreements. We also note from such samples that the finance department reviewed the procedures and transactions before payment or receipt confirmation and also updated such information to the Company's legal department and the Chief Financial Officer to monitor such transactions. Besides, the transaction amounts were checked by the finance department independently with reference to the historical transaction amounts under the CCT Agreements and the management accounts of the Company to confirm that the amounts would not be materially different from what the management had anticipated. We have accordingly ascertained that the Company has followed its pricing policies in a reasonable manner.

Based on the above, we consider that the Company has adopted adequate internal control measures to be able to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the 2020 CCT Agreements.

4. Reasons for and benefits of entering into the 2020 CCT Agreements

According to our discussions with the management of the Company, the Company's mission is to connect participants in China's healthcare market. In respect of the 2020 Outsourced Services Framework Agreement, the Merchant Services remain within the existing skill set of the Group given that it has been developing its own pharmaceutical e-commerce, internet healthcare, and intelligent medicine businesses. The service fees received under the 2020 Outsourced Services Framework Agreement will continue to be one of the steady growing sources of revenue for the Company. Together with the rapid growth of the Company's self-operated B2C online pharmacy business, as well as given the potential of such innovative new businesses as intelligent healthcare and health management services, the Merchant Services provided under the 2020 Outsourced Services Framework Agreement services as another source of revenue of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of the 2020 Platform Services Framework Agreement, the Company believes that by marketing and selling products or services on online sales platforms operated by the AGH Relevant Entities in relation to the Platform Services, it will be able to reach out to more customers and improve its understanding of their needs.

In respect of the 2020 Advertising Services Framework Agreement, the Group has identified the need for coordinated marketing and Advertising Services for the promotion of its and its clients' products on various e-commerce platforms. The Group believes that the advertising services and resources provided by Alibaba Group are an effective marketing tool and will enable the Group to reach out to more customers and boost the sales of the Group's and its clients' products. Seeing the positive impact of the Advertising Services provided by Alibaba Group on the Group's sales for the past months, the Group intends to allocate more resources in advertising services provided by Alibaba Group going forward and considers that the entering into of the 2020 Advertising Services Framework Agreement would facilitate the administration of the purchase of Advertising Services by the Group.

As stated in the 2018 Interim Report, the revenue of the Group's pharmaceutical self-operated business increased from RMB800.0 million for the six months ended September 30, 2017 to RMB1.6 billion for the six months ended September 30, 2018, representing 100.2% year-on-year growth, and maintained strong growth momentum, while the revenue of the Group's pharmaceutical e-commerce platform business increased from RMB67.3 million for the six months ended September 30, 2017 to RMB225.2 million for the six months ended September 30, 2018, representing 234.6% year-on-year growth, signifying the increasing demands for pharmaceutical e-commerce platform services in China, especially on the Tmall Pharmacy platform.

According to China's E-commerce Research Center ("CECRC"), Tmall had approximately 55.0% of market share of the B2C e-commerce market in China in the first half of 2018¹. With the strong branding and market positioning of Tmall in the B2C e-commerce market, we believe that the Company can leverage the market share to further boost its B2C pharmacy business under the 2020 Platform Services Framework Agreement.

We note from the official website of Alimama, the advertising arm of Alibaba Holding, that it has access to Alibaba Group's massive user database to analyze consumer behaviour and has access to 95% of Chinese internet users. Alimama has more than ten years of experience in providing advertising services based on its commercial data and has serviced more than 1 million customers. Therefore, we believe that the Company can leverage on Alimama's strengths and experiences in e-commerce business to boost its sales using effective advertising strategies on the AGH Platforms through the 2020 Advertising Services Framework Agreement.

¹ Source: <http://www.100ec.cn/zl/18wlls/>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2018 Interim Report, the aggregate service fees received under the Renewed Services Agreement and Services Amendment Agreement were approximately RMB86.9 million, compared to RMB53.9 million under the Services Agreement for an approximate six-month period². The gross merchandise value (“GMV”) transacted by Alibaba Group reached RMB4.8 trillion for the year ended March 31, 2018, representing an increase of 26.3% compared to RMB3.8 trillion for the year ended March 31, 2017. Also, the Ministry of Commerce issued the National Development Plan for Drug Circulation Industry (2016–2020)³, which stated that the Chinese government will promote online pharmacies and the integration of online to offline development, and more comprehensive regulations on drug circulation will be implemented. With increasing GMV being transacted on Alibaba Group’s platforms and better regulations in relation to the pharmaceutical e-commerce business, we concur with the management of the Company that the 2020 Outsourced Services Framework Agreement will serve as another source of revenue of the Group.

We have discussed with the management of the Company and understand that the service fees under the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement shall be calculated in accordance with the standard terms and conditions as amended and published on the respective online sales platforms operated by the respective entities from time to time. We have reviewed the service fees published on the online sales platforms operated by the respective entities under the 2020 Platform Services Framework Agreement and 2020 Advertising Services Framework Agreement and compared the standard general terms which are applicable to independent third parties, to the terms of the transactions under the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement. We note that the service fees received by Alibaba Holding from the Company were on normal commercial terms or terms no less favorable than the general terms available to independent third parties.

We note that the service fee under the 2020 Outsourced Services Framework Agreement was 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. We have compared the gross profit margin under the 2020 Outsourced Services Framework Agreement with the Comparable Companies (“**Comparable Companies**”) which (i) provide similar services compared with the services under the 2020 Outsourced Services Framework Agreement; and (ii) have business exposure in China. The Comparable

² The original services agreement was for a period from April 1, 2017 to March 31, 2018. Please refer to the circular of the Company dated March 14, 2017 for more details.

³ Source: <http://www.mofcom.gov.cn/article/guihua/201612/20161202419508.shtml>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Companies have been selected exhaustively based on the above criteria, which have been identified, to the best of our endeavors, through our research using public information as follow:

Company Name	Ticker	Business Description	Gross Profit Margin <i>(Note 1)</i>
eCargo Holdings Limited	ECG:AU	Provision of on-demand digital commerce technology development, integrated online and offline technology, supply chain solutions and consultancy services for digital commerce with Greater China focus	55.7%
BlueFocus Communication Group Co., Ltd.	300058:CH	Provision of marketing and brand management services across disciplines of e-commerce, mobile solutions to multinational companies and leading Chinese enterprises covering different industries.	10.3%
Beijing Tensyn Digital Marketing Technology Joint Stock Company	300392:CH	Provision of integrated marketing and brand development services through internet platform with data analysis services	8.9%
Hylink Digital Solution Co., Ltd.	603825:CH	Provision of digital marketing, consultancy services for digital marketing, television marketing and sales solution to merchants	11.6%

Note:

- The gross profit margins are calculated based on the latest available annual results. The gross profit margin of eCargo Holdings Limited is calculated based on the gross profit divided by the revenue from its 2017 annual report. The gross profit margin of BlueFocus Communication Group Co., Ltd. is calculated based on the segment gross profit divided by the segment revenue from its 2017 annual report. The gross profit margin of Beijing Tensyn Digital Marketing Technology Joint Stock Company is calculated based on the segment gross profit divided by the segment revenue from its 2017 annual report. The gross profit margin of Hylink Digital Solution Co., Ltd. is calculated based on the segment gross profit divided by the segment revenue from its 2017 annual report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the average gross profit margin for each month from April 2018 to December 2018 under the Services Agreement as calculated based on service revenue subtracting middle office costs and labor costs divided by service revenue is within the range of the comparable gross profit margins of approximately 8.9% to 55.7%, we are of the view that the service fee under the Services Agreement is fair and reasonable.

We have discussed with the management of the Company and obtained the Company's relevant internal controls guidelines and confirmed that the Company has followed the relevant procedures of its internal controls guidelines. In particular, we have reviewed three samples of the services fees payable from the Group under each of the Renewed Services Framework Agreement and the Advertising Services Framework Agreement with reference to the standard general terms which are applicable to independent third parties and confirmed that the existing transactions under the Renewed Services Framework Agreement and the Advertising Services Framework Agreement were entered into on normal commercial terms or terms no less favorable than the standard general terms available to independent third parties and consistent with the service fee terms under the Renewed Services Framework Agreement and the Advertising Services Framework Agreement respectively. Also, we have reviewed two samples of the service fees payable to the Group from the Tmall Entities and the respective value of completed sales of products or services under the relevant categories on Tmall and confirmed that the existing transactions under the Renewed Services Agreement and Services Amendment Agreement were entered into on normal commercial terms and consistent with the service fee terms under the Renewed Services Agreement and Services Amendment Agreement. The samples were selected on a random basis after taking into consideration of different types of service fees that were paid/received during different periods under the CCT Agreements. We note that the pricing policies and payment standards under the Renewed Services Framework Agreement and the Advertising Services Framework Agreement are publicly accessible, standardized and generally available to all entities which have entered into similar agreements for similar services. In this regard, though it is difficult for our random sampling to cover a material number of transactions given that Tmall engages in a large number of transactions every day, we believe that our randomly selected samples are sufficient for our due diligence purpose to ascertain that the existing transactions under each of the CCT Agreements are on normal commercial terms and were conducted in consistence with the terms of the pricing policies and payment standards.

Based on the above analysis, we are of the view that the pricing policy and payment terms under the 2020 CCT Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In conclusion, we are of the view that the 2020 CCT Agreements fall within the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Historical amounts and the proposed annual caps under the 2020 CCT Agreements

The historical transaction amounts for the year ended March 31, 2018, the approximate transaction amounts for the nine months ended December 31, 2018 based on the management accounts, the existing annual caps under the CCT Agreements pursuant to the respective announcements or circular and the proposed annual caps relating to each of the 2020 CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2018 (RMB)	Approximate unaudited transaction amount for the nine months ended December 31, 2018 based on management accounts (RMB)	Annual caps for the year ended March 31, 2018 (RMB)	Existing annual caps for the year ending March 31, 2019 (RMB)	Proposed annual caps for the year ending March 31, 2020 (RMB)
2020 Outsourced Services Framework Agreement	124,400,000	115,703,000	130,000,000	183,000,000	148,000,000
2020 Platform Services Framework Agreement	78,600,000	101,202,000	80,000,000	229,000,000	434,000,000
2020 Advertising Services Framework Agreement	7,700,000	32,567,000	10,000,000	54,000,000	252,000,000

The proposed annual caps for the year ending March 31, 2020 are RMB148,000,000 under the 2020 Outsourced Services Framework Agreement, RMB434,000,000 under the 2020 Platform Services Framework Agreement and RMB252,000,000 under the 2020 Advertising Services Framework Agreement, representing a decrease of approximately 19.1% and increases of approximately 89.5% and 366.7% respectively as compared with the existing annual caps under each of the CCT Agreements.

6. The basis for determining the proposed annual caps under the 2020 CCT Agreements

We understand from the management of the Company that the Outsourced Services Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the Company's projections for the Relevant Categories for the year ending March 31, 2020 based on projections for the growth of the corresponding business and the overall healthcare market in the PRC; and (iii) the Company's marketing plans in relation to enhancing the services that the Company seeks to continue providing for the pharmaceutical and healthcare products and services e-commerce business of Tmall. Notwithstanding that the scope of products and services included in the Relevant Categories has been reduced for the six months ending March 31, 2019 as a result of the acquisition of the e-commerce platform business in relation to several categories of products and services from Alibaba Group, the Group has recorded a continuing increase in the transaction amounts for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

products and services which remain under the 2020 Outsourced Services Agreement during the year ending March 31, 2019 as a whole, driven by continued rapid growth of the pharmaceutical and healthcare e-commerce business in the PRC and the increased demand for individual products and services during such period. After taking into account the growth of the pharmaceutical e-commerce business and the increasing demand for the products and services included in the Relevant Categories under the 2020 Outsourced Services Agreement, the Group expects the transaction amount for the Merchant Services for the year ending March 31, 2020 will be similar to that for the year ending March 31, 2019. As such, the Group has set the Outsourced Services Annual Cap at RMB148 million.

Similarly, the Platform Services Annual Cap was determined with reference to (i) the historical transaction amounts under the existing agreement; (ii) the expected sales products during the coming financial year; (iii) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms; and (iv) the potential of the future development of healthcare products and services business in the PRC. In the view of the increasing market growth for healthcare-related products and services as well as the rapid growing e-commerce consumer demand in recent years, the Group anticipates that sales derived from online sales platforms will continue to be one of the main sources of revenue of the Group and will continue to increase significantly for the year ending March 31, 2020. Under the 2020 Platform Services Agreement, the AGH Relevant Entities will provide the Platform Services to the Group through additional AGH Platforms such as Lazada, LinkedMall, Dingtalk and AliExpress and it is expected that the sales targets in respect of the Merchant Services will continue to increase and hence the Company proposes to increase the Platform Services Annual Cap from the existing amount of RMB229 million for the year ending March 31, 2019 to RMB434 million for the year ending March 31, 2020.

The Advertising Services Annual Cap was determined with reference to (i) the historical transaction amounts incurred under the existing agreements in respect of the Advertising Services; (ii) and the Group's marketing plans for the financial year ending March 31, 2020; and (iii) the expected marketing needs of the Group's clients for the financial year ending March 31, 2020. The Group envisages rapid growth in the online healthcare market and intends to achieve increased sales targets in respect of healthcare-related products and services on the AGH Platforms. As such, the Group intends to further increase its marketing efforts by allocating more resources towards online advertising and promotion for capturing further consumer demand. With reference to the historical transaction amount for the nine months ended December 31, 2018 incurred under the existing agreement which represents an increase of approximately four times compared with the historical amount for the year ended March 31, 2018, the Group proposes to increase the Advertising Services Annual Cap from RMB54 million for the year ending March 31, 2019 to RMB252 million for the year ending March 31, 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the proposed annual caps under each of the 2020 CCT Agreements, we have considered the following factors in deriving the Outsourced Services Annual Cap, the Platform Services Annual Cap and the Advertising Services Annual Cap under the 2020 CCT Agreements.

We understand from the management of the Company that the proposed annual caps under each of the 2020 CCT Agreements were determined with reference to the historical transaction amounts under the CCT Agreements. As at December 31, 2018, the transaction amounts incurred under the Renewed Services Agreement, the Renewed Services Framework Agreement and the Advertising Services Framework Agreement reached approximately 63.2%, 44.2% and 60.3% of the annual caps under the CCT Agreements, respectively. We have conducted an analytical review of the transaction amounts for the nine months ended December 31, 2018 and compared the annualized amounts with the existing annual caps. It is expected that the annualized amounts under the Renewed Services Agreement, the Renewed Services Framework Agreement and the Advertising Services Framework Agreement will reach approximately RMB154,271,000 or 84.3%, approximately RMB134,936,000 or 58.9% and approximately RMB43,423,000 or 80.4% of each of the existing annual caps under the CCT Agreements, respectively. We further note that the transaction amounts for the nine months ended December 31, 2018 under the Renewed Services Framework Agreement and Advertising Services Framework Agreement had significantly increased as compared to the transaction amounts for the year ended March 31, 2018 under similar agreements.

Apart from the historical transaction amounts, we note that the proposed annual caps under the 2020 CCT Agreements were determined with reference to the growth of the healthcare market, and healthcare products and services in PRC. The overall healthcare market in China is expanding in a significant pace. According to the National Bureau of Statistics of China (“NBSC”)⁴, the accumulated retail sales of enterprises above designated size of traditional Chinese and western medicine had increased by 10.6% year-on-year as at December 2018. Also, the e-commerce market in China remained strong. According to the 42th survey report published by China Internet Network Information Centre (“CNNIC”)⁵, internet e-commerce users increased from approximately 533 million people in December 2018 to 569 million people in December 2018, representing an increase of approximately 6.7%. We are of the view that the Company’s forecast on the growth of healthcare market is fair and reasonable.

In addition, we have discussed with the management regarding the Group’s marketing plans and the marketing needs of the Group’s client for the financial year ending March 31, 2020. We understand from the management of the Company that the Company plans to boost the sales volume of either the Merchants or clients under its self-operated platforms by devoting more resources to advertisement and marketing activities for the year ending March 31, 2020. This will in turn increase the continuing

⁴ Source: <http://data.stats.gov.cn/english/easyquery.htm?cn=A01>

⁵ Source: <https://www.cnnic.net.cn/hlwfzyj/hlwzxbg/hlwtjbg/201808/P020180820630889299840.pdf>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

connected transaction amounts under the 2020 Platform Services Framework Agreement and 2020 Advertising Services Framework Agreement. We have reviewed the 2018 Interim Report and saw a positive correlation between the advertising expenses and service fees received by the Group under the Renewed Service Agreement. As such, we are of the view that it is fair and reasonable to consider the effect of more marketing activities when calculating the Outsourced Services Annual Cap.

We have reviewed the 2018 Interim report and 2018 Annual Report regarding the Company's historical performance. During the year ended March 31, 2018 and the six months ended September 30, 2018, the Group expanded rapidly through different business lines and obtained a total revenue growth of 414.2% and 111.2%, respectively. The growth was mainly due to the two largest businesses, namely pharmaceutical self-operated business and pharmaceutical e-commerce platform business, which respective growth amounted to 100.2% and 234.6% for the six months ended September 30, 2018, respectively. For the same period, the number of active annual customers⁶ of the Group's self-operated online stores and Tmall Pharmacy platform exceeded 18 million and 100 million, respectively. The historical performance of both businesses has demonstrated an increasing demand for the services provided under the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement.

We have also discussed with the management of the Company regarding the potential future development of its businesses. We understand that the Group will continue to work on utilizing internet technologies to build an omni-channel pharmaceutical and healthcare product and service supply and new retail system that covers the whole industry chain. It is foreseeable that the number of services and products provided by the Group will have a stable growth for the year ending March 31, 2020. Therefore, we are of the view that the Platform Services Annual Cap and the Advertising Services Annual Cap are fair and reasonable and in the interests of the Company and Shareholders as a whole.

During the year ended March 31, 2018 and the six months ended September 30, 2018, the Group had acquired the e-commerce platform business in relation to several categories of products and services from Alibaba Group ("**Previous Acquisitions**"). Prior to the Previous Acquisitions, the target companies relating to the e-commerce platform business were originally under the Alibaba Group and classified as entities connected to the Group, and the Group operated, on behalf of Alibaba Group, the relevant categories of products and services. After completion of the Previous Acquisitions, the target companies became wholly-owned subsidiaries of the Group and ceased to be entities connected to the Group. As a result, owing to the Previous Acquisitions, the service fee income has been reduced accordingly from the Merchant Services, as compared to if no acquisitions had occurred. Having taken into account

⁶ As defined in the 2018 Interim Report, annual active consumers are consumers who registered one or more actual purchases on the platform in the previous 12 months.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the growth of the pharmaceutical e-commerce platform business being offset by the foresaid acquisitions, we are of the view that the transaction amount under the 2020 Outsourced Services Framework Agreement will still have a steady growth for the year ending March 31, 2020 and the Outsourced Services Annual Cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We also note that the proposed annual caps under the 2020 CCT Agreements were determined with reference to certain assumptions and projections, taking into account the Company's business plan, future development and healthcare market prospects. We have obtained the projected figures and assumptions relevant to each of the 2020 CCT Agreements for the year ending March 31, 2020 from the Company, and reviewed such assumptions and projections, as well as analyzed the Company's business plan, future development and healthcare market prospects. We concur with the management of the company that the projected figures and assumptions are fair, reasonable and complete and are in line with our independent analysis.

In conclusion, we consider the proposed annual caps under each of the 2020 CCT Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

In relation to the 2020 CCT Agreements, we have considered the above principal factors and reasons and, in particular, having taken into account the followings in arriving at our opinion:

- (a) the entering into the 2020 CCT Agreements falls within the ordinary and usual course of business of the Group and it is in the interest of the Company and the Shareholders as a whole;
- (b) the Outsourced Services Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole;
- (c) the Platform Services Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole; and
- (d) the Advertising Services Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Having considered the above, we are of the view that the terms of each of the 2020 CCT Agreements are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders, to vote in favor of the ordinary resolutions in relation to the 2020 CCT Agreements and the proposed annual caps thereunder to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Li Lan
Director and Co-head of Corporate Finance

Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Li Lan has over eleven years of experience in 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. SHEN Difan	Equity derivative interest ⁽¹⁾	9,360,000	0.08%
Mr. WANG Qiang	Equity derivative interest ⁽²⁾	5,200,000	0.04%
Mr. WU Yongming	Beneficial owner	1,262,000	0.01%
Mr. WANG Lei	Beneficial owner and equity derivative interest ⁽³⁾	15,150,000	0.13%

Notes:

- (1) Subject to vesting, Mr. SHEN Difan is interested in 9,360,000 shares underlying the 8,190,000 options and 1,170,000 restricted share units (“RSUs”) granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.
- (2) Subject to vesting, Mr. WANG Qiang is interested in 5,200,000 shares underlying the 4,000,000 options and 1,200,000 RSUs granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.

- (3) Mr. WANG Lei beneficially held 2,366,500 ordinary shares and subject to vesting, he is interested in 12,783,500 shares underlying the 8,632,000 options and 4,151,500 RSUs 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. SHEN Difan	Alibaba Holding	Beneficial owner, equity derivative interests and interests of spouse ⁽¹⁾	41,725	0.00%
Mr. WANG Qiang	Alibaba Holding	Equity derivative interest ⁽²⁾	3,000	0.00%
Mr. WU Yongming	Alibaba Holding	Beneficial and interests of spouse ⁽³⁾	201,017	0.01%
		Interests in controlled corporation ⁽⁴⁾	200,000	0.01%
		Founder of a discretionary trust ⁽⁵⁾	6,418,690	0.25%
Mr. WANG Lei	Alibaba Holding	Beneficial owner, equity derivative interests and interests of spouse ⁽⁶⁾	258,869	0.01%
		Beneficiary of a trust ⁽⁷⁾	20,000	0.00%
Ms. ZHANG Yu	Alibaba Holding	Beneficial owner and equity derivative interest ⁽⁸⁾	49,874	0.00%
Mr. YAN Xuan	Alibaba Holding	Beneficial interest	3,000	0.00%

Notes:

- (1) It represents 19,064 ordinary shares or underlying ordinary shares and 13,000 restricted share units beneficially held by Mr. SHEN Difan and 9,661 ordinary shares or underlying shares and restricted share units held by his spouse.
- (2) It represents 3,000 restricted share units beneficially held by Mr. WANG Qiang.
- (3) It represents 1,017 ordinary shares held by Mr. WU Yongming, and 200,000 ordinary shares held by his spouse.

- (4) It represents 200,000 ordinary shares or underlying ordinary shares held by Plus Force Enterprise Ltd. (which is wholly owned by Mr. WU Yongming).
- (5) It represents 6,418,690 ordinary shares or underlying ordinary shares held by Mr. WU Yongming through two private trusts whereby he is the founder of the discretionary trusts.
- (6) It represents 60,176 ordinary shares or underlying ordinary shares and 194,500 restricted share units beneficially held by Mr. WANG Lei and 4,193 ordinary shares or underlying ordinary shares and restricted share units held by his spouse.
- (7) It represents 20,000 ordinary shares or underlying ordinary shares held by a private trust whereby Mr. WANG Lei and his family are beneficiaries.
- (8) It represents 13,132 ordinary shares or underlying ordinary shares and 36,742 restricted share units beneficially held by Ms. ZHANG Yu.

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. SHEN Difan was a consultant to Alibaba Group;
- Mr. WU Yongming was a senior vice president of Alibaba Group and a special assistant to the chairman of the board of directors of Alibaba Holding;
- Mr. WANG Lei was a vice president of Alibaba Group and the chief executive officer of Ele.me, a Subsidiary of Alibaba Holding; and
- Ms. ZHANG Yu was the vice president of finance of Alibaba Holding and the financial controller (財務負責人) and the supervisor (監事) of various subsidiaries of Alibaba Holding,

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, 2018, 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, Mr. WU Yongming, a non-executive Director, was the controlling shareholder of Hangzhou Vision Plus Capital Management Company Limited* (杭州圓環投資管理有限公司), and Hangzhou Vision Plus Capital Management Company Limited* (杭州圓環投資管理有限公司) and its associates were one of the substantial shareholders of Choice Technology Inc., a company which operates a medical healthcare systems and data services platform, Beijing Huifukang Information Consultancy Co., Ltd* (北京惠福康信息諮詢有限公司), a company which operates an online doctor referral platform, Shanghai Mudi Biological Technology Co., Ltd.* (上海妙一生物科技有限公司), a company which operates online clinical research platform, Yawlih Technology (Beijing) Co., Ltd.* (曜立科技(北京)有限公司), a company which provides hospital and other medical data cleansing technology solution and Lingyi Information Technology (Shanghai) Co., Ltd.* (翎醫信息科技(上海)有限公司), a company which provides maternity and infant-related patient management tools and marketing platform services. Those companies, directly or through their subsidiaries or associates or by way of other forms of investments, carry out businesses which are considered to compete or likely to compete with the businesses of the Group. As at the Latest Practicable Date, Mr. WU owned 1,262,000 Shares (approximately 0.01%) in the Company.

Save for the above, 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.

* For identification purpose only

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
Platinum Securities Company Limited	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 Platinum is given as of the date of this circular for incorporation herein. Platinum 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, Platinum 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, 2018, 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, 2018, 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) each of the CCT Agreements;
- (ii) each of the 2020 CCT Agreements;
- (iii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 25 to 26 of this circular;
- (iv) 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 27 to 49 of this circular;
- (v) the written consent referred to in the section headed “Consent of Expert” of this Appendix; and

(vi) 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 OF SPECIAL GENERAL MEETING

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 Friday, March 29, 2019 at 10:30 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 2020 outsourced services framework agreement entered into between Alibaba Health Information Technology (Beijing) Co., Ltd.* (阿里健康信息技術(北京)有限公司) and Taobao Holding Limited, on January 30, 2019, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2020, be and are hereby confirmed, approved and ratified;
2. the 2020 platform services agreement entered into between the Company and Alibaba Group Holding Limited (“Alibaba Holding”) on January 30, 2019, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2020, be and are hereby confirmed, approved and ratified;
3. the 2020 advertising services framework agreement entered into between the Company and Alibaba Holding on January 30, 2019, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2020, be and are hereby confirmed, approved and ratified; and

NOTICE OF SPECIAL GENERAL MEETING

4. 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 Resolutions 1 to 3.”

By Order of the Board

ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
SHEN Difan

Chief Executive Officer and Executive Director

Hong Kong, March 13, 2019

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.
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, Hong Kong 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. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the above meeting will be Monday, March 25, 2019. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged

NOTICE OF SPECIAL GENERAL MEETING

with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, March 25, 2019.

6. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.
7. As at the date of this notice, 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.

* *English name for identification purposes only.*