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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
LEASE AGREEMENT**

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The Board announces that, in order to enable better deployment and sharing of resources with Alibaba Group, Alibaba Health Technology (China) and Taobao Software entered into the Lease Agreement on April 15, 2019, pursuant to which Alibaba Health Technology (China) agreed to sublet the Premises to Taobao Software for a term commencing from April 15, 2019 to March 31, 2021 at a monthly rent of approximately RMB774,000 (inclusive of tax).

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 Taobao Software is a member of Alibaba Group. Accordingly, Taobao Software is a connected person of the Company.

Since each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the annual caps in respect of the Lease Agreement is less than 5%, the transactions contemplated under the Lease Agreement constitute continuing connected transactions and are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that, in order to enable better deployment and sharing of resources with Alibaba Group, Alibaba Health Technology (China) and Taobao Software entered into the Lease Agreement on April 15, 2019, pursuant to which Alibaba Health Technology (China) agreed to sublet the Premises to Taobao Software for a term commencing from April 15, 2019 to March 31, 2021 at a monthly rent of approximately RMB776,000 (inclusive of tax).

LEASE AGREEMENT

The principal terms of the Lease Agreement are set out below.

Date	:	April 15, 2019
Parties	:	(1) Alibaba Health Technology (China), as sublessor (2) Taobao Software, as sublessee
Premises	:	23rd floor, Building No. 11, 4th District, Wangjing East Park, Chaoyang District, Beijing, PRC
Lease term	:	April 15, 2019 to March 31, 2021 (both dates inclusive)
Rent	:	A monthly rent of approximately RMB776,000 (inclusive of tax), payable by Taobao Software every six (6) months in advance, except for the first rental payment in the amount of approximately RMB4,656,000 (inclusive of tax) for the rental period from June 1, 2019 to November 30, 2019 (“ First Rental Payment ”), which shall be paid within 15 business days upon signing of the Lease Agreement
Property management service fee	:	A monthly property management service fee of approximately RMB56,000 (inclusive of tax)

The property management service fees for the rental period from June 1, 2019 to December 31, 2019 in the amount of approximately RMB392,000 (inclusive of tax) (“**First Management Service Fee**”) had been prepaid by Alibaba Health Technology (China) to the property manager of the Premises. Taobao Software shall pay the First Management Service Fee to Alibaba Health Technology (China) at the same time when the First Rental Payment is made

Taobao Software shall pay the relevant property management service fees to the property manager of the Premises directly commencing from January 1, 2020

- Rent-free period : April 15, 2019 to May 31, 2019
- Deposit : A total deposit of approximately RMB2,328,000 payable by Taobao Software to Alibaba Health Technology (China) (equivalent to three (3) months' rent (inclusive of tax))
- Termination : Taobao Software is entitled to terminate the Lease Agreement by giving three (3) months' notice to Alibaba Health Technology (China), provided that the rental payment for a period of 18 months has been fully settled by Taobao Software

ANNUAL CAPS UNDER THE LEASE AGREEMENT

There was no historical transaction between the Group and Taobao Software in relation to the leasing of the Premises. According to the accounting policy of the Group, the total rental income (inclusive of tax) under the Lease Agreement shall be recognized on a pro-rata basis throughout the term of the Lease Agreement. As such, the total annual sum to be received by the Group under the Lease Agreement for the years ending March 31, 2020 and March 31, 2021 is expected to be no more than RMB8,747,000 (inclusive of the First Management Service Fee advanced by Alibaba Health Technology (China) and be repaid by Taobao Software) and RMB8,717,000, respectively.

The terms of the Lease Agreement (including the rent) were determined after arm's length negotiations between the parties, with reference to the actual rental and property management service fees being charged by the landlord pursuant to the agreed terms of the head lease that Alibaba Health Technology (China) entered into with the landlord and the prevailing market rates, namely the rent payable by Independent Third Parties for leasing comparable properties at similar location.

The Directors (including the independent non-executive Directors) consider that the annual caps under the Lease Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

By entering into the Lease Agreement, the Group agreed to sublet the Premises at market rates to Taobao Software in order to enable better deployment and sharing of resources with Alibaba Group. Taobao Software intends to use the Premises as office for carrying out its business operations.

Having reviewed the terms of the Lease Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Agreement and the relevant annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the Lease Agreement is in the ordinary and usual course of business of the Group and is in the interest of the Company and its Shareholders as a whole.

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The Lease Agreement was approved by the Board. As Mr. WU Yongming, Mr. WANG Lei and Ms. ZHANG Yu are employees of Alibaba Holding or its subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the Lease Agreement.

INFORMATION ON THE COMPANY AND ALIBABA HEALTH TECHNOLOGY (CHINA)

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is 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 are pharmaceutical e-commerce, Internet-based medical services, consumer healthcare services and intelligent medicine services.

Alibaba Health Technology (China) is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company which is primarily engaged in the provision of technical services related to Internet-based medical services, pharmaceutical e-commerce, intelligent medicine and tracking services.

INFORMATION ON ALIBABA HOLDING, ALIBABA GROUP AND TAobao SOFTWARE

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

Taobao Software, being a company established in the PRC with limited liability, is an indirect wholly-owned subsidiary of Alibaba Holding which is principally engaged in software development, technical services and consultation.

DEFINITION

“Alibaba Group”	the group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Health Technology (China)”	Alibaba Health Technology (China) Co., Ltd.* (阿里健康科技(中國)有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands and the American depositary shares of which are listed on the New York Stock Exchange (Stock Code: BABA)
“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 and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected persons”	has the meaning ascribed to it is under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a party or parties that is or are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive, substantial shareholders of the Company, our subsidiaries or any of their respective associates

“Lease Agreement”	the agreement dated April 15, 2019 entered into between Alibaba Health Technology (China) and Taobao Software
“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 wholly-owned subsidiary of Alibaba Holding
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	the premises located at 23rd floor, Building No. 11, 4th District, Wangjing East Park, Chaoyang District, Beijing, PRC, with an area of approximately 2,100 square metres, which is the subject premises of the Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules

“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

“%” per cent.

* For identification purpose only

For and on behalf of the Board
Alibaba Health Information Technology Limited
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, April 15, 2019

As at the date of this announcement, the Board comprises seven Directors, of which (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, Ms. ZHANG Yu; and (iii) two are independent non-executive Directors, namely Mr. LUO Tong and Mr. WONG King On, Samuel.