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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)

REVISION OF ANNUAL CAPS OF 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 23 to 24 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 25 to 47 of this circular.

A notice convening the SGM to be held at Units 2302–2305, 23/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Friday, January 26, 2018 at 10:30 a.m. is set out on pages 53 to 55 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

January 10, 2018

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DEFINITIONS

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

“AGH Contracting Parties”	Alibaba.com China and Taobao China
“AGH Platforms”	the platforms operated by the AGH Relevant Entities, including but not limited to Tmall and Tmall Global
“AGH Relevant Entities”	Alibaba Technology, Hangzhou Alibaba Advertising, Taobao China, the Tmall Entities and their respective affiliates, collectively
“Alibaba.com China”	Alibaba.com China Limited (阿里巴巴網絡中國有限公司), a limited liability company incorporated in Hong Kong 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 Health Technology (China)”	Alibaba Health Technology (China) Co., Ltd.* (阿里健康科技(中國)有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, and the American depositary shares of which are listed on the New York Stock Exchange
“Alibaba Technology”	Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding
“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”	Cainiao Smart Logistics and its Subsidiaries
“Cainiao Smart Logistics”	Cainiao Smart Logistics Network Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of Zhejiang Cainiao

DEFINITIONS

“CCT Agreements”	the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (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
“Director(s)”	member(s) of the Board
“Existing Annual Caps”	the existing annual cap amounts approved for each of the CCT Agreements
“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 incorporated in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, being the independent non-executive Directors, established to advise the Independent Shareholders on the Revised Annual Caps

DEFINITIONS

“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, a corporation licensed under the Securities and Futures Ordinance to provide Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Revised Annual Caps
“Independent Shareholders”	the Shareholders of the Company, other than (i) Alibaba Holding and its associates, including Perfect Advance and Ali JK; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Revised Annual Caps
“Latest Practicable Date”	January 5, 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics Services”	the logistics services provided under the Logistics Services Framework Agreement
“Logistics Services Framework Agreement”	the agreement dated June 28, 2017 entered into between the Company and Zhejiang Cainiao in relation to the provision of the Logistics Services by Cainiao Group to the Group
“Merchant”	a legal entity which conducts sale of products or provision of services on Tmall
“Merchant Services”	the services provided by the Group under the Services Agreement
“mobile MAUs”	the number of unique mobile devices that were used to visit or access certain mobile applications at least once during a given month
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Platform Services”	the services provided under the Services Framework Agreement
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Relevant Categories”	certain product categories or services offered in the Tmall Pharmaceutical and Healthcare e-Commerce Business, namely over-the-counter drugs, refined Chinese medicines such as Chinese medicinal drinks, medical devices such as blood pressure monitors and glucose meters, contact lenses and solutions, sexual health and family planning products such as condoms and sex toys, prescription drugs and medical services such as packages for dental services, health check-up services, nutritional management and genetic testing etc., which, for the avoidance of doubt, excludes all categories of products or services sold on or through Tmall Global
“Revised AGH Annual Cap”	the revised annual cap for the service fees payable by the Group for the year ending March 31, 2018 under the Services Framework Agreement
“Revised Annual Caps”	the Revised AGH Annual Cap, the Revised Tmall Annual Cap and the Revised Logistics Annual Cap
“Revised Logistics Annual Cap”	the revised annual cap for the service fees payable by the Group for the year ending March 31, 2018 under the Logistics Services Framework Agreement
“Revised Tmall Annual Cap”	the revised annual cap for the service fees payable to the Group for the year ending March 31, 2018 under the Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Services Agreement”	the agreement dated March 10, 2017 entered into between Alibaba Health Technology (China) and the Tmall Entities in relation to the provision of the Merchant Services by Alibaba Health Technology (China) to the Tmall Entities
“Services Framework Agreement”	the agreement dated December 31, 2016 entered into between the Company and the AGH Contracting Parties in relation to the provision of the Platform Services by the AGH Relevant Entities to the Group
“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 on January 26, 2018 for the Independent Shareholders to consider, and vote on each of the Revised Annual Caps
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Shares”	ordinary shares in the issued capital of the Company with a nominal value of HK\$0.01
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	includes, in relation to any person: (i) any company or business entity of which that person owns or Controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Tmall”	a third party online platform for brands and retailers operated by Alibaba Group under the domain name Tmall.com (or such other URLs as may be used by Tmall, including but not limited to URLs used for internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall)
“Tmall Entities”	Tmall Technology and Tmall Network, collectively
“Tmall Global”	the third party online transaction platform for brands and retailers operated by Alibaba Group under the domain name Tmall.hk (or such other URLs as may be used by Tmall Global, including but not limited to URLs used for internet on personal computers or mobile devices, as amended from time to time based on the business needs of Tmall Global)

DEFINITIONS

“Tmall Network”	Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), a company incorporated under the laws of the PRC and ultimately Controlled by Alibaba Holding
“Tmall Pharmaceutical and Healthcare e-Commerce Business”	the pharmaceutical and healthcare products and services e-commerce business of Tmall
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding
“Zhejiang Cainiao”	Zhejiang Cainiao Supply Chain Management Co., Ltd.* (浙江菜鳥供應鏈管理有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“%”	per cent

* *English name for identification purpose only.*



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

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

Executive Director:

Mr. WANG Lei (*Chief Executive Officer*)

Non-executive Directors:

Mr. WU Yongming (*Chairman*)

Mr. KANG Kai

Ms. ZHANG Yu

Independent Non-executive Directors:

Mr. YAN Xuan

Mr. LUO Tong

Mr. WONG King On, Samuel

Registered Office:

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Hong Kong

January 10, 2018

**REVISION OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS**

1. INTRODUCTION

We refer to the announcement of the Company dated November 21, 2017 in relation to the Revised Annual Caps.

The purpose of this circular is to provide you with, among other things, (i) further details relating the Revised Annual Caps; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) notice of the SGM.

LETTER FROM THE BOARD

2. REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

2.1 Background

References are made to (i) the announcement of the Company dated January 3, 2017 and the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, (ii) the announcement of the Company dated March 10, 2017 and the circular of the Company dated March 14, 2017 in respect of the Services Agreement, and (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement.

Pursuant to the Services Framework Agreement, the AGH Contracting Parties have agreed that the AGH Relevant Entities will provide to the Group the Platform Services relating to the Group's use of various online platforms operated by the AGH Relevant Entities to sell various healthcare-related products and services to consumers and businesses. Pursuant to the Services Agreement, Alibaba Health Technology (China) has agreed to provide the Merchant Services in relation to the Relevant Categories to the Tmall Entities. Pursuant to the Logistics Services Framework Agreement, Zhejiang Cainiao has agreed that the Cainiao Group will provide to the Group the Logistics Services in relation to the delivery of the Group's products to its customers.

The Existing Annual Caps for the year ending March 31, 2018 for each of the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement, is RMB60 million, RMB110 million and RMB23 million, respectively. As the sales of the Group's products on the AGH Platforms and the sales of the Merchants on Tmall performed better than the Company's projections leading to an increase in demand of the services under the CCT Agreements, the Directors expect that the Existing Annual Caps for the continuing connected transactions contemplated under each of the CCT Agreements for the year ending March 31, 2018 will not be sufficient and propose the same to be revised. The Board confirms that each of the Existing Annual Caps for the year ending March 31, 2018 under each of the CCT Agreements has not yet been exceeded as at the Latest Practicable Date. Save for the Revised Annual Caps, all terms and conditions under the CCT Agreements remain unchanged.

2.2 Principal terms of the CCT Agreements

A summary of the key terms of each CCT Agreement is set out below. For details, please refer to (i) the announcement of the Company dated January 3, 2017 and the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, (ii) the announcement of the Company dated March 10, 2017 and the circular of the Company dated March 14, 2017 in respect of the Services Agreement, and (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement.

2.2.1 Services Framework Agreement

Date

December 31, 2016

Parties

- (1) The Company (for itself and on behalf of its Subsidiaries)
- (2) The AGH Contracting Parties (for themselves and on behalf of their Subsidiaries)

Duration

The Services Framework Agreement commenced from March 11, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Services Framework Agreement, the AGH Contracting Parties have agreed that the AGH Relevant Entities will provide to the Group the Services including but not limited to the internet information related software technical services, bonus points system related software technical services, internet information services, secondary domain name services, other related platform services, and other similar or related services. These services relate to the Group's use of various online platforms operated by Alibaba Group, including but not limited to Tmall and Tmall Global, to sell healthcare-related products and services to consumers and businesses.

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

- (i) a standard rebatable annual fee designated by the relevant entity of the AGH Relevant Entities (different annual fees are applicable to different categories of products/services) (if applicable), currently being RMB30,000 per Tmall storefront and RMB60,000 per Tmall Global storefront for the year ended December 31, 2017; and
- (ii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group on the online sales platforms operated by the AGH Relevant Entities. Currently, the products and services sold by the Group at the Tmall and Tmall Global storefronts are subject to a fee rate ranging from 2.5% to 4%.

The technical service fees are determined by the fee rate applicable to the categories of the products or services sold by the Group, with reference to the fee tables published on the respective online sale platforms from time to time. Currently, the products mainly sold by the Group are categorised into the personal care products, over-the-counter drugs and cosmetics products; which are subject to the fee rate of 2.5%, 3% and 4%, respectively, under the current fee tables. The fee tables published on the respective online sale platforms are subject to adjustment and will usually be revised annually by the AGH Relevant Entities. As at the Latest Practicable Date, the Group is in the process of negotiating with the AGH Relevant Entities on the possibility of a rebate arrangement in the event that the total transaction amounts can meet certain thresholds.

The AGH Relevant Entities will ensure that the terms under which the 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, the Company will regularly check that the rates that it is charged is consistent with such published rates.

As the fee rate of the technical service fee under the fee table to be charged for the sale of products and services is subject to change by the AGH Relevant Entities and is beyond the Group's control, the Company will seek Independent Shareholders' approval in the event that there is material

LETTER FROM THE BOARD

change to the terms of the service fees including a material increase of the fee rate applicable to the products and services sold by the Group, as amended from time to time.

The designated annual fees will be settled at the beginning of each calendar year and the technical service fees will be settled immediately after the sale.

2.2.2 Services Agreement

Date

March 10, 2017

Parties

- (1) The Tmall Entities
- (2) Alibaba Health Technology (China)

Duration

The terms of the Services Agreement commenced from March 31, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms of the Services Agreement.

Termination events

The Services Agreement shall automatically terminate upon the occurrence of any of the following events:

- (i) if any party is ordered or judged to be bankrupt, comes under receivership or enters into any plan or settlement proposal with its creditors or makes any transfer in the interests of its creditors;
- (ii) if the assets of any party are nationalized or requisitioned by any government or government department;
- (iii) if Alibaba Holding directly or indirectly holds less than 30% of the total issued share capital of the Company or ceases to be a “controlling shareholder” (as defined in the Listing Rules) of the Company; or
- (iv) if the monetary cap is exceeded during the term of the Services Agreement.

LETTER FROM THE BOARD

In the event of any dispute on the service fee that is not resolved within 60 days, either the Tmall Entities or Alibaba Health Technology (China) may terminate the Services Agreement by giving the other party/parties written notice of no less than 30 days.

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

Both Alibaba Health Technology (China) and the Tmall Entities shall also have the right to terminate the Services Agreement by giving the other party/parties a written notice of no less than 30 days.

Services to be provided

Pursuant to the terms of the Services Agreement, Alibaba Health Technology (China) agrees to provide the Tmall Entities with the following outsourced and value-added services in relation to the Relevant Categories:

- (i) Merchants' business development, including tracking market trends and policy updates. For example, the Group will update Merchants on any policy changes and provide analysis of how such changes might impact Merchants' business, and on trends to help Merchants identify opportunities or areas to focus on in their business;
- (ii) Merchant customer services, including providing helpline support for Merchants on the process of admission to Tmall and general operational questions; assisting Merchants in optimizing searches for their products through their product information display, collating and analyzing consumer behavior data, updating Merchants on any new business rules, upcoming marketing activities, business risks, as well as collecting feedback and suggestions from Merchants to improve overall services to Merchants. For example, the Group will assist Merchants to optimize searches for their products through using more intuitive or popular key words of product functions in the product names, increase cross-selling opportunities by analysing overall customer purchase trends and making customized recommendations to consumers and increase repeat custom by recommending certain promotions for repeat purchases. As part of the store design services, the Group can also provide tailored suggestions such as how to use banner designs to drive brand recognition, better placement of the latest promotions on the storefront to increase user clicks, and tab design based on functionality and to emphasize brand recognition;

LETTER FROM THE BOARD

- (iii) marketing event planning for Merchants, including planning and organizing marketing events for Merchants, organizing Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis. For example, the Group will plan special marketing events around certain themes such as around hot and cold seasons, or at the same time as specific awareness days such as World Cancer Day or World Diabetes Day, as well as conduct consumer data analysis to provide feedback on the performance of the sales of products or services which Merchants have selected to participate in the marketing events as well as the amount of resultant traffic to the Merchants' stores;
- (iv) technical support, including providing technical support on product information display and store design, transaction completion processes, the use of payment tools, consumer service tools (such as the use of chat windows or complaints forms); and
- (v) assistance to the Tmall Entities' business team with Tmall Entities':
 - (a) Merchant admissions;
 - (b) Merchants' business operations;
 - (c) Merchant management; and
 - (d) product quality control functions, including assisting with formulating rules that govern Merchants' operation, reviewing documents required for Merchants' admission and formulating and implementing quality control rules and conducting regular inspections.

The Tmall Entities will continue to have primary responsibility for all work and business decisions pertaining to the Merchant admissions, Merchants' business operations and product quality control functions, including signing and reviewing contracts with Merchants, reviewing product information and images displayed by the Merchants and providing the technology infrastructure, and Alibaba Health Technology (China) agrees to assist with, and execute business decisions made by, the Tmall Entities.

Service fees and payment terms

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

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

2.2.3 Logistics Services Framework Agreement

Date

June 28, 2017

Parties

- (1) The Company (for itself and on behalf of its subsidiaries)
- (2) Zhejiang Cainiao (for itself and on behalf of its affiliates)

Duration

The term of the Logistics Services Framework Agreement commenced from April 1, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Logistics Services Framework Agreement, Zhejiang Cainiao has agreed that the 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 and other value-added and logistics services provided by the Cainiao Group from time to time. The 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 the Cainiao Group from time to time.

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by the 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 and the turnover of the goods stored at the warehouse of the Group's goods stored in the Cainiao Group's warehouses and which are payable monthly. As at the Latest Practicable Date, the applicable storage fees are approximately RMB10 per cubic meter for each applicable day;

LETTER FROM THE BOARD

- (ii) basic service fees, including delivery fees, which are calculated based on the size or the weight (whichever results in the higher rate) of the Group's goods being delivered by the Cainiao Group, and which are payable against each delivery order. As at the Latest Practicable Date, the applicable delivery fees per each parcel for overseas delivery range from approximately RMB20 to RMB55 for first kilogram and approximately RMB5 to RMB24 for each additional kilogram;
- (iii) 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 payable against each delivery order; and
- (iv) disbursement and other incidental costs arising from the Logistics Services such as tax paid on behalf of the Group by the Cainiao Group, which shall be calculated based on the actual amount of disbursement and collected by the Cainiao Group against each delivery order.

The services fees (other than the storage fees which are settled monthly) shall be settled immediately against the completion of each delivery order.

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

LETTER FROM THE BOARD

2.3 Historical Amounts and Revised Annual Caps and Basis for Determining the Revised Annual Caps

The historical transaction amounts for the year ended March 31, 2017, the approximate transaction amounts for the eight months ended November 30, 2017 based on the management accounts, the Existing Annual Caps pursuant to the respective announcements or circular and the proposed Revised Annual Caps relating to each of the CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2017 (RMB)	Approximate unaudited transaction amounts for the eight months ended November 30, 2017 based on management accounts (RMB)	Existing Annual Caps for the year ending March 31, 2018 (RMB)	Proposed Revised Annual Caps for the year ending March 31, 2018 (RMB)
Services Framework Agreement	12,653,000	49,818,000	60,000,000	80,000,000
Services Agreement	42,301,000	79,030,000	110,000,000	130,000,000
Logistics Services Framework Agreement	957,000	16,633,000	23,000,000	26,000,000

The Revised AGH Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Services Framework Agreement for the eight months ended November 30, 2017, (ii) the increase in the sales of products by the Group as a result of the “Singles Day” promotion period, (iii) the expected sales of products during the fourth quarter of the financial year, (iv) the products and services that the Group intends to feature on the AGH Relevant Entities’ platforms, and (v) the potential of the future development of online healthcare products and services business in China.

Similarly, the Revised Logistics Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Logistics Service Framework Agreement for the eight months ended November 30, 2017, (ii) the increase in the sales of products leading to increase in demand for Logistics Services by the Group as a result of the “Singles Day” promotion period, (iii) the expected sales of the products during the fourth quarter of the financial year, (iv) the products and services that the Group intends to feature on the AGH Relevant Entities’ platforms, and (v) the potential of the future development of online healthcare products and services business in China.

LETTER FROM THE BOARD

The Revised Tmall Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Services Agreement for the eight months ended November 30, 2017, (ii) the increase in the sales of products by the Merchants as a result of the “Singles Day” promotion period leading to an increase in the fees expected to be payable to the Group by the Tmall Entities, (iii) the Company’s adjusted projections for the Relevant Categories based on projections for the growth of the corresponding business and the overall healthcare market in China, and taking into account the expected sales of the products for the Relevant Categories by the Merchants during the fourth quarter of the financial year, as well as the Company’s marketing plans in relation to enhancing the services that the Company seeks to continue providing for the pharmaceutical and healthcare products and services e-commerce business of Tmall.

The Directors, including the independent non-executive Directors, consider that the Revised Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

2.4 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 CCT Agreements. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding services fees incurred on the Platform Services, the Logistics Services and the Merchant Services on a weekly, bi-weekly and bi-weekly 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 CCT Agreements and take prompt actions to make necessary disclosure and obtain Independent Shareholders’ approval in the event that any further adjustment to an annual cap becomes foreseeable.

The Company’s external auditors will review the continuing connected transactions under each CCT Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. The AGH Contracting Parties and the Tmall Entities have 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 Services Framework Agreement and the Services Agreement, respectively.

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

LETTER FROM THE BOARD

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.

2.5 Information about the Company

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

2.6 Information about the AGH Contracting Parties

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of GMV in the twelve months ended March 31, 2017 on the basis of publicly available comparable transaction value data for the most recent fiscal year. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of the Internet to engage with their users and customers.

Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

2.7 Information about the Tmall Entities

Tmall Network is a company incorporated under the laws of the PRC and an indirect Subsidiary of Alibaba Holding, which is principally engaged in the operation of Tmall. Tmall Technology is a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding, which is principally engaged in the provision of software and technology services for Tmall.

Tmall was launched by Alibaba Group in 2008 as an online platform featuring brands and retailers with each seller having a uniquely identifiable online storefront. Tmall caters to online and mobile consumers looking for branded products and a premium shopping experience. It is a trusted platform for consumers to buy both homegrown and international branded products and products that are not available in traditional retail outlets. Brands and retailers operate their own stores on the Tmall platform with unique brand identities and look and feel, accompanied by full control over their own branding and merchandising. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Alibaba Group operates its China retail marketplaces comprising Taobao Marketplace, a mobile

LETTER FROM THE BOARD

commerce destination, and Tmall, a B2C platform. Alibaba Group's China retail marketplaces had approximately 488 million annual active consumers (formerly annual active buyers) in the 12 months ended September 30, 2017. In the month ended September 30, 2017, the various mobile apps that consumers use to access Alibaba Group's China retail marketplaces had approximately 549 million mobile MAUs.

2.8 Information about Zhejiang Cainiao

Zhejiang Cainiao is incorporated in the PRC with limited liability and is an indirectly 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. Zhejiang Cainiao is committed to provide merchants and buyers timely and comprehensive logistics services and real-time logistics information.

2.9 Reasons for entering into the CCT Agreements

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market. In respect of the 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.

Similarly, in respect of the Logistics Services Framework Agreement, as the Company has been marketing and selling products or services online, it requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. Accordingly, the Company entered into the Logistics Services Framework Agreement with Zhejiang Cainiao, which is a well-established domestic and international logistics service provider, to provide efficient and reliable logistics solutions to deliver its products to its customers.

In respect of the Services Agreement, the Merchant Services remain within the existing skill set of the Group given that it has been developing its own website, mobile APP, O2O pharmacy business and cloud hospital. The service fees received under the Services Agreement will be one of the steady growing sources of revenue for Alibaba Health. Together with the rapid growth of Alibaba Health's self-operated B2C online pharmacy and Ma Shang Fang Xin tracking platform core businesses, as well as given the potential of such innovative new businesses as intelligent healthcare and health management services, the Merchant Services provided under the Services Agreement serves as another source of revenue of the Group.

As previously disclosed, the Directors (including the independent non-executive Directors) consider that the transactions under the CCT Agreements have been and will continue to be conducted in the ordinary and usual course of business of the Group, and that the terms of the CCT Agreements have been are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

2.10 Reasons and Benefits for the Revision of the Annual Caps

The Group's healthcare products and services sales business has performed well and there has been a rapid increase in the Group's sales of healthcare products and services on the AGH Platforms during the year, particularly during the recent "Singles Day" promotional period. This has led to a rapid increase in the service fees payable to Alibaba Group for the Platform Services and in service fees payable to Cainiao Group for the Logistics Services. As such, the service fees payable under the Services Framework Agreement and the Logistics Services Framework Agreement for the year ending March 31, 2018 are expected to be higher than the levels that were envisaged at the time of the entry of the respective agreements.

Similarly, the sales performance of the Merchants on Tmall has improved following the provision of the Merchant Services provided by the Group to the Tmall Entities and there was also significant growth in sales during the "Singles Day" promotional period. As a result, the service fees payable to Alibaba Health Technology (China) under the Services Agreement for the year ending March 31, 2018 are expected to be higher than the level that was envisaged at the time of the entry of the Services Agreement.

The Company considers it to be in the commercial interests of the Group to revise the Existing Annual Caps (i) for the Services Framework Agreement and the Logistics Services Framework Agreement which in turn allows the Group to generate more revenue from the sales transactions processed on the AGH Platforms and (ii) for the Services Agreement which allows the Group to generate more income from the stronger-than-expected growth of the sales of products or services under the Relevant Categories, which may also be contributed to the Group's provision of the merchant services to the Tmall Entities, respectively.

Accordingly, the Board considers that each of the Existing Annual Caps will not be sufficient for the year ending March 31, 2018 and revision of the same will be required and such revision are in the best interest of the Company and its Shareholders as a whole.

2.11 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. As Alibaba Holding Controls each of the AGH Relevant Entities, each of the AGH Relevant Entities is a connected person of the Company. As Zhejiang Cainiao is an indirectly non-wholly-owned subsidiary of Alibaba Holding, each of the members of the Cainiao Group is also a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Tmall Technology and Controls Tmall Network. Accordingly, the Tmall Entities are also connected persons of the Group.

Accordingly, each of the CCT Agreements constitutes continuing connected transactions under Chapter 14A of the Listing Rules. Since the Company has to comply with the reporting, announcement, annual review and Independent

LETTER FROM THE BOARD

Shareholders' approval requirements pursuant to Rule 14A.54(1) of the Listing Rules before the Existing Annual Caps are exceeded and one or more of the applicable percentage ratios in respect of each of the Revised Annual Caps for the CCT Agreements for the year ending March 31, 2018 is/are higher than 5%, the approval of each of the Revised Annual Caps is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the Revised Annual Caps. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on this matter.

As disclosed in the announcement of the Company dated December 29, 2017, (i) Ms. ZHANG Yu has been appointed as a non-executive Director of the Company; and (ii) Mr. TSAI Chung, Joseph and Ms. HUANG Aizhu have resigned as the non-executive Directors of the Company, with effect from December 29, 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 each of the CCT Agreements. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the Revised Annual Caps. As Ms. ZHANG Yu had not been appointed as a Director on the date the Board voted on the resolutions for each of the CCT Agreements and the Revised Annual Caps, she did not vote on the aforesaid resolutions. Other than the aforesaid Directors, no other Directors have a material interest in the CCT Agreements or are required to abstain from voting on the resolutions of the Board approving the Revised Annual Caps.

2.12 Independent Board Committee and Independent Financial Adviser

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the approval for the Revised Annual Caps. 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 Revised Annual Caps 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 23 to 24 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 47 of this circular.

LETTER FROM THE BOARD

3. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the proposed resolutions set out in the notice of the SGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the proposed resolutions.

4. GENERAL

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

5. SGM AND PROXY ARRANGEMENT

To comply with Rule 14A.36 of the Listing Rules, the Company will convene the SGM to seek Independent Shareholders' approval for the Revised Annual Caps. Any Shareholder with a material interest in the Revised Annual Caps and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, each of Perfect Advance and Ali JK holds a total of 4,420,628,008 Shares and 1,629,925,000 Shares respectively, representing approximately 44.97% and 16.58%, respectively of the issued share capital of the Company. Each of Perfect Advance and Ali JK and their associates, shall abstain from voting in relation to the ordinary resolutions to be put forward at the SGM for the purpose of approving the Revised Annual Caps.

Apart from the above, none of the Shareholders has a material interest in the Revised Annual Caps, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the same.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the SGM.

An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding 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.

By Order of the Board

WANG Lei

Chief Executive Officer and Executive Director



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
阿里健康信息技术有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 00241)

January 10, 2018

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated January 10, 2018 (the “**Circular**”) 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 the Revised Annual Caps, whether Revised Annual Caps 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 the Revised Annual Caps, 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 Revised Annual Caps 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 23 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
- (b) the letter from the Independent Financial Adviser set out on pages 25 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the advice from the Independent Financial Adviser, we are of the view that (i) the continuing connected transactions under each of the CCT Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Company; and (ii) the Revised Annual Caps 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 favor of the ordinary resolutions in relation to Revised Annual Caps to be presented at the SGM.

Yours faithfully,
Independent Board Committee
**Mr. YAN Xuan, Mr. LUO Tong and
Mr. WONG King On, Samuel**
Independent Non-Executive Directors

LETTER FROM 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 in respect of the Revised Annual Caps 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

January 10, 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

REVISION OF ANNUAL CAPS OF 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 Revised Annual Caps. Details of the Revised Annual Caps are contained in the circular of the Company dated January 10, 2018 (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 Revised Annual Caps 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 CCT Agreements;
- (ii) the announcements of the Company dated January 3, 2017, March 10, 2017, June 28, 2017 and November 21, 2017;
- (iii) the circulars of the Company dated February 22, 2017 and March 14, 2017; and

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(iv) the Company's internal controls guidelines related to the CCT Agreements.

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

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

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

During the past two years, Mr. Li Lan, for and on behalf of Platinum Securities Company Limited, had signed the opinion letter from the Independent Financial Adviser contained in the Company's circular dated June 12, 2017 in respect of the proposed acquisition of Ali JK Nutritional Products Limited and its subsidiaries and the entering of the Framework Technical Services Agreement with the Tmall Entities. The past engagement was limited to providing independent advisory services to the independent board committee and the independent shareholders of the Company pursuant to the Listing Rules. Under the past engagement, Platinum Securities Company Limited received a normal professional fee from the Company. Notwithstanding the past engagement, as at the Latest Practicable Date, we were independent from, and were not associated with the Company or any other party to the 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 Revised Annual Caps. 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 Revised Annual Caps. Apart from this normal professional fee payable to us in connection with this appointment, no

LETTER FROM INDEPENDENT FINANCIAL ADVISER

arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the CCT Agreements or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel has been established to advise the Independent Shareholders as to whether the Revised Annual Caps 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 CCT Agreements and the Revised Annual Caps

References are made to (i) the announcement of the Company dated January 3, 2017 and the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, (ii) the announcement of the Company dated March 10, 2017 and the circular of the Company dated March 14, 2017 in respect of the Services Agreement, and (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement.

Pursuant to the Services Framework Agreement, the AGH Contracting Parties have agreed that the AGH Relevant Entities will provide to the Group the Platform Services relating to the Group's use of various online platforms operated by the AGH Relevant Entities to sell various healthcare-related products and services to consumers and businesses. Pursuant to the Services Agreement, Alibaba Health Technology (China) agreed to provide the Merchant Services in relation to the Relevant Categories to the Tmall Entities. Pursuant to the Logistics Services Framework Agreement, Zhejiang Cainiao agreed that the Cainiao Group would provide to the Group the Logistics Services in relation to the delivery of the Group's products to its customers.

The Existing Annual Caps for the year ending March 31, 2018 for each of the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement, is RMB60 million, RMB110 million and RMB23 million, respectively. As the sales of the Group's products on the AGH Platforms and the sales of the Merchants on Tmall have performed better than the Company's projections leading to an increase in demand of the services under the CCT Agreements, the Directors expect that the Existing Annual Caps for the continuing connected transactions contemplated under each of the CCT Agreements for the year ending March 31, 2018 will not be sufficient and propose the same to be revised. The Board confirms that each of the Existing Annual Caps for the year ending March 31, 2018 under each of the CCT Agreements has not yet been exceeded as at the Latest Practicable Date. Save for the Revised Annual Caps, all terms and conditions under the CCT Agreements remain unchanged.

Perfect Advance is a substantial shareholder and a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Perfect Advance. As Alibaba Holding controls each of the AGH Relevant Entities, each of the AGH Relevant Entities is a connected person of the Company. As Zhejiang Cainiao is an indirectly non-wholly-owned subsidiary of Alibaba Holding, each of the members of the Cainiao Group is also a connected person of the Company. Alibaba Holding is the ultimate majority shareholder of Tmall Technology and Controls Tmall Network. Accordingly, the Tmall Entities are also connected persons of the Group.

Accordingly, each of the CCT Agreements constitutes continuing connected transactions under Chapter 14A of the Listing Rules. 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 Caps are exceeded and one or more of the applicable percentage ratios in respect of each of the Revised Annual Caps for the CCT Agreements for the year ending March 31, 2018 is/are higher than 5%, the approval of each of the Revised Annual Caps is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Information about the Company, the AGH Contracting Parties, the Tmall Entities and Zhejiang Cainiao

2.1 Information about the Company

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

2.2 Information about the AGH Contracting Parties

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of GMV in the twelve months ended March 31, 2017 on the basis of publicly available comparable transaction value data for the most recent fiscal year. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of the Internet to engage with their users and customers.

Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

2.3 Information on the Tmall Entities

Tmall Network is a company incorporated under the laws of the PRC and an indirect Subsidiary of Alibaba Holding, which is principally engaged in the operation of Tmall. Tmall Technology is a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding, which is principally engaged in the provision of software and technology services for Tmall.

Tmall was launched by Alibaba Group in 2008 as an online platform featuring brands and retailers with each seller having a uniquely identifiable online storefront. Tmall caters to online and mobile consumers looking for branded products and a premium shopping experience. It is a trusted platform for consumers to buy both homegrown and international branded products and products that are not available in traditional retail outlets. Brands and retailers operate their own stores on the Tmall platform with unique brand identities and look and feel, accompanied by full control over their own branding and merchandising. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Alibaba Group operates its China retail marketplaces comprising Taobao Marketplace, a mobile commerce destination, and Tmall, a B2C platform. Alibaba Group's China retail marketplaces had approximately 488 million annual active consumers (formerly annual active buyers) in the 12 months ended September 30, 2017. In the month ended September 30, 2017, the various mobile apps that consumers use to access Alibaba Group's China retail marketplaces had approximately 549 million mobile MAUs.

2.4 Information on Zhejiang Cainiao

Zhejiang Cainiao is incorporated in the PRC with limited liability and is an indirectly 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. Zhejiang Cainiao is committed to provide merchants and buyers timely and comprehensive logistics services and real-time logistics information.

3. Principal terms of the CCT Agreements

A summary of the key terms of each CCT Agreement is set out below. For details, please refer to (i) the announcement of the Company dated January 3, 2017 and the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, (ii) the announcement of the Company dated March 10, 2017 and the circular of the Company dated March 14, 2017 in respect of the Services Agreement, and (iii) the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement.

3.1. Services Framework Agreement

Date

December 31, 2016

Parties

- (1) The Company (for itself and on behalf of its Subsidiaries)
- (2) The AGH Contracting Parties (for themselves and on behalf of their Subsidiaries)

Duration

The Services Framework Agreement commenced from March 11, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Services Framework Agreement, the AGH Contracting Parties have agreed that the AGH Relevant Entities will provide to the Group the Services including but not limited to the internet information related software technical services, bonus points system related software technical services, internet information services, secondary domain name services, other related platform services, and other similar or related services. These services relate to the Group's use of various online platforms operated by Alibaba Group, including but not limited to Tmall and Tmall Global, to sell healthcare-related products and services to consumers and businesses.

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

- (i) a standard rebatable annual fee designated by the relevant entity of the AGH Relevant Entities (different annual fees are applicable to different categories of products/services) (if applicable), currently being RMB30,000 per Tmall storefront and RMB60,000 per Tmall Global storefront for the year ended December 31, 2017; and

- (ii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group on the online sales platforms operated by the AGH Relevant Entities. Currently, the products and services sold by the Group at the Tmall and Tmall Global storefronts are subject to a fee rate ranging from 2.5% to 4%.

The technical service fees are determined by the fee rate applicable to the categories of the products or services sold by the Group, with reference to the fee tables published on the respective online sale platforms from time to time. Currently, the products mainly sold by the Group are categorised into the personal care products, over-the-counter drugs and cosmetics products; which are subject to the fee rate of 2.5%, 3% and 4%, respectively, under the current fee tables. The fee tables published on the respective online sale platforms are subject to adjustment and will usually be revised annually by the AGH Relevant Entities. As at the Latest Practicable Date, the Group is in the process of negotiating with the AGH Relevant Entities on the possibility of a rebate arrangement in the event that the total transaction amounts can meet certain thresholds.

The AGH Relevant Entities will ensure that the terms under which the 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, the Company will regularly check that the rates that it is charged is consistent with such published rates.

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

The designated annual fees will be settled at the beginning of each calendar year and the technical service fees will be settled immediately after the sale.

3.2. Services Agreement

Date

March 10, 2017

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Parties

- (1) The Tmall Entities
- (2) Alibaba Health Technology (China)

Duration

The terms of the Services Agreement commenced from March 31, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms of the Services Agreement.

Termination events

The Services Agreement shall automatically terminate upon the occurrence of any of the following events:

- (i) if any party is ordered or judged to be bankrupt, comes under receivership or enters into any plan or settlement proposal with its creditors or makes any transfer in the interests of its creditors;
- (ii) if the assets of any party are nationalized or requisitioned by any government or government department;
- (iii) if Alibaba Holding directly or indirectly holds less than 30% of the total issued share capital of the Company or ceases to be a “controlling shareholder” (as defined in the Listing Rules) of the Company; or
- (iv) if the monetary cap is exceeded during the term of the Services Agreement.

In the event of any dispute on the service fee that is not resolved within 60 days, either the Tmall Entities or Alibaba Health Technology (China) may terminate the Services Agreement by giving the other party/parties written notice of no less than 30 days.

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

Both Alibaba Health Technology (China) and the Tmall Entities shall also have the right to terminate the Services Agreement by giving the other party/parties a written notice of no less than 30 days.

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Services to be provided

Pursuant to the terms of the Services Agreement, Alibaba Health Technology (China) agrees to provide the Tmall Entities with the following outsourced and value-added services in relation to the Relevant Categories:

- (i) Merchants' business development, including tracking market trends and policy updates. For example, the Group will update Merchants on any policy changes and provide analysis of how such changes might impact Merchants' business, and on trends to help Merchants identify opportunities or areas to focus on in their business;
- (ii) Merchant customer services, including providing helpline support for Merchants on the process of admission to Tmall and general operational questions; assisting Merchants in optimizing searches for their products through their product information display, collating and analyzing consumer behavior data, updating Merchants on any new business rules, upcoming marketing activities, business risks, as well as collecting feedback and suggestions from Merchants to improve overall services to Merchants. For example, the Group will assist Merchants to optimize searches for their products through using more intuitive or popular key words of product functions in the product names, increase cross-selling opportunities by analysing overall customer purchase trends and making customized recommendations to consumers and increase repeat custom by recommending certain promotions for repeat purchases. As part of the store design services, the Group can also provide tailored suggestions such as how to use banner designs to drive brand recognition, better placement of the latest promotions on the storefront to increase user clicks, and tab design based on functionality and to emphasize brand recognition;
- (iii) marketing event planning for Merchants, including planning and organizing marketing events for Merchants, organizing Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis. For example, the Group will plan special marketing events around certain themes such as around hot and cold seasons, or at the same time as specific awareness days such as World Cancer Day or World Diabetes Day, as well as conduct consumer data analysis to provide feedback on the performance of the sales of products or services which Merchants have selected to participate in the marketing events as well as the amount of resultant traffic to the Merchants' stores;

- (iv) technical support, including providing technical support on product information display and store design, transaction completion processes, the use of payment tools, consumer service tools (such as the use of chat windows or complaints forms); and
- (v) assistance to the Tmall Entities' business team with Tmall Entities':
 - (a) Merchant admissions; (b) Merchants' business operations; (c) Merchant management; and (d) product quality control functions, including assisting with formulating rules that govern Merchants' operation, reviewing documents required for Merchants' admission and formulating and implementing quality control rules and conducting regular inspections.

The Tmall Entities will continue to have primary responsibility for all work and business decisions pertaining to the Merchant admissions, Merchants' business operations and product quality control functions, including signing and reviewing contracts with Merchants, reviewing product information and images displayed by the Merchants and providing the technology infrastructure, and Alibaba Health Technology (China) agrees to assist with, and execute business decisions made by, the Tmall Entities.

Service fees and payment terms

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

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

3.3. Logistics Services Framework Agreement

Date

June 28, 2017

Parties

- (1) The Company (for itself and on behalf of its subsidiaries)
- (2) Zhejiang Cainiao (for itself and on behalf of its affiliates)

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Duration

The term of the Logistics Services Framework Agreement commenced from April 1, 2017 and shall end on March 31, 2018, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the Logistics Services Framework Agreement, Zhejiang Cainiao has agreed that the 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 and other value-added and logistics services provided by the Cainiao Group from time to time. The 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 the Cainiao Group from time to time.

Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the standard terms and conditions as amended and published on the respective online platforms operated by the 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 and the turnover of the goods stored at the warehouse of the Group's goods stored in the Cainiao Group's warehouses and which are payable monthly. As at the Latest Practicable Date, the applicable storage fees are approximately RMB10 per cubic meter for each applicable day;
- (ii) basic service fees, including delivery fees, which are calculated based on the size or the weight (whichever results in the higher rate) of the Group's goods being delivered by the Cainiao Group, and which are payable against each delivery order. As at the Latest Practicable Date, the applicable delivery fees per each parcel for overseas delivery range from approximately RMB20 to RMB55 for first kilogram and approximately RMB5 to RMB24 for each additional kilogram;
- (iii) 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 payable against each delivery order; and

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

The services fees (other than the storage fees which are settled monthly) shall be settled immediately against the completion of each delivery order.

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

3.4. 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 CCT Agreements. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding services fees incurred on the Platform Services, the Logistics Services and the Merchant Services on a weekly, bi-weekly and bi-weekly 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 CCT Agreements and take prompt actions to make necessary disclosure and obtain Independent Shareholders' approval in the event that any further adjustment to an annual cap becomes foreseeable.

The Company's external auditors will review the continuing connected transactions under each CCT Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. The AGH Contracting Parties and the Tmall Entities have 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 Services Framework Agreement and the Services Agreement, respectively.

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

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

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market. In respect of the 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.

Similarly, in respect of the Logistics Services Framework Agreement, as the Company has been marketing and selling products or services online, it requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. Accordingly, the Company entered into the Logistics Services Framework Agreement with Zhejiang Cainiao, which is a well-established domestic and international logistics service provider, to provide efficient and reliable logistics solutions to deliver its products to its customers.

In respect of the Services Agreement, the Merchant Services remain within the existing skill set of the Group given that it has been developing its own website, mobile APP, O2O pharmacy business and cloud hospital. The service fees received under the Services Agreement will be one of the steady growing sources of revenue for Alibaba Health. Together with the rapid growth of Alibaba Health's self-operated B2C online pharmacy and Ma Shang Fang Xin tracking platform core businesses, as well as given the potential of such innovative new businesses as intelligent healthcare and health management services, the Merchant Services provided under the Services Agreement serves as another source of revenue of the Group.

As stated in the 2017 Interim Report ("**2017 Interim Report**"), the self-operated B2C pharmacy business grew rapidly with revenue from the healthcare product sale business amounting to approximately RMB786.2 million while Tmall's pharmaceutical category e-commerce platform business also experienced steady growth with service fees from the Services Agreement amounting to approximately RMB49.6 million for the six months ended September 30, 2017, compared to RMB42.3 million under the original services agreement for an approximate six-month period¹. According to China E-commerce Research Center (CECRC), Tmall had approximately 50.2% of market share of the B2C e-commerce market in China in the first half of 2017². 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 Services Framework Agreement.

1 The original services agreement was entered into on August 24, 2016, and the aggregate service fees were calculated from September 13, 2016 to March 31, 2017. Please refer to the circular of the Company dated August 26, 2016 and the 2017 Annual Report of the Company for more details.

2 Source: http://www.100ec.cn/zt/upload_data/17jcbg1/17jcbg1.pdf

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Given the Company's limited history in engaging in pharmaceutical e-commerce business, the Company will need an efficient and reliable logistics service provider for handling its delivery related issues. We note from Cainiao Group's official website³ that they have cooperated with a number of well-known companies including China Post Group Corporation and S.F. Holding Co., Ltd. and cover approximately 250 cities and has over 5 million sq.m. storage area. Also, Zhejiang Cainiao is closely related to Alibaba Group, which can further enhance the Company's communication with the logistics service provider and facilitate the provision of logistics services. Therefore, the Logistics Services Framework Agreement can provide the Group with efficient and reliable logistics services given its scale and its connection with Alibaba Group.

As stated in the 2017 Interim Report, the aggregate service fees received by the Group from March 31, 2017 to September 30, 2017 under the Services Agreement were approximately RMB49.6 million. Also, as stated in the Alibaba Group's result announcement for fiscal year 2017⁴, GMV transacted in the Alibaba Group in fiscal year 2017 reached RMB3,767 billion, representing an increase of 22% compared to RMB3,092 billion in fiscal year 2016. Also, the Ministry of Commerce issued the National Development Plan for Drug Circulation Industry (2016–2020)⁵ which stated that the Chinese government will promote online pharmacy and the integration of online and offline development, and implement more comprehensive regulations on drug circulation. With increasing GMV transacted on Alibaba Group platforms and better regulations on the pharmaceutical e-commerce business, we concur with the management of the Company that the Services Agreement will serve as another source of revenue of the Group.

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

3 Source: <https://www.cainiao.com>

4 Source: http://www.alibabagroup.com/en/news/press_pdf/p170518.pdf

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

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Agreement. We note that the service fees received by Zhejiang Cainiao from the Company were on normal commercial terms or terms no less favorable than the general terms available to independent third parties.

We note that the service fee under the Services Agreement was determined by reference to, among other things, the operating costs expected to be incurred by the Group in providing the services including staff costs, forecast marketing and promotional activities and technical support expenses. We have compared the gross profit margin under the Services Agreement with the comparable companies (the “**Comparable Companies**”) which (i) provide similar services compared with the services under the Services Agreement; and (ii) have business exposure in China. The Comparable Companies have been selected exhaustively based on the above criteria, which have been identified, to the best of our endeavors, through our research using public information as follow:

Company Name	Ticker	Business Description	Gross Profit Margin (Note 1)
eCargo Holdings Limited	ECG:AU	Provision of on-demand digital commerce technology development, integrated online and offline technology, supply chain solutions and consultancy services for digital commerce with Greater China focus	50.0%
BlueFocus Communication Group Co., Ltd.	300058:CH	Provision of marketing and brand management services across disciplines of e-commerce, mobile solutions to multinational companies and leading Chinese enterprises covering different industries	21.84%
Beijing Tensyn Digital Marketing Technology Joint Stock Company	300392:CH	Provision of integrated marketing and brand development services through internet platform with data analysis services	1.54%
Hylink Digital Solution Co., Ltd.	603825:CH	Provision of digital marketing, consultancy services for digital marketing, television marketing and sales solution to merchants	12.52%

Note:

- The gross profit margins are calculated based on the latest available annual results. The gross profit margin of eCargo Holdings Limited is calculated based on the gross profit divided by the revenue from its 2016 annual report. The gross profit margin of BlueFocus Communication Group Co., Ltd. is calculated based on the segment gross profit divided by the segment revenue from its 2016 annual report. The gross profit margin of Beijing Tensyn Digital Marketing Technology Joint Stock Company is calculated based on the segment gross

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profit divided by the segment revenue from its 2016 annual report. The gross profit margin of Hylink Digital Solution Co., Ltd. is calculated based on the segment gross profit divided by the segment revenue from its IPO Prospectus dated July 20, 2017.

As the average gross profit margin for each month since April 2017 under the Services Agreement calculated based on service revenue subtracting middle office costs and labour costs divided by service revenue is above the range of the comparable gross profit margin from approximately 1.54% to 50.0%, we are of the view that the service fee under the Services Agreement is fair and reasonable.

We have discussed with the management of the Company and obtained the Company's relevant internal controls guidelines and confirmed that the Company has followed the relevant procedures of its internal controls guidelines. In particular, we have reviewed three samples of the services fees payable from the Group under each of the Services Framework Agreement and the Logistics Services Framework Agreement with reference to the standard general terms which are applicable to independent third parties and confirmed that the existing transactions under the Services Framework Agreement and the Logistics Services Framework Agreement were entered into on normal commercial terms or terms no less favorable than the standard terms available to independent third parties and consistent with the services fee terms under the Services Framework Agreement and the Logistics Services Framework Agreement respectively. Also, we have reviewed two samples of the service fees payable to the Group from the Tmall entities and the respective value of completed sales of products or services under the Relevant Categories on Tmall and confirmed that the existing transactions under the Services Agreement were entered into on normal commercial terms and consistent with the service fee terms under the Services Agreement. Therefore, we conclude that the existing transactions under each of the CCT Agreements were conducted in consistence with the services fees terms upon reviewing the samples. The samples were selected on a random basis taking into consideration different types of services fees and that the services fees were paid/received during different periods under the Services Framework Agreement, the Logistics Services Framework Agreement and the Services Agreement.

We understand from the management of the Company that apart from the Revised Annual Caps, all terms and conditions under the CCT Agreements remain unchanged. We have obtained the CCT Agreements in relation to the Revised Annual Caps and compared the terms and conditions with those stated in the respective circulars/announcement and confirmed that there is no change in the terms and conditions under the CCT Agreements.

Based on the above analysis, we are of the view that the pricing policy and payment terms under the 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 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 Revised Annual Caps

The historical transaction amounts for the year ended March 31, 2017, the approximate transaction amounts for the eight months ended November 30, 2017 based on the management accounts, the Existing Annual Caps pursuant to the respective announcements or circular and the proposed Revised Annual Caps relating to each of the CCT Agreements are set out below:

	Approximate historical amounts for the year ended March 31, 2017 (RMB)	Approximate unaudited transaction amounts for the eight months ended November 30, 2017 based on management accounts (RMB)	Existing Annual Caps for the year ending March 31, 2018 (RMB)	Proposed Revised Annual Caps for the year ending March 31, 2018 (RMB)
Services				
Framework Agreement	12,653,000	49,818,000	60,000,000	80,000,000
Services				
Agreement	42,301,000	79,030,000	110,000,000	130,000,000
Logistics Services				
Framework Agreement	957,000	16,633,000	23,000,000	26,000,000

The Revised Annual Caps for the year ending March 31, 2018 are RMB80,000,000 under the Services Framework Agreement, RMB130,000,000 under the Services Agreement and RMB26,000,000 under the Logistics Services Framework Agreement, representing an increase of approximately 33.33%, 18.18% and 13.04% respectively compared with the Existing Annual Caps.

6. Reasons for and benefits of the Revised Annual Caps

As stated in the Letter from the Board, the Group's healthcare products and services sales business has performed well and there has been a rapid increase in the Group's sales of healthcare products and services on the AGH Platforms during the year, particularly during the recent "Singles Day" promotional period. This has led to a rapid increase in the service fees payable to Alibaba Group for the Platform Services and in service fees payable to Cainiao Group for the Logistics Services. As such, the services fees payable under the Services Framework Agreement and the Logistics

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Services Framework Agreement for the year ending March 31, 2018 are expected to be higher than the levels that were envisaged at the time of the entry of the respective agreements.

Similarly, the sales performance of the Merchants on Tmall has improved following the provision of the Merchant Services provided by the Group to the Tmall Entities and there was also significant growth in sales during the “Singles Day” promotional period. As a result, the service fees payable to Alibaba Health Technology (China) under the Services Agreement for the year ending March 31, 2018 are expected to be higher than the level that was envisaged at the time of the entry of the Services Agreement.

The Company considers it to be in the commercial interests of the Group to revise the Existing Annual Caps (i) for the Services Framework Agreement and the Logistics Services Framework Agreement which in turn allows the Group to generate more revenue from the sales transactions processed on the AGH Platforms and (ii) for the Services Agreement which allows the Group to generate more income from the stronger-than-expected growth of the sales of products or services under the Relevant Categories, which may also be contributed to the Group’s provision of the merchant services to the Tmall Entities, respectively.

Accordingly, the Board considers that each of the Existing Annual Caps will not be sufficient for the year ending March 31, 2018 and revision of the same will be required and such revision are in the best interest of the Company and its Shareholders as a whole.

We have reviewed the retail sales of enterprises above designated size on traditional chinese and western medicine released by National Bureau of Statistics of China⁶, the accumulated retail sales of enterprises above designated size on traditional chinese and western medicine have increased by 12.2% year-on-year as at November 2017, reaching RMB855.8 billion. Also, according to the 40th survey report published by China Internet Network Information Centre (the “CNNIC”)⁷, internet users in China reached 751 million in the first half of 2017, increased by 19.92 million users compared to the end of 2016 and the internet penetration rate increased from 53.2% at the end of 2016 to 54.3% in the first half of 2017. In particular, internet e-commerce users increased from approximately 467 million people in December 2016 to 514 million people in June 2017, representing an increase of approximately 10.2% in six months, compared to a 12.9% annual increase in 2016⁸.

We have also reviewed the press release published by Alibaba Group on November 12, 2017 titled “Alibaba Group Generated US\$25.3 Billion (RMB168.2 Billion) of GMV During the 2017 11.11 Global Shopping Festival”⁹. According to the press release, the GMV settled on “Singles Day” reached approximately RMB168.2

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

7 Source: <http://www.cnnic.net.cn/hlwfzyj/hlwxzbg/hlwtjbg/201708/P020170807351923262153.pdf>

8 Source: <http://www.cnnic.net.cn/hlwfzyj/hlwxzbg/hlwtjbg/201701/P020170123364672657408.pdf>

9 Source: <http://www.alibabagroup.com/en/news/article?news=p171112>

billion, representing a 39% increase year-on-year, while the increase in 2016 was 32% year-on-year¹⁰. We have therefore noted the improved performance of Alibaba Group's platforms and understand that the services fees payable to/from the Group are higher than the levels that were envisaged at the time when the Company entered into the CCT Agreements.

In addition, we understand from the management of the Company that the GMV of the Group's sales of healthcare products and services has increased over 270% for the eight months ended November 30, 2017, compared to the year ended March 31, 2017, representing a rapid increase in the Group's sales of healthcare products and services on the AGH Platforms during the year. Also, service fees from the Services Agreement amounted to approximately RMB49.6 million for the six months ended September 30, 2017, compared to approximately RMB42.3 million under the original services agreement for an approximate six-month period, suggesting an improved sales performance of the Merchants.

Having considered the retail sales figures on healthcare products, the development trend of e-commerce, the increased GMV of Alibaba Group on "Singles Day" and the better-than-expected performance of the Group, we concur with the management of the Company that the revision of the Existing Annual Caps is in the interests of the Company and the Shareholders as a whole.

7. The Basis for determining the Revised Annual Caps

We understand from the management of the Company that the Revised AGH Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Services Framework Agreement for the eight months ended November 30, 2017, (ii) the increase in the sales of products by the Group as a result of the "Singles Day" promotion period, (iii) the expected sales of products during the fourth quarter of the financial year, (iv) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms, and (v) the potential of the future development of online healthcare products and services business in China.

Similarly, the Revised Logistics Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Logistics Service Framework Agreement for the eight months ended November 30, 2017, (ii) the increase in the sales of products leading to increase in demand for Logistics Services by the Group as a result of the "Singles Day" promotion period, (iii) the expected sales of the products during the fourth quarter of the financial year, (iv) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms, and (v) the potential of the future development of online healthcare products and services business in China.

The Revised Tmall Annual Cap was determined with reference to (i) the unaudited transaction amounts under the Services Agreement for the eight months ended November 30, 2017, (ii) the increase in the sales of products by the Merchants as a result of the "Singles Day" promotion period leading to an increase in the fees expected

¹⁰ Source: <http://www.alibabagroup.com/en/news/article?news=p161112>

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to be payable to the Group by the Tmall Entities, and (iii) the Company's adjusted projections for the Relevant Categories based on projections for the growth of the corresponding business and the overall healthcare market in China, and taking into account the expected sales of the products for the Relevant Categories by the Merchants during the fourth quarter of the financial year, as well as the Company's marketing plans in relation to enhancing the services that the Company seeks to continue providing for the pharmaceutical and healthcare products and services e-commerce business of Tmall.

In assessing the fairness and reasonableness of the Revised Annual Caps, we have considered the following factors in deriving the Revised Annual Caps under the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement.

We understand from the management of the Company that the Revised Annual Caps were determined with reference to the historical transaction amounts under the Existing Annual Caps. As at November 30, 2017, the transaction amounts incurred under the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement reached approximately 83.0%, 71.8% and 72.3% of the Existing Annual Caps respectively. We have conducted an analytical review of the transaction amounts for the eight months ended November 30, 2017 and compared the annualized amounts with the Existing Annual Caps. It is expected that the annualized amounts under the Services Framework Agreement, the Services Agreement and the Logistics Services Framework Agreement will reach approximately RMB74,727,000 or 124.5%, approximately RMB118,545,000 or 107.8% and approximately RMB24,950,000 or 108.5% of each of the Existing Annual Caps respectively. To avoid exceeding the Existing Annual Caps, we are of the view that the revision of the Existing Annual Caps is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, we understand that the increase in sales of products by the Group and the Merchants during the "Singles Day" promotion period and for the eight months ended November 30, 2017 were among the factors in determining the Revised Annual Caps. As stated above, the GMV of Alibaba Group recorded a 39% year-on-year increase on "Singles Day", while the increase in 2016 was 32% year-on-year. In addition, as stated in the circular of the Company dated February 22, 2017 in respect of the Services Framework Agreement, the circular of the Company dated March 14, 2017 in respect of the Services Agreement and the announcement of the Company dated June 28, 2017 in respect of the Logistics Services Framework Agreement, the transaction amounts under the CCT Agreements were determined with reference to, among other things, technical service fees calculated as a percentage of the value of sales of products or services sold by the Group on the online sales platforms operated by the AGH Relevant Entities for the Services Framework Agreement, service fees paid by the Merchants to the Tmall Entities and/or their respective affiliates in respect of the value of completed sales of products or services for the Services Agreement and service fees based on the size of the Group's goods in the Cainiao Group's warehouses and the size or the weight of the Group's goods to be delivered by Cainiao Group for

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the Logistics Services Framework Agreement. Given that the service fees payable to Alibaba Group by the Group and the service fees payable to the Group by Alibaba Group bear a strong correlation to the value and/or volume of sales of products or services sold by the Group or by the Merchants on Alibaba Group's platform, we are of the view that GMV is a key consideration in determining the Revised Annual Caps. We have reviewed the actual GMV of the Merchants and of the Group's B2C sales of healthcare products and services, and understand that the actual GMV for the sales of healthcare products and services on the AGH Platforms and the sales of products by the Merchants have exceeded the levels envisaged at the time of the entry of the CCT Agreements by 17.7% and 43.4% respectively. Therefore, we are of the view that the Revised Annual Caps are necessary to avoid the Group from exceeding the Existing Annual Caps and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Apart from the aforementioned factors in determining the Revised Annual Caps, we note that both the Revised AGH Annual Cap and the Revised Logistics Annual Cap were determined with reference to (i) the expected sales of products during the fourth quarter of the financial year, (ii) the products and services that the Group intends to feature on the AGH Relevant Entities' platforms, and (iii) the potential of the future development of online healthcare products and services business in China.

We have discussed with the management of the Company for the Group's adjusted forecasts for the fourth quarter of the financial year and understand that the sales of products and services to date have exceeded the levels envisaged at the time of the entry of the Services Framework Agreement and the Logistics Services Framework Agreement for the eight months ended November 30, 2017. Taking into consideration the growth of the e-commerce sector in China as stated in "Section 6 Reasons for and benefits of the Revised Annual Caps", we consider the adjusted forecasts for the fourth quarter of the financial year fair and reasonable.

Pursuant to the circular of the Company dated February 22, 2017, the Company estimated the number of types of healthcare products and medical services to be offered on Alibaba Group's platform to reach approximately 12,000 by the end of March 2018 and the GMV to increase over 250% for the year ending March 31, 2018 compared to the year ended March 31, 2017. However, we understand from the management of the Company that the actual numbers of types of healthcare products and medical services to be offered on Alibaba Group's platform have already reached approximately 9,300 and the GMV of the Group's sales of healthcare products and services has increased over 270% for the eight months ended November 30, 2017, compared to the year ended March 31, 2017. Even though the Company had provided buffers when setting up the annual caps under the Services Framework Agreement and the Logistics Services Framework Agreement which were considered sufficient, the limited trading record of the business which commenced in 2016 meant that deriving an accurate estimation was inherently difficult. In addition, we have reviewed the survey reports published by CNNIC, according to which internet e-commerce users increased

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from approximately 467 million people in December 2016 to 514 million people in June 2017, representing an approximately 10.2% increase in six months, compared to a 12.9% annual increase in 2016.

In addition, we have discussed with the management of the Company regarding the potential future development of its businesses. We understand that the Group will continue to work on enhancing the transparency and efficiency of the pharmaceutical and healthcare product supply chain through the use of the Internet and developing a more efficient drug distribution network for the benefit of market participants and consumers, given that the industry is still facing a high dispersion of distributors and an excessively long supply chain of pharmaceutical and healthcare products. Also, as stated in the 2017 Annual Report (“**2017 Annual Report**”) of the Company, pharmaceutical e-commerce makes up only approximately 3% of the total pharmaceutical sales in China, indicating a huge potential for development. Therefore, we are of the view that the Revised AGH Annual Cap and the Revised Logistics Annual Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We also note that Revised Tmall Annual Cap was determined with reference to the Company’s adjusted projections for the Relevant Categories based on (i) projections for the growth of the corresponding business and the overall healthcare market in China, (ii) expected sales of the products for the Relevant Categories by the Merchants during the fourth quarter of the financial year and (iii) the Company’s marketing plans in relation to enhancing the services that the Company seeks to continue providing for the pharmaceutical and healthcare products and services e-commerce business of Tmall.

As we have mentioned above, the overall healthcare market in China is still expanding with a double digit growth rate and the GMV achieved by the Merchants has exceeded the level envisaged at the time of the entry of the Services Agreement for the eight months ended November 30, 2017. Therefore, the Company has to adjust the projections for the growth of the corresponding business so as to reflect the actual growth rate of the industry as well as the GMV of the Merchants. To further support the Company’s growth in the healthcare market, the Company has various brand promotion activities which aim to boost the sales volume of the Merchants. The increase in sales of the Merchants will also drive up the connected transaction under the Services Agreement up as the fees charged by the Company under the Services Agreement are based on the fees paid by the Merchants to the Tmall Entities and/or their respective affiliates in respect of their the value of completed sales of products or services under the Relevant Categories on Tmall. Therefore, we are of the view that the Revised Tmall Annual Cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In conclusion, we consider the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

In relation to the Revised Annual Caps, 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 continuing connected transactions under each of the CCT Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Company;
- (b) the Revised AGH Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole;
- (c) the Revised Logistics Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole; and
- (d) the Revised Tmall Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Having considered the above, we are of the view that the revision of the Existing Annual Caps is 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 Revised Annual Caps to be presented at the SGM.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited

Li Lan
Director and Co-head of Corporate Finance

Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Li Lan has over eleven years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DIRECTORS' INTERESTS OR SHORT POSITIONS IN EQUITY SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Position in Shares

Name of Director	Nature of interest	Total interest in Shares	% of the existing issued Shares
Mr. WANG Lei	Beneficial, equity derivative interest ⁽¹⁾	15,150,000	0.15%
Mr. WU Yongming	Beneficial owner	1,262,000	0.01%
Mr. KANG Kai	Equity derivative interest ⁽²⁾	296,000	0.00%

Notes:

- (1) Subject to vesting, Mr. WANG Lei is interested in 737,000 ordinary shares and 14,413,000 shares underlying the 8,632,000 options and 5,781,000 restricted share units granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.
- (2) Subject to vesting, Mr. KANG Kai is interested in 296,000 shares underlying the 296,000 restricted share units granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.

Long Position in shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Mr. WANG Lei	Alibaba Holding	Beneficial, equity derivative interests and interests of spouse ⁽¹⁾	60,538	0.00%
		Beneficiary of a trust ⁽²⁾	20,000	0.00%
Mr. KANG Kai	Alibaba Holding	Beneficial and equity derivative interest ⁽³⁾	15,423	0.00%
Ms. ZHANG Yu	Alibaba Holding	Beneficial and equity derivative interest ⁽⁴⁾	64,859	0.00%
Mr. WU Yongming	Alibaba Holding	Beneficial and interests of spouse ⁽⁵⁾	231,017	0.01%
		Interests in controlled corporation ⁽⁶⁾	200,000	0.01%
		Founder of a discretionary trust ⁽⁷⁾	6,813,690	0.27%
Mr. YAN Xuan	Alibaba Holding	Beneficial interest	3,000	0.00%

Notes:

1. It represents 30,560 ordinary shares or underlying ordinary shares and 26,250 restricted share units beneficially held by Mr. WANG Lei and 3,728 ordinary shares or underlying shares and restricted share units held by his spouse.
2. It represents 20,000 ordinary shares or underlying ordinary shares held by a private trust whereby Mr. WANG Lei and his family are beneficiaries.
3. It represents 4,673 ordinary shares or underlying ordinary shares and 10,750 restricted share units beneficially held by Mr. KANG Kai.
4. It represents 17,875 ordinary shares or underlying ordinary shares and 46,984 restricted share units beneficially held by Ms. ZHANG Yu.
5. It represents 31,017 ordinary shares held by Mr. WU Yongming, and 200,000 ordinary shares held by his spouse.
6. It represents 200,000 ordinary shares or underlying ordinary shares held by Plus Force Enterprise Ltd. (which is wholly owned by Mr. WU Yongming).
7. It represents 6,813,690 ordinary shares or underlying ordinary shares held by Mr. WU Yongming through two private trusts whereby he is the founder of the discretionary trusts.

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. WU Yongming was a senior vice president of Alibaba Group and a special assistant to the chairman of the board of directors of Alibaba Holding;
- Mr. KANG Kai was a director (總監) of Tmall and head of the Tmall Pharmaceutical and Healthcare e-Commerce Business;
- Ms. ZHANG Yu was the vice president of finance of Alibaba Holding and the financial controller (財務負責人) and the supervisor (監事) of various subsidiaries of Alibaba Holding; and
- Mr. WANG Lei was a consultant to Alibaba Group,

none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2017, the date to which the latest published audited financial statements of the Group were made up; and, except for any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its Subsidiaries, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

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

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

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.

* For identification purpose only

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, 2017, 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, 2017, 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) the CCT Agreements;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 23 to 24 of this circular;
- (iii) 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 25 to 47 of this circular;
- (iv) the written consent referred to in the section headed “Consent of Expert” of this Appendix; and
- (v) this circular.

9. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

NOTICE OF SPECIAL GENERAL MEETING

Notice is hereby given that a special general meeting (the “SGM”) of Alibaba Health Information Technology Limited (the “Company”) will be held at Units 2302–2305, 23/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Friday, January 26, 2018 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

1. “**THAT** the revised annual cap of RMB80,000,000 in respect of the service fees payable by the Company and its subsidiaries for the year ending March 31, 2018 under the services framework agreement dated December 31, 2016 entered into between the Company, Alibaba.com China Limited (阿里巴巴網絡中國有限公司) and Taobao China Holding Limited (淘寶中國控股有限公司), be and is hereby confirmed, approved and ratified;”
2. “**THAT** the revised annual cap of RMB130,000,000 in respect of the service fees payable to the Company and its subsidiaries for the year ending March 31, 2018 under the services agreement dated March 10, 2017 entered into between Alibaba Health Technology (China) Co., Ltd. (阿里健康科技(中國)有限公司), Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司) and Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), be and is hereby confirmed, approved and ratified;” and
3. “**THAT** the revised annual cap of RMB26,000,000 in respect of the service fees payable by the Company and its subsidiaries for the year ending March 31, 2018 under the logistics services framework agreement dated June 28, 2017 entered into

NOTICE OF SPECIAL GENERAL MEETING

between the Company and Zhejiang Cainiao Supply Chain Management Co., Ltd.* (浙江菜鳥供應鏈管理有限公司), be and is hereby confirmed, approved and ratified.”

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
WANG Lei
Chief Executive Officer and Executive Director

Hong Kong, January 10, 2018

* *English name for identification purpose only*

Notes:

1. All resolutions at the SGM will be taken by poll pursuant to the Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (CCASS) or maintained with a licensed securities dealer (i.e. not directly recorded in his own name in the Register of Members of the Company) shall only be entitled to vote by providing its instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through its licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the meeting, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him.
4. In order to be valid, the form of proxy must be deposited at the Company’s Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING

6. As at the date of this notice, 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.