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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)

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

Reference is made to the announcements of the Company dated October 15, 2017 and October 27, 2017 in respect of the Supply Framework Agreement entered into between the Company and Alibaba Singapore, pursuant to which the Company shall procure the Group to supply to Alibaba Group various products including but not limited to healthcare products, nutritional supplements and family planning products for a term commencing on October 15, 2017 and ending on March 31, 2018.

As the Group intends to expand the supply of healthcare products and services to Alibaba Group, the total value of the products to be supplied is expected to be higher than the level that was envisaged at the time of the entry of the agreement. The Directors expect that the Existing Annual Cap under the Supply Framework Agreement for the year ending March 31, 2018 of HK\$10 million will not be sufficient and they now expect the total value of products to be supplied to Alibaba Group by the Group under the Supply Framework Agreement for the year ending March 31, 2018 shall not exceed RMB23 million.

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alibaba Singapore is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Alibaba Singapore is a connected person of the Company and the transactions contemplated under the Supply Framework Agreement will constitute continuing connected transactions of the Company in accordance with the Listing Rules.

In respect of the Revised Annual Cap, since the Company has to re-comply with the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.54(1) of the Listing Rules before the Existing Annual Cap is exceeded and each of the applicable percentage ratios calculated with reference to the Revised Annual Cap is less than 5%, the revision of the Existing Annual Cap under the Supply Framework Agreement is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REVISION OF EXISTING ANNUAL CAP UNDER THE SUPPLY FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated October 15, 2017 and October 27, 2017 in respect of the Supply Framework Agreement. Pursuant to the Supply Framework Agreement, the Group shall supply various products including but not limited to healthcare products, nutritional supplements and family planning products to Alibaba Group for a term commencing on October 15, 2017 and ending on March 31, 2018. The Existing Annual Cap being the total value of products to be supplied to Alibaba Group by the Group under the Supply Framework Agreement, for the aforesaid term is HK\$10 million.

As the Group intends to expand the supply of healthcare products and services to Alibaba Group, the total value of the products to be supplied is expected to be higher than the level that was envisaged at the time of the entry of the agreement. The Directors expect that the Existing Annual Cap under the Supply Framework Agreement for the year ending March 31, 2018 of HK\$10 million will not be sufficient and they now expect the total value of products to be supplied to Alibaba Group by the Group under the Supply Framework Agreement for the year ending March 31, 2018 shall not exceed RMB23 million.

The Board confirms that the Existing Annual Cap for the year ending March 31, 2018 has not yet been exceeded as at the date of this announcement. Save for the Revised Annual Cap, all terms and conditions under the Supply Framework Agreement remain unchanged. The Company will continue to closely monitor the implementation of the

Supply Framework Agreement and take prompt actions to make necessary disclosure and, if necessary, obtain independent shareholders' approval in the event that any further adjustment to the annual cap becomes foreseeable.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts under the Supply Framework Agreement carried out between the Group and Alibaba Group from October 15, 2017 to December 31, 2017 was approximately RMB1.5 million based on the Group's management accounts.

REASONS FOR REVISION OF THE EXISTING ANNUAL CAP

The Group's healthcare products B2B distribution business has been expanding quickly since the date of the Supply Framework Agreement and since the Group commenced such business in 2016. Given the success of the distribution of healthcare products through Alibaba Group's own sales channels, the Group wishes to expand the supply of such healthcare products to Alibaba Group. As such, the total supply price payable by Alibaba Group under the Supply Framework Agreement for the year ending March 31, 2018 is expected to be higher than the level that was envisaged at the time of the entry of the agreement.

Accordingly, the Board considers that the Existing Annual Cap will not be sufficient for the year ending March 31, 2018 and revision of the same will be required.

The Revised Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Supply Framework Agreement from October 15, 2017 to December 31, 2017, (ii) the expected sales of products during the fourth quarter of the financial year ending March 31, 2018, (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 business in China.

The Directors (including the independent non-executive Directors) consider that the Revised Annual Cap is fair and reasonable and in the interests of the Group and the shareholders as a whole.

LISTING RULES IMPLICATIONS

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance and Alibaba Singapore is an indirect wholly-owned Subsidiary of Alibaba Holding. Accordingly, Alibaba Singapore is a connected person of the Company and the transactions contemplated under the Supply Framework Agreement will constitute continuing connected transactions of the Company in accordance with the Listing Rules.

In respect of the Revised Annual Cap under the Supply Framework Agreement, as each of the applicable percentage ratios calculated with reference to the Revised Annual Cap in respect of the Supply Framework Agreement is less than 5%, the Revised Annual Cap

is subject to the reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Supply Framework Agreement, including any revision of the annual cap thereof, was previously approved by the Board, as disclosed in the announcement of the Company dated October 15, 2017. As Mr. WU Yongming and Mr. KANG Kai are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the Supply Framework Agreement. Accordingly, they abstained from voting on the resolution passed by the Board to approve the Supply Framework Agreement, including any revision of the annual cap thereof. As Ms. ZHANG Yu had not been appointed as a Director on the date the Board voted on the Supply Framework Agreement, including any revision of the annual cap thereof, she did not vote on the aforesaid resolution. Other than the aforesaid Directors, no other Directors have a material interest in the aforesaid agreement or are required to abstain from voting on the resolution of the Board approving the Supply Framework Agreement, including any revision of the annual cap thereof.

PRINCIPAL ACTIVITIES OF THE COMPANY AND ALIBABA SINGAPORE

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

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

DEFINITIONS

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| “Alibaba Group” | the group of companies comprising Alibaba Singapore and its affiliates, for the purpose of this announcement, excluding the Group |
| “Alibaba Holding” | Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange |

“Alibaba Singapore”	ALIBABA.COM SINGAPORE E-COMMERCE PRIVATE LIMITED, a company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding
“Board”	the board of directors of the Company
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 00241)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	member(s) of the Board
“Existing Annual Cap”	the existing annual cap being HK\$10 million under the Supply Framework Agreement
“Group”	the Company and each of its Subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“PRC”	the People’s Republic of China
“Revised Annual Cap”	the revised annual cap being RMB23 million under the Supply Framework Agreement
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01

“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“Supply Framework Agreement”	the agreement dated October 15, 2017 entered into between the Company and Alibaba Singapore
“%”	per cent

By Order of the Board
Alibaba Health Information Technology Limited
WANG Lei
Chief Executive Officer and Executive Director

Hong Kong, January 10, 2018

As at the date of this announcement, the Board comprises seven Directors, of whom (i) one is an executive Director, namely Mr. WANG Lei; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. KANG Kai and Ms. ZHANG Yu; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.