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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 47 of this circular.

A notice convening the SGM to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Monday, March 30, 2020 at 10:30 a.m. is set out on pages 54 to 56 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 54, 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 9, 2020

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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 advertising services
“2020 CCT Agreements”	the 2020 Logistics Services Framework Agreement, the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement
“2020 Logistics Services Framework Agreement”	the agreement dated March 28, 2019 entered into between Alibaba Health (HK) and Hangzhou Cainiao in relation to the provision of logistics 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 platform services
“2021 Advertising Services Framework Agreement”	the agreement dated February 7, 2020 entered into between the Company and Alibaba Holding in relation to the provision of Advertising Services
“2021 CCT Agreements”	the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement and the 2021 Advertising Services Framework Agreement
“2021 Logistics Services Framework Agreement”	the agreement dated February 7, 2020 entered into between Alibaba Health (HK) and Hangzhou Cainiao in relation to the provision of Logistics Services
“2021 Platform Services Framework Agreement”	the agreement dated February 7, 2020 entered into between the Company and Alibaba Holding in relation to the provision of Platform Services
“Advertising Services”	the services to be provided by Alibaba Group to the Group under the 2021 Advertising Services Framework Agreement
“AGH Platforms”	the platforms operated by the AGH Relevant Entities from time to time, including but not limited to Taobao Marketplace, Tmall, Tmall Global, Rural Taobao, Lazada, LinkedMall, DingTalk and AliExpress

DEFINITIONS

“AGH Relevant Entities”	Alibaba Holding and its Subsidiaries, including Alibaba Technology, Hangzhou Alibaba Advertising, Alibaba Software, Taobao Network, Taobao Software, Ecart Malaysia, Lazada Singapore, Lazada Ltd., Lazada Philippines, Ecart Indonesia, Recess, Kobron, Taobao China, Alibaba Singapore, Alibaba Communication Technology, DingTalk Technology, DingTalk China, Tmall Technology and Tmall Network, collectively
“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, 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 (HK)”	Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司), a company incorporated in Hong Kong 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, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
“Alibaba Singapore”	Alibaba.com Singapore E-Commerce Private Limited, a company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding
“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 global marketplace targeting consumers from around the world and enabling them to buy directly from manufacturers and distributors in China and around the world
“Ali JK”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands and a 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
“Cainiao Group”	Hangzhou Cainiao and its Subsidiaries and affiliates
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected person”	has the meaning given to it under the Listing Rules
“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of a person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty per cent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors (or similar governing body) of such person and the term “Controlled” shall be construed accordingly
“DingTalk”	a digital working platform that serves enterprises and organisations of various types and sizes with unified communication services, intelligent mobile workplaces and network collaboration services, being the largest business efficiency app in China by monthly active users in March 2019
“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

DEFINITIONS

“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 2021 CCT Agreements, being April 1, 2020 or the date of the approval of the 2021 CCT Agreements, the continuing connected transactions contemplated thereunder and the annual caps related thereto, 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
“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
“Hangzhou Cainiao”	Hangzhou Cainiao Supply Chain Management Co., Ltd* (杭州菜鳥供應鏈管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“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. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei, (Vanessa), being the independent non-executive Directors, established to advise the Independent Shareholders on the 2021 CCT Agreements
“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2021 CCT Agreements

DEFINITIONS

“Independent Shareholders”	the Shareholders of the Company, other than (i) Alibaba Holding and its associates, including Perfect Advance, Ali JK and Antfin (Hong Kong) Holding Limited; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the 2021 CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto
“Kobron”	Kobron Hong Kong Development Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Latest Practicable Date”	March 6, 2020, 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
“LinkedMall”	a platform providing service solutions such as commodity selection, payment transaction, interest exchange, commission settlement and technical support for enterprises, with its customers covering many industries such as banks, aviation, hotels and operators
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Logistics Services”	the services to be provided by Cainiao Group to the Group under the 2021 Logistics Services Framework Agreement
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“Platform Services”	the services to be provided by the AGH Relevant Entities to the Group under the 2021 Platform Services Framework Agreement
“PRC” or “China”	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
“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
“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 2021 CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto
“Shareholder(s)”	holder(s) of the Share(s)
“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

DEFINITIONS

“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or Controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“substantial shareholder”	has the meaning given to it under the Listing Rules
“Taobao China”	Taobao China Holding Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Taobao Marketplace”	the online and mobile commerce platform or destination known as Taobao (淘寶) operated by Alibaba Holding’s affiliates
“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
“Tmall”	Tmall.com, the third party online and mobile commerce platform known as Tmall (天貓) operated by Alibaba Holding’s affiliates
“Tmall Global”	the third party import e-commerce platform known as Tmall Global (天貓國際) operated by Alibaba Holding’s affiliates

DEFINITIONS

“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 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.*

LETTER FROM THE BOARD



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

Executive Directors:

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

Non-executive Directors:

Mr. WU Yongming (*Chairman*)
Mr. WANG Lei
Mr. XU Hong

Independent Non-executive Directors:

Mr. LUO Tong
Mr. WONG King On, Samuel
Ms. HUANG Yi Fei, (Vanessa)

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton, HM 10
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 9, 2020

To the Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

We refer to the announcement of the Company dated February 7, 2020 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 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement and the 2021 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) the notice of SGM.

LETTER FROM THE BOARD

References are made to (i) the announcement of the Company dated March 28, 2019 in respect of the 2020 Logistics Services Framework Agreement and the announcement of the Company dated November 29, 2019 in respect of the revision of annual cap of the 2020 Logistics Services Framework Agreement; and (ii) the announcement of the Company dated January 30, 2019 and the circular of the Company dated March 13, 2019 in respect of the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement.

Each of the 2020 CCT Agreements will expire on or before March 31, 2020 and it is currently expected that the transactions under each of the 2020 Logistics Services Framework Agreement, the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement will continue on similar terms. On February 7, 2020, the Company and its relevant Subsidiaries entered into the 2021 CCT Agreements, each of which has a term commencing from the Effective Date and ending on March 31, 2021.

2. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

2.1 PRINCIPAL TERMS OF THE 2021 CCT AGREEMENTS

A summary of the key terms of each of the 2021 CCT Agreements is set out below.

2021 Logistics Services Framework Agreement

Date

February 7, 2020

Parties

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

Duration

Subject to approval by the Independent Shareholders at the SGM, the 2021 Logistics Services Framework Agreement will commence on the Effective Date and end on March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2021 Logistics Services Framework Agreement, Hangzhou Cainiao has agreed that Cainiao Group will provide to the Group the Logistics Services, including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services, storage and delivery supply

LETTER FROM THE BOARD

chain management services and other value-added and logistics services provided by Cainiao Group from time to time. Cainiao Group shall provide the Logistics Services to the Group in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by Cainiao Group from time to time.

Service fees, pricing terms and payment terms

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

- (i) storage fees, which are calculated based on the size of the Group's goods stored in Cainiao Group's warehouses and are payable monthly. The current applicable storage fees are approximately RMB3 to RMB10 per cubic meter for each applicable day;
- (ii) order processing fees, which are calculated according to the number of delivery orders made and are currently payable against each delivery order. The current applicable order processing fees are approximately RMB8 to RMB12 per delivery order;
- (iii) basic service fees, including delivery fees, which are calculated based on the delivery route, size or weight (whichever results in the higher rate) of the Group's goods being delivered by Cainiao Group, and are payable against each delivery order. The current applicable delivery fees per parcel for overseas delivery range from approximately RMB7 to RMB31 for the first kilogram and approximately RMB2 to RMB9 for each additional kilogram;
- (iv) value-added service fees, depending on the type of value-added services provided, which are calculated based on the quantity of goods requiring the respective value-added services and are currently payable against each delivery order; and
- (v) disbursement and other incidental costs arising from the Logistics Services, such as tax paid on behalf of the Group by Cainiao Group, which shall be calculated based on the actual amount of disbursement and are currently collected by Cainiao Group against each delivery order.

The service fees (other than the storage fees, which are settled monthly, and the order processing fees, which are settled after each parcel despatches from the warehouse) are currently settled immediately against the completion of each delivery order.

LETTER FROM THE BOARD

Hangzhou Cainiao has undertaken to ensure that the terms in respect of the Logistics Services provided to the Group are no less favorable than the terms available to other independent third parties in accordance with the respective standard agreements which are applicable to other customers.

2021 Platform Services Framework Agreement

Date

February 7, 2020

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 approval by the Independent Shareholders at the SGM, the 2021 Platform Services Framework Agreement will commence from the Effective Date and end on March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2021 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 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 BOARD

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online sales platforms operated by the respective AGH Relevant Entities from time to time. As at the date of this circular, the key components of the service fees are as follows:

- (i) an upfront guarantee deposit designated by the respective AGH Relevant Entities (different amount of guarantee deposit is applicable to different AGH Platforms or different categories of products or services) (if applicable), currently being RMB300,000 for each of Tmall and Tmall Global;
- (ii) a standard rebatable annual fee designated by the respective AGH Relevant Entities (different amount of annual fee is applicable to different categories of products or 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, 2020;
- (iii) 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 as published from time to time. Currently, the products and services sold by the Group at the relevant storefronts on the AGH Platforms are categorised into 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
- (iv) payment handling and international delivery fees which include any costs incurred in the payment and delivery of the products sold by the Group on the relevant AGH Platforms and platform service fees designated by the respective AGH Relevant Entities which are determined based on the marketing platform selected and the types of platform activities engaged in (if applicable).

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

The AGH Relevant Entities will ensure that the terms in respect of the Platform Services 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 are consistent with such published rates.

LETTER FROM THE BOARD

As the technical service fees or other fees to be charged for the sale of products and services on the AGH Platforms are subject to change by the AGH Relevant Entities and are beyond the Group's control, the Company will seek Independent Shareholders' approval in the event that there is any 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 guarantee deposit shall be payable upon admission to the relevant AGH Platforms. 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 products or services. The settlement of the payment handling and international delivery fees and the platform service 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 Platforms.

2021 Advertising Services Framework Agreement

Date

February 7, 2020

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 approval by the Independent Shareholders at the SGM, the 2021 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2021 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 service fees comprise the following components:

- (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 will 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 RMB5 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 will 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 RMB0.5 to RMB10 per click, depending on the size, advertising format and timing of the advertisement; and

LETTER FROM THE BOARD

- (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.

Since the service fees charged by Alibaba Group for the Advertising Services are determined 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, which equally apply to other independent third party customers, the Company considers that the pricing terms under the 2021 Advertising Services Framework Agreement are no less favourable than the general terms available to other independent third parties.

2.2 HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAPS AMOUNTS

The historical transaction amounts for the year ended March 31, 2019, the existing annual caps for the year ending March 31, 2020 under the 2020 CCT Agreements and the approximate unaudited transaction amounts for the ten months ended January 31, 2020, based on the management accounts and the proposed annual caps relating to each of the 2021 CCT Agreements, are set out below:

	Approximate historical amounts for the year ended March 31, 2019 (RMB)	Existing annual caps for the year ending March 31, 2020 (RMB)	Approximate unaudited transaction amounts for the ten months ended January 31, 2020, based on management accounts (RMB)	Proposed annual caps for the year ending March 31, 2021 (RMB)
2021 Logistics Services Framework Agreement	52,582,000	120,000,000	82,069,000	450,000,000
2021 Platform Services Framework Agreement	151,510,000	434,000,000	218,102,000	651,000,000
2021 Advertising Services Framework Agreement	52,478,000	252,000,000	153,328,000	500,000,000

As at the Latest Practicable Date, the Board confirms that the existing annual caps under each of the 2020 CCT Agreements as stated above have not yet been exceeded and the actual transaction amounts for the year ending March 31, 2020 are not expected to exceed the aforesaid annual caps.

LETTER FROM THE BOARD

The proposed annual cap amount under the 2021 Logistics Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the existing agreement in respect of the Logistics Services (which do not include domestic logistics services); (ii) the expected local and overseas sales of products for the financial year ending March 31, 2021; (iii) the products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (iv) the potential of the future development of online and offline healthcare products sales business.

The Group's pharmaceutical self-operated healthcare product and service sales business has experienced rapid growth, as demonstrated by the continuing increase in the transaction amount for the sales of healthcare products through the Group's self-operated online stores. The distribution of healthcare products through the Group's self-operated online stores has therefore led to an increasing need for both domestic and international logistics services.

It is expected that the Group will engage Cainiao Group for its domestic logistics services under the 2021 Logistics Services Framework Agreement in addition to international logistics services. As such, the Group expects that the transaction amount for the Logistics Services for the year ending March 31, 2021 under the 2021 Logistics Services Framework Agreement will be significantly higher than that for the year ending March 31, 2020 and proposes to increase the annual cap amount under the 2021 Logistics Services Framework Agreement to RMB450 million. As such, the Directors (including the independent non-executive Directors) consider that the proposed annual cap under the 2021 Logistics Services Framework Agreement is fair and reasonable.

The proposed annual cap amount under the 2021 Platform Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the existing agreement in respect of the Platform services; (ii) the expected sales of products and services for the financial year ending March 31, 2021; (iii) the products and services that the Group intends to feature on the AGH Platforms; and (iv) the potential of the future development of healthcare products and services business in the PRC.

According to research conducted by the Independent Financial Adviser, the market size of the PRC internet medical industry and pharmaceutical B2C GMV are expected to maintain an annual compound growth rate of approximately 33.6% and 41.9%, respectively. Based on the expected transaction amount in respect of the platform services for the year ending March 31, 2020, a significant increase of approximately 72.7% can be observed as compared with the historical transaction amount for the year ended March 31, 2019. In view of the increasing market growth for healthcare-related products and services, as well as the rapidly growing e-commerce consumer demand, the Group anticipates that sales derived from the AGH Platforms will continue to increase significantly for the year ending March 31, 2021.

LETTER FROM THE BOARD

The Group intends to expand its market share by attracting more online customers to purchase healthcare products through the AGH Platforms. Based on the above, it is expected that the Group's sales targets in respect of the Platform Services will continue to increase and hence the Company proposes to increase the respective annual cap from the existing amount of RMB434 million for the year ending March 31, 2020 to RMB651 million for the year ending March 31, 2021. As such, the Directors (including the independent non-executive Directors) consider that the proposed annual cap under the 2021 Platform Services Framework Agreement is fair and reasonable.

The proposed annual cap amount under the 2021 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the existing agreements in respect of the Advertising Services; (ii) the Group's marketing plans for the financial year ending March 31, 2021; and (iii) the expected marketing needs of the Group's customers for the financial year ending March 31, 2021.

It is expected that the annual transaction amount incurred for the Advertising Services for the year ending March 31, 2020 under the 2020 Advertising Services Framework Agreement will reach approximately RMB184 million, which represents a substantial year-on-year increase of approximately 250.6% in the actual transaction amount for advertising services, as compared with the historical transaction amount for the year ended March 31, 2019.

Moreover, 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 Alibaba Group Platforms by promoting customer loyalty and reaching out to more new customers. In particular, the Group intends to boost product sales by devoting more resources to online advertising and promotion to further capture consumer demand.

After taking into account the historical and expected growth in the pharmaceutical e-commerce business, the increasing demand for healthcare products and services and the Group's sales targets for the year ending March 31, 2021, the Group proposes to increase the annual cap amount under the 2021 Advertising Services Framework Agreement from RMB252 million for the year ending March 31, 2020 to RMB500 million for the year ending March 31, 2021. As such, the Directors (including the independent non-executive Directors) consider that the proposed annual cap under the 2021 Advertising Services Framework Agreement is fair and reasonable.

The Directors, including the independent non-executive Directors (after taking into account the advice of the Independent Financial Adviser), consider that the proposed annual cap under each of the 2021 CCT Agreements is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

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 2021 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 service fees incurred for the Logistics 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 2021 CCT Agreements and take prompt action to make necessary disclosures 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 2021 CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded. Each of Hangzhou Cainiao and Alibaba Holding has 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 2021 CCT Agreements.

The independent non-executive Directors will review the continuing connected transactions under the 2021 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 2021 CCT AGREEMENTS

The Company's mission is to make good health achievable at the fingertips. The Group has been strengthening the foundation of its pharmaceutical and healthcare businesses and actively planning for the future.

In respect of the 2021 Logistics Services Framework Agreement, the Company has been marketing and selling products or services online and requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. In particular, the Group's pharmaceutical self-operated healthcare product and service sales business has been expanding quickly, as demonstrated by the rapid increase of the Group's GMV from sales through its self-operated online store.

LETTER FROM THE BOARD

By entering into the 2021 Logistics Services Framework Agreement, the Group aims to meet the increasing demand for logistics services which is driven by the distribution of healthcare products through the Group's self-operated online stores.

In respect of the 2021 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, it will be able to reach out to more customers and improve its understanding of their needs in order to facilitate product circulation along the healthcare retail chain to offer quality products and services at competitive prices.

In respect of the 2021 Advertising Services Framework Agreement, the Group has identified the need for coordinated marketing and advertising services for the promotion of the Group's and its clients' products on various e-commerce platforms. The Group believes that the advertising services and resources provided by Alibaba Group are effective marketing tools which will enable the Group to reach out to more customers and boost the sales of the Group's and its clients' products. In particular, the Group intends to offer quality products and services at competitive prices and enhance the turnover of its stock in the pharmaceutical and healthcare retail chains. Seeing the positive impact of Alibaba Group's advertising services on the Group's sales, the Group intends to allocate more resources to such advertising services provided by Alibaba Group going forward.

The Directors, including the independent non-executive Directors (after taking into account the advice of the Independent Financial Adviser), consider that the transactions under the 2021 CCT Agreements will be conducted in the ordinary and usual course of business of the Group, and that the terms of the 2021 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 and the Group

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

LETTER FROM THE BOARD

Alibaba Health (HK)

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

Alibaba Holding and Alibaba Group

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

Hangzhou Cainiao

Hangzhou Cainiao is established in the PRC with limited liability and is an indirect non-wholly-owned Subsidiary of Alibaba Holding. It is primarily engaged in the provision of data-driven logistics solutions and a supply chain platform in the PRC to merchants, buyers and other logistics companies. Hangzhou Cainiao is committed to providing merchants and buyers with timely and comprehensive logistics services and real-time logistics information.

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 and accordingly a connected person of the Company. As Alibaba Holding directly or indirectly Controls or is the ultimate shareholder of each of the members of the AGH Relevant Entities and Alibaba Group, each of the members of the AGH Relevant Entities and Alibaba Group is a connected person of the Company. Further, as Hangzhou Cainiao is an indirect non-wholly-owned Subsidiary of Alibaba Holding, each of the members of Cainiao Group is also a connected person of the Company. The transactions contemplated under each of the 2021 CCT Agreements therefore constitute continuing connected transactions of the Company in accordance with the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the annual cap under each of the 2021 CCT Agreements is higher than 5%, the transactions contemplated under each of the 2021 CCT Agreements are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

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 2021 CCT Agreements. Platinum Securities Company Limited 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 Mr. XU Hong are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions under the 2021 CCT Agreements. Accordingly, they abstained from voting on the resolutions in connection with the continuing connected transactions under the 2021 CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Other than the aforesaid Directors, no other Directors have a material interest in the 2021 CCT Agreements or are required to abstain from voting on the resolutions of the Board approving the same.

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 of the 2021 CCT Agreements, the continuing connected transactions contemplated thereunder and the annual cap related thereto. 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 2021 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 47 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 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.

LETTER FROM THE BOARD

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 SGM is set out on pages 54 to 56 of this circular. At the SGM, resolutions will be proposed to approve the 2021 CCT Agreements, the continuing connected transactions contemplated thereunder and the annual caps related thereto. Any Shareholder with a material interest in the transactions under the 2021 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, Ali JK and Antfin (Hong Kong) Holding Limited held 3,103,816,661 Shares, 3,699,911,207 Shares and 60,576,000 Shares respectively, representing approximately 25.71%, 30.65% and 0.50%, of the issued share capital of the Company. This in aggregate represents a total of 6,864,303,868 Shares and approximately 56.86% of the issued share capital of the Company. Each of Perfect Advance, Ali JK, Antfin (Hong Kong) Holding Limited and their respective associates shall abstain from voting in relation to the ordinary resolutions to be put forward at the SGM for the purpose of approving the 2021 CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto.

Apart from the above, none of the Shareholders have a material interest in the transactions under the 2021 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 54, 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.

LETTER FROM THE BOARD

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be March 24, 2020. 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on March 24, 2020.

By Order of the Board

SHEN Difan

Chief Executive Officer and Executive Director



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

March 9, 2020

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 9, 2020 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 2021 CCT Agreements, the continuing connected transactions contemplated thereunder and the annual caps related thereto; whether the terms of each of the 2021 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 2021 CCT Agreements, the continuing connected transactions contemplated thereunder and the annual caps related thereto, 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 2021 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 9 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 47 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 2021 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 2021 CCT Agreements and the continuing connected transactions to be proposed at the SGM.

Yours faithfully,
Independent Board Committee
**Mr. LUO Tong, Mr. WONG King On, Samuel
and Ms. HUANG Yi Fei, (Vanessa)**
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 9, 2020

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 2021 Logistics Services Framework Agreement; (ii) the 2021 Platform Services Framework Agreement; and (iii) the 2021 Advertising Services Framework Agreement. Details of the 2021 CCT Agreements are contained in the circular of the Company dated March 9, 2020 (the “**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 2021 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 2021 CCT Agreements;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the announcement of the Company dated February 7, 2020;
- (iv) the annual report of the Company for the financial year ended March 31, 2019 (the “**2018–2019 Annual Report**”);
- (v) the interim report of the Company for the six months ended September 30, 2019 (the “**2019 Interim Report**”); and
- (vi) the Company’s internal control guidelines related to the 2021 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 2021 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 March 13, 2019 in respect of the renewal of non-exempt continuing connected transactions, (ii) the Company’s circular dated July 16, 2018 in respect of a major and connected transaction in relation to the proposed acquisition of Ali JK Nutritional Products Holding Limited and the entering of the framework technical services agreement with the Tmall Entities, and (iii) the Company’s circular dated March 13, 2018 in respect of the renewal of non-exempt continuing connected transactions. These past engagements were limited to providing independent advisory 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

received professional fees from the Company that were in line with market practice. 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 2021 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 2021 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 2021 CCT Agreements. Apart from this standard 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 2021 CCT Agreements or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. LUO Tong, Mr. WONG King On, Samuel, and Ms. HUANG Yifei (Vanessa) has been established to advise the Independent Shareholders as to whether the terms of each of the 2021 CCT Agreements are fair and reasonable, on normal commercial terms or better, as those are 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 2021 CCT Agreements

References are made to (i) the announcements of the Company dated March 28, 2019 in respect of the 2020 Logistics Services Framework Agreement and the announcement of the Company dated November 29, 2019 in respect of the revision of annual cap of the 2020 Logistics Services Framework Agreement; and (ii) the announcement of the Company dated January 30, 2019 and the circular of the Company dated March 13, 2019 in respect of the 2020 Platform Services Framework Agreement and the 2020 Advertising Services Framework Agreement.

Each of the CCT Agreements will expire on or before March 31, 2020 and it is currently expected that the transactions under each of the 2020 Logistics Services Framework Agreement, the 2020 Advertising Services Framework Agreement and the 2020 Platform Services Framework Agreement will continue on similar terms. On February 7, 2020, the Company and its relevant Subsidiaries entered into the 2021 CCT Agreements, each of which has a term commencing from the Effective Date and ending on March 31, 2021.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance and accordingly a connected person of the Company. As Alibaba Holding directly or indirectly Controls or is the ultimate shareholder of each of the members of the AGH Relevant Entities and Alibaba Group, each of the members of the AGH Relevant Entities and Alibaba Group is a connected person of the Company. Further, as Hangzhou Cainiao is an indirectly non wholly-owned Subsidiary of Alibaba Holding, each of the members of Cainiao Group is also a connected person of the Company. The transactions contemplated under each of the 2021 CCT Agreements therefore constitute continuing connected transactions for the Company in accordance with the Listing Rules.

Since one or more of the applicable percentage ratios in respect of each of the annual caps under each of the 2021 CCT Agreements is higher than 5%, the transactions contemplated under each of 2021 CCT Agreements are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Information about the parties

Information on the Company and the Group

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

Information on Alibaba Health (HK)

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

Information on Alibaba Holding and Alibaba Group

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

Information on Hangzhou Cainiao

Hangzhou Cainiao is established in the PRC with limited liability and is an indirect non-wholly-owned Subsidiary of Alibaba Holding. It is primarily engaged in provision of data-driven logistics solutions and a supply chain platform in the PRC to merchants, buyers and other logistics companies. Hangzhou Cainiao is committed to provide merchants and buyers timely and comprehensive logistics services and real-time logistics information.

3. Principal terms of the 2021 CCT Agreements

A summary of the principle terms of each of the 2021 CCT Agreements is set out below.

3.1. 2021 Logistics Services Framework Agreement

Date

February 7, 2020

Parties

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

Duration

Subject to approval by the Independent Shareholders at the SGM, the 2021 Logistics Services Framework Agreement will commence on the Effective Date and end on March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2021 Logistics Services Framework Agreement, Hangzhou Cainiao has agreed that Cainiao Group will provide to the Group the Logistics Services, including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services, storage and delivery supply chain management services and other value-added and logistics services provided by Cainiao Group from time to time. Cainiao Group shall provide the Logistics Services to the Group in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by Cainiao Group from time to time.

Service fees and payment terms

The service fees shall be calculated and settled in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by Cainiao Group from time to time. As at the date of this Circular, the service fees comprise the following:

- (i) storage fees, which are calculated based on the size of the Group's goods stored in Cainiao Group's warehouses and which are payable monthly. The current applicable storage fees are approximately RMB3 to RMB10 per cubic meter for each applicable day;
- (ii) order processing fees, which are calculated according to the number of delivery orders made and are currently payable against each delivery order. The current applicable order processing fees are approximately RMB8 to RMB12 per delivery order;
- (iii) basic service fees, including delivery fees, which are calculated based on the delivery route, size or weight (whichever results in the higher rate) of the Group's goods being delivered by Cainiao Group, and which are payable against each delivery order. The current applicable delivery fees per parcel for overseas delivery range from approximately RMB7 to RMB31 for the first kilogram and approximately RMB2 to RMB9 for each additional kilogram;
- (iv) value-added service fees, depending on the type of value-added services provided, which are calculated based on the quantity of the goods requiring the respective value-added services and are currently payable against each delivery order; and

- (v) disbursement and other incidental costs arising from the Logistics Services, such as tax paid on behalf of the Group by Cainiao Group, which shall be calculated based on the actual amount of disbursement and are currently collected by Cainiao Group against each delivery order.

The service fees (other than the storage fees which are settled monthly and the order processing fees which are settled after each parcel is dispatched from the warehouse) are currently settled immediately against the completion of each delivery order.

Hangzhou Cainiao has undertaken to ensure that the terms under which the Logistics Services are provided to the Group are no less favorable than the terms available to other independent third parties in accordance with the respective standard agreements which are to be applicable to other customers.

3.2. 2021 Platform Services Framework Agreement

Date

February 7, 2020

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 approval by the Independent Shareholders at the SGM, the term of the 2021 Platform Services Framework Agreement will commence from the Effective Date and end on March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2021 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

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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.

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 sales platforms operated by the respective AGH Relevant Entities from time to time. As at the date of this Circular, the service fees comprise the following key components:

- (i) an upfront guarantee deposit designated by the respective AGH Relevant Entities (different amount of annual fee is applicable to different AGH Platforms) (if applicable, currently being RMB300,000 for Tmall and Tmall Global);
- (ii) a standard rebatable annual fee designated by the respective entity of the AGH Relevant Entities (different amount of annual fee is 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, 2020;
- (iii) 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 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

- (iv) payment handling and international delivery fees which include any costs incurred in payment and delivery of the products sold by the Group on the relevant AGH Platforms and platform service fees designated by the respective AGH Relevant Entities which are determined based on the marketing platform selected and the types of platform activities engaged in (if applicable).

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 are consistent with such published rates.

As the technical service fees or other 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 any 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 guarantee deposit shall be payable upon admission to the relevant AGH Platforms.

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 products or services. The settlement of the payment handling and the international delivery fees and the platform service 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 Platforms.

3.3. 2021 Advertising Services Framework Agreement

Date

February 7, 2020

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 approval by the Independent Shareholders at the SGM, the term of the 2021 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2021, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2021 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.

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 date of this Circular, the service fees comprise the following components:

- (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 will 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 RMB5 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 will 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 RMB0.5 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.

Since the service fees charged by Alibaba Group for the Advertising Services are determined 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, which equally apply to other independent third parties customers, the Company considers that the pricing terms under the 2021 Advertising Services Framework Agreement are no less favorable than the general terms available to other independent third parties.

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 control guidelines 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 Logistics Services, the Platform Services and the Advertising Services on a weekly, bi-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.

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As discussed with the management of the Company, the Company will continue to closely monitor the implementation of the 2021 CCT Agreements and take prompt actions to make necessary disclosures 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 2021 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 Hangzhou Cainiao 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 2021 CCT Agreement.

The independent non-executive Directors will review the continuing connected transactions under the 2021 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.

Supervision and monitoring of the annual caps

With respect to the supervision and monitoring of the annual caps of the transactions contemplated under the 2020 CCT Agreements, we have reviewed three individual monthly updates, picked by us on a random basis, in relation to the latest transaction amount under each of the 2020 CCT Agreements which were collected by the finance department of the Company. Since the term of each of the 2020 CCT Agreements is within a twelve-month period, we consider that three individual monthly update samples for each of the 2020 CCT Agreements (collectively, the "**Monthly Update Samples**") are sufficient in conducting our review. For each of the Monthly Update samples, we have followed the Company's internal paper trail and note that: (i) the respective year-to-date transaction amount and the relevant annual cap utilization rate were clearly stated in the respective Monthly Update Samples by the finance department of the Company; (ii) the respective Monthly Update Samples were reported promptly to the Company's legal department and the Chief Financial Officer; (iii) the Company's legal department and the Chief Financial Officer have acknowledged and monitored such monthly update information. As such, 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 2021 CCT Agreements.

Pricing policies

We note that the service fees under: (i) the 2021 Logistics Services Framework Agreement shall be calculated and settled in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by Cainiao Group from time to time; (ii) the 2021 Platform Services Framework Agreement shall be calculated in accordance with the underlying standard agreements and 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; and (iii) the 2021 Advertising Services Framework Agreement 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. These pricing policies are similar to those under the 2020 CCT Agreements.

We note, from the Monthly Update Samples that we collected and reviewed, that the pricing policies are in line with the 2020 CCT Agreements. We note from the Monthly Update Samples that the finance department reviewed the procedures and transactions before payment or receipt confirmation and updated such information to the Company's legal department and the Chief Financial Officer to monitor such transactions. In addition, 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.

4. Reasons for and benefits of entering into the 2021 CCT Agreements

According to our discussions with the management of the Company, the Company's mission is to make good health achievable at the fingertips. The Group has been strengthening the foundation of its pharmaceutical and healthcare businesses and actively planning for future.

In respect of the 2021 Logistics Services Framework Agreement, the Company has been marketing and selling products or services online and requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. In particular, the Group's pharmaceutical self-operated healthcare product and service sales business has been expanding quickly, as demonstrated by the rapid increase of the Group's gross merchandise volume (GMV) from sales through its self-operated online store. By entering into the 2021 Logistics Services Framework

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Agreement, the Group aims to meet the increasing demand for logistics services which is driven by the distribution of healthcare products through the Group's self-operated online stores.

In respect of the 2021 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 order to facilitate product circulation along the healthcare retail chain to offer quality products and services at competitive prices.

In respect of the 2021 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. In particular, the Group intends to offer quality products and services at competitive prices and enhance the turnover of its stock of pharmaceutical and healthcare products. Seeing the positive impact of Alibaba Group's advertising services on the Group's sales, the Group intends to allocate more resources in advertising services provided by Alibaba Group going forward.

As stated in the 2019 Interim Report, the revenue of the Group's pharmaceutical self-operated business increased from approximately RMB1.6 billion for the six months ended September 30, 2018 to approximately RMB3.4 billion for the six months ended September 30, 2019, representing 112.5% year-on-year growth, and maintained strong growth momentum, while the revenue of the Group's pharmaceutical e-commerce platform business increased from approximately RMB225.2 million for the six months ended September 30, 2018 to approximately RMB540 million for the six months ended September 30, 2019, representing 139.8% year-on-year growth, signifying the increasing demands for pharmaceutical e-commerce platform services in China, especially on the Tmall Pharmacy platform.

We note that the Group is primarily engaged in pharmaceutical self-operated business, the operation of pharmaceutical e-commerce platforms and consumer healthcare services platforms, and the provision of tracking services and other innovative services. The Company only commenced its pharmaceutical e-commerce business in September 2016 and has therefore engaged a professional logistics service provider to provide logistics services to ensure smooth and more efficient delivery of healthcare products to its consumers. We note from Cainiao Group's official website¹ that they have cooperated with several of well-known companies including China Post Group Corporation and S.F. Express Co., Ltd. and cover approximately 1,500 cities and counties and has more than 10 million sq.m. storage area. As Hangzhou Cainiao already provides services for many merchants on Alibaba Group's e-commerce

¹ Source: <https://www.cainiao.com>

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platforms, including Tmall, the Company believes that using Hangzhou Cainiao's logistics services provides for more efficient operation of its businesses that operate on such platforms, which in turn enhances the Company's competitiveness in pharmaceutical e-commerce. Therefore, the Renewed Logistics Services Framework Agreement can provide the Group with efficient and reliable logistics services given Hangzhou Cainiao's scale and its existing working relationship with Alibaba Group's e-commerce platforms.

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 2018². 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 2021 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 behavior 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 2021 Advertising Services Framework Agreement.

We have reviewed service fees published on the online sales platforms operated by the Cainiao Group under the Logistics Services Framework Agreement and compared the standard general terms which are applicable to the independent third parties to the terms of the transactions under the Logistics Services Framework Agreement. We note that the service fees received by Hangzhou Cainiao from the Company were on normal commercial terms or terms no less favorable than the general terms available to independent third parties.

We have discussed with the management of the Company and understand that the service fees under the 2021 Platform Services Framework Agreement and the 2021 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 AGH Relevant Entities from time to time. We have reviewed the service fees published on the online sales platforms operated by the respective AGH Relevant 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.

² Source: <http://www.100ec.cn/zt/18wlls/>

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We have discussed with the management of the Company and obtained the Company's relevant internal control guidelines and confirmed that the Company has followed the relevant procedures of its internal control guidelines. In particular, we have reviewed three samples of the services fees payable from the Group under each of the 2020 CCT Agreements with reference to the standard general terms which are applicable to independent third parties and confirmed that the existing transactions under the 2020 CCT Agreements 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 each of the 2020 CCT Agreements.

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 2020 CCT Agreements. We note that the pricing policies and payment standards under each of the 2020 CCT Agreements 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 the transactions given the large number of transactions on Tmall every day, we believe that our randomly selected samples are sufficient for our due diligence purpose as to ascertain the existing transactions under each of the 2020 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 2021 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 2021 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.

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5. Historical amounts and the proposed annual caps under the 2021 CCT Agreements

The historical transaction amounts for the year ended March 31, 2019, the approximate transaction amounts for the ten months ended January 31, 2020 based on the management accounts, the existing annual caps under the 2020 CCT Agreements pursuant to the respective announcements or circular and the proposed annual caps relating to each of the 2021 CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2019 <i>(RMB'000)</i>	Approximate unaudited transaction amount for the ten months ended January 31, 2020 based on management accounts <i>(RMB'000)</i>	Proposed annual caps for the year ended March 31, 2019 <i>(RMB'000)</i>	Existing annual caps for the year ending March 31, 2020 <i>(RMB'000)</i>	Proposed annual caps for the year ending March 31, 2021 <i>(RMB'000)</i>
2021 Logistics Services					
Framework Agreement	52,582	82,069	59,000	120,000	450,000
2021 Platform Services					
Framework Agreement	151,510	218,102	229,000	434,000	651,000
2021 Advertising Services					
Framework Agreement	52,478	153,328	54,000	252,000	500,000

6. Basis for determining the proposed annual cap under the 2021 CCT Agreements

We understand from the management of the Company that the proposed annual cap amount under the 2021 Logistics Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the existing agreement in respect to the Logistics Services, which do not include domestic logistics services; (ii) the expected local and overseas sales of the products for the financial year ending March 31, 2021; (iii) the products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (iv) the potential of the future development of online and offline healthcare products sales business.

The proposed annual cap amount under the 2021 Platform Services Framework Agreement was determined with reference to (i) the historical transaction amount under the existing agreement in respect of the Platform Services; (ii) the expected sales of products and services for the financial year ending March 31, 2021; (iii) the products and services that the Group intends to feature on the AGH Platforms; and (iv) the potential of the future development of healthcare products and services business in the PRC.

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The proposed annual cap amount under the 2021 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the existing agreements in respect of the Advertising Services; (ii) the Group's marketing plans for the financial year ending March 31, 2021; and (iii) the expected marketing needs of the Group's clients for the financial year ending March 31, 2021.

We note that the proposed annual cap amounts under the 2021 CCT Agreements represented an increase of approximately 275.0%, 50.0% and 98.4% in comparison to the existing annual caps under the 2020 Logistics Services Framework Agreement, 2020 Platform Services Framework Agreement and 2020 Advertising Services Framework Agreement, respectively.

In assessing the fairness and reasonableness of the proposed annual cap amount under each of the 2021 CCT Agreements, we have considered the following factors in deriving our opinion.

We understand from the management of the Company that the respective proposed annual cap amount under each of the 2021 CCT Agreements were determined with reference to the historical transaction amounts under the 2020 CCT Agreements. Based on the management accounts of the Company, for the ten months ended January 31, 2020, the transaction amounts incurred under the 2020 Logistic Services Framework Agreement, 2020 Platform Services Framework Agreement and 2020 Advertising Services Framework Agreement reached approximately 68.4%, 50.3% and 60.8% of the annual caps under the 2020 CCT Agreements, respectively. We have conducted an analytical review of the transaction amounts for the ten months ended January 31, 2020 and compared the annualized transaction amounts with the existing annual caps. It is expected that the annualized transaction amounts under the 2020 Logistic Services Framework Agreement, 2020 Platform Services Framework Agreement and 2020 Advertising Services Framework Agreement will reach approximately RMB98,482,800 or 82.1%, approximately RMB261,722,400 or 60.3% and approximately RMB184 million or 73.0% of each of the existing annual caps under the 2020 CCT Agreements, respectively. We further compared the annualized transaction amounts under the 2020 CCT Agreements with the corresponding historical amounts for the year ended March 31, 2019, and we note a significant increase year-on-year of approximately 87.3% for the 2020 Logistic Services Framework Agreement, 72.7% for the Platform Services Framework Agreement and 250.6% for the Advertising Services Framework Agreement.

Apart from the historical transaction amounts, we note that the proposed annual cap amount under: (i) the 2021 Logistic Services Framework Agreement was also determined with reference to the potential of the future development of online and offline healthcare product sales business; and (ii) the 2021 Platform Services Framework Agreement was also determined with reference to the potential of the future development of healthcare products and services business in the PRC.

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According to the Report of Market Prospective and Business Model Innovation on the China Internet Medical Industry (2018–2023)³, the market size for the PRC internet medical industry reached RMB10.9 billion in 2016 and is expected to maintain a compound annual growth rate of 33.6% until 2026 to reach a total market size of approximately RMB200 billion, while pharmaceutical B2C GMV reached RMB20.3 billion in 2016 and is expected to maintain a compound annual growth rate of 41.9% until 2026 to reach a GMV of RMB672.3 billion by 2026.

According to Health Statistics 2019 published by the Organization for Economic Co-operation and Development (“OECD”)⁴, China’s healthcare expenditure as a percentage of GDP in 2018 was 5.0%, as compared to 10.9%, 9.3% and 8.1% for Japan, Australia and Korea respectively. Such low ratio in China as compared to other countries is mainly attributed to the weaknesses of the PRC healthcare services markets including (i) scarcity and uneven distribution of quality medical resources in China; (ii) poor medical service experience for patients; and (iii) expected deficit of social medical insurance. As such, we anticipate the following trends in the PRC healthcare services industry: (i) more private healthcare services; (ii) emerging commercial insurance; and (iii) further development of internet healthcare. Also, in accordance with data released by the National Bureau of Statistics, we observed an upward trend for total health expenditure from RMB3,166.9 billion in 2013 to RMB5,912.2 billion in 2018⁵. As such, we expect the general healthcare products and services market to benefit from further China’s e-commerce expansion.

Moreover, on April 25, 2018, the General Office of the State Council released its opinion letter on the promotion of Internet Plus healthcare development to improve healthcare modernization management, optimize resource distribution, innovate service mode, improve service efficiency, reduce service cost and meet the increasing demand for healthcare products and services.

Finally, on August 26, 2019, the Standing Committee of the National Congress published the Drug Administration Law of the PRC (as amended in 2019) which was implemented on December 31, 2019 and removed certain restrictions on online sale of prescription drugs.

In light of the above, we are of the view that the future development of healthcare products and services business in the PRC, in particular, the online sales of healthcare products services, will maintain rapid growth and will be well supported by government policies.

³ Source: <https://bg.qianzhan.com/report/detail/300/180516-66b8dbd4.html>

⁴ Source: <https://www.oecd-ilibrary.org/docserver/4dd50c09-en.pdf?expires=1580704338&id=id&acname=guest&checksum=CEF42431CE60645291CAE9208884BE36>

⁵ Source: <http://data.stats.gov.cn/english/easyquery.htm?cn=C01>

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We further note that the proposed annual cap amount under: (i) the 2021 Logistic Services Framework Agreement was also determined with reference to the expected sales of the products for the financial year ending March 31, 2021 and the products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (ii) the 2021 Platform Services Framework Agreement was also determined with reference to the expected sales of products and services for the financial year ending March 31, 2021 and the products and services that the Group intends to feature on the AGH Platforms.

We have reviewed the 2019 Interim report and the 2018–2019 Annual Report regarding the Company’s historical performance. During the year ended March 31, 2019 and the six months ended September 30, 2019, the Group expanded rapidly through different business lines and obtained a total revenue growth of 108.6% and 119.1%, respectively. For the same period, the number of active annual customers⁶ of the Group’s self-operated online stores and Tmall Pharmacy platform exceeded 37 million and 160 million, respectively. The historical performance of both businesses has demonstrated an increasing demand for the services provided under the 2021 Logistics Services Framework Agreement and 2021 Platform Services Framework Agreement.

We have obtained the projected figures and assumptions relevant to the 2021 Logistics Services Framework Agreement and the 2021 Platform Services Framework Agreement 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.

With reference to the 2021 Advertising Services Framework Agreement, we note that the proposed annual cap amount was also determined with reference to (i) the Group’s marketing plan for the financial year ending March 31, 2021; and (ii) the expected marketing needs of the Group’s clients for the financial year ending March 31, 2021. 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, 2021. 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, 2021. We have obtained the projected figures and assumptions relevant to the 2021 Advertising Services Framework Agreement from the Company and have reviewed such figures and assumptions, 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.

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.

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In conclusion, we consider the proposed annual cap amount under each of the 2021 CCT Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

In relation to the 2021 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 2021 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 proposed annual cap amount under each of the 2021 CCT Agreements 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 2021 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 cap amounts thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 2021 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 thirteen 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 regards 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 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 interests ⁽¹⁾	9,860,000	0.08%
Mr. WANG Qiang	Beneficial owner and equity derivative interests ⁽²⁾	5,440,194	0.05%
Mr. WU Yongming	Beneficial owner	1,262,000	0.01%
Mr. WANG Lei	Beneficial owner and equity derivative interests ⁽³⁾	10,421,250	0.09%
	Beneficiary of a trust ⁽⁴⁾	3,575,825	0.03%

Notes:

- (1) Subject to vesting, Mr. SHEN Difan is interested in 9,860,000 shares underlying the 8,190,000 options and 1,670,000 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) Mr. WANG Qiang beneficially held 316,194 ordinary shares and subject to vesting, he is interested in 5,124,000 shares underlying the 4,000,000 options and 1,124,000 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 8,346,750 ordinary shares and subject to vesting, he is interested in 2,074,500 shares underlying the 285,250 options and 1,789,250 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.
- (4) It represents 3,575,825 ordinary shares or underlying ordinary shares held by a private trust whereby Mr. WANG Lei and his family are beneficiaries.

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⁾	296,296*	0.00%
Mr. WANG Qiang	Alibaba Holding	Beneficial owner and equity derivative interests ⁽²⁾	18,600*	0.00%
	Intime Retail (Group) Company	Equity derivative interests ⁽³⁾	300,000	0.01%
Mr. WU Yongming	Alibaba Holding	Beneficial owner and interests of spouse ⁽⁴⁾	1,625,736*	0.01%
		Founder of a discretionary trust ⁽⁵⁾	46,509,520*	0.22%
Mr. WANG Lei	Alibaba Holding	Beneficial owner, equity derivative interests and interests of spouse ⁽⁶⁾	1,764,696*	0.01%
		Beneficiary of a trust ⁽⁷⁾	400,000*	0.00%
Mr. XU Hong	Alibaba Holding	Equity derivative interests ⁽⁸⁾	532,000*	0.00%

Notes:

- (1) It represents 137,560* ordinary shares or underlying ordinary shares and 73,000* restricted share units beneficially held by Mr. SHEN Difan and 85,736* ordinary shares or underlying shares and restricted share units held by his spouse.

- (2) It represents 6,600* ordinary shares or underlying ordinary shares and 12,000* restricted share units beneficially held by Mr. WANG Qiang.
- (3) It represents 300,000 ordinary shares underlying 300,000 options beneficially held by Mr. WANG Qiang.
- (4) It represents 25,736* ordinary shares held by Mr. WU Yongming and 1,600,000* ordinary shares held by his spouse.
- (5) It represents 46,509,520* 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 36,136* ordinary shares or underlying ordinary shares and 1,680,000* restricted share units beneficially held by Mr. WANG Lei and 48,560* ordinary shares or underlying ordinary shares and restricted share units held by his spouse.
- (7) It represents 400,000* ordinary shares or underlying ordinary shares held by a private trust whereby Mr. WANG Lei and his family are beneficiaries.
- (8) It represents 532,000* restricted share units beneficially held by Mr. XU Hong.

* Alibaba Holding approved to effect a one-to-eight share subdivision of its ordinary shares (the “**Share Subdivision**”) at the annual general meeting held on July 15, 2019. The Share Subdivision was effective on July 30, 2019. Accordingly, Alibaba Holding has changed its ratio of ordinary shares to American depositary shares (“**ADSs**”) from one ADS representing one ordinary share to one ADS representing eight ordinary shares. The ratio of restricted share units to ordinary shares of Alibaba Holding has also changed from one restricted share unit representing one ordinary share to one restricted share unit representing eight ordinary shares.

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 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

- Mr. XU Hong was the vice president of finance and a special assistant to the chief executive officer 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 the 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, 2019, 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 an 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 solutions, 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.

* For identification purpose only

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

6. CONSENT OF EXPERT

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

Name	Qualification
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, 2019, 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, 2019, 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 2020 CCT Agreements;
- (ii) each of the 2021 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 47 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 Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Monday, March 30, 2020 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 2021 logistics services framework agreement entered into between Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司) and Hangzhou Cainiao Supply Chain Management Co., Ltd* (杭州菜鳥供應鏈管理有限公司) on February 7, 2020, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2021, be and are hereby confirmed, approved and ratified;
2. the 2021 platform services framework agreement entered into between the Company and Alibaba Group Holding Limited (“**Alibaba Holding**”) on February 7, 2020, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2021, be and are hereby confirmed, approved and ratified;
3. the 2021 advertising services framework agreement entered into between the Company and Alibaba Holding on February 7, 2020, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2021, 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 9, 2020

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/her. A proxy needs 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/her own name in the Register of Members of the Company) shall only be entitled to vote by providing his/her instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through his/her 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/her.
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 54, 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.

NOTICE OF SPECIAL GENERAL MEETING

5. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the above meeting will be March 24, 2020. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on March 24, 2020.
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 Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei, (Vanessa).

* *English name for identification purposes only.*