
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Alibaba Health Information Technology Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares in Alibaba Health Information Technology Limited.

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ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 33 to 34 of this circular.

A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 35 to 66 of this circular.

A notice convening the special general meeting to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F., 33 Sharp Street East, Causeway Bay, Hong Kong on Monday, March 29, 2021 at 2:30 p.m. (or any adjournment thereof) (the "SGM") is set out on pages 72 to 74 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding 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 or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 ("COVID-19"), the Company will implement the following precautionary measures at the SGM including, without limitation:

- compulsory body temperature checks;
- wearing of surgical face masks;
- no distribution of corporate gift or refreshment;
- mandatory health declaration — anyone subject to the Hong Kong Government's prescribed quarantine or who has travelled overseas within 14 days immediately before the date of the SGM will be denied entry into the SGM venue; and
- appropriate seating arrangement in line with the guidance promulgated by the Hong Kong Government will be made.

The Company strongly advises the Shareholders to appoint the chairman of the SGM as their proxy to vote on the resolutions as an alternative to attending the SGM in person. The Shareholders are advised to read page 13 of this circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

March 8, 2021

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DEFINITIONS

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

“2018 Framework Technical Services Agreement”	the agreement dated May 28, 2018 entered into between Hangzhou Lukang and the Tmall Entities in relation to the provision of software technical services
“2021 Advertising Services Framework Agreement”	the agreement dated February 7, 2020 entered into between the Company and Alibaba Holding in relation to the provision of advertising services
“2021 Logistics Services Framework Agreement”	the agreement dated February 7, 2020 entered into between Alibaba Health (HK) and Hangzhou Cainiao in relation to the provision of logistics services
“2021 Platform Services Framework Agreement”	the agreement dated February 7, 2020 entered into between the Company and Alibaba Holding in relation to the provision of platform services
“2022 Advertising Services Framework Agreement”	the agreement dated February 5, 2021 entered into between the Company and Alibaba Holding in relation to the provision of the Advertising Services
“2022 Framework Technical Services Agreement”	the agreement dated February 5, 2021 entered into between Alibaba Health (Hangzhou), Alibaba Health (Hainan) and the Tmall Entities in relation to the provision of the Software Technical Services
“2022 Logistics Services Framework Agreement”	the agreement dated February 5, 2021 entered into between the Company and Hangzhou Cainiao in relation to the provision of the Logistics Services
“2022 Platform Services Framework Agreement”	the agreement dated February 5, 2021 entered into between the Company and Alibaba Holding in relation to the provision of the Platform Services
“Adult Products”	products which are sold under the primary category of “Adult Products/Sexual Health Products” (“成人用品/情趣用品”) under the Tmall business category of “Healthcare Products and Medicine” (“保健品及醫藥”) on Tmall
“Advertising Services”	the services to be provided by Alibaba Group to the Group under the 2022 Advertising Services Framework Agreement
“AGH Platforms”	the platforms operated by the AGH Relevant Entities from time to time, including but not limited to Taobao Marketplace, Tmall, Tmall Global, Kaola, Lazada, LinkedMall, DingTalk, Ele.me and AliExpress

DEFINITIONS

“AGH Relevant Entities”	Alibaba Holding and its Subsidiaries and affiliates, including but not limited to Alibaba Technology, Hangzhou Alibaba Advertising, Alibaba Software, Taobao Network, Taobao Software, Ecart Malaysia, Lazada Singapore, Lazada Ltd., Lazada Philippines, Ecart Indonesia, Recess, Kobron, Taobao China, Alibaba Singapore, Alibaba Communication Technology, DingTalk Technology, DingTalk China, Tmall Technology and Tmall Network and their Subsidiaries, collectively
“Alibaba Communication Technology”	Zhejiang Alibaba Communication Technology Co., Ltd.* (浙江阿里巴巴通信技术有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Group”	the group of companies comprising Alibaba Holding and its Subsidiaries, for the purpose of this circular, excluding the Group
“Alibaba Group Platforms”	the online platforms for brands and retailers operated by Alibaba Group
“Alibaba Health (Hainan)”	Alibaba Health Technology (Hainan) Co., Ltd.* (阿里健康科技(海南)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of the Company
“Alibaba Health (Hangzhou)”	Alibaba Health Technology (Hangzhou) Co., Ltd.* (阿里健康科技(杭州)有限公司) (formerly known as Hangzhou Hengping Information Technology Co., Ltd* (杭州衡平信息科技有限公司)), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of the Company
“Alibaba Health (HK)”	Alibaba Health (Hong Kong) Technology Company Limited (阿里健康(香港)科技有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned Subsidiary of the Company
“Alibaba Health Software Services Fees”	the software service fees received by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) from the Target Merchants for the sales of the Target Products on Tmall and utilizing services provided by the Tmall Entities

DEFINITIONS

“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
“Alibaba Singapore”	Alibaba.com Singapore E-Commerce Private Limited, a company incorporated in Singapore and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Software”	Alibaba (China) Software Co., Ltd.* (阿里巴巴(中國)軟件有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alibaba Technology”	Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“AliExpress”	a global marketplace targeting consumers from around the world and enabling them to buy directly from manufacturers and distributors in China and around the world
“Ali JK”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned Subsidiary of Alibaba Holding
“annual active user(s)”	user(s) who made one or more actual purchase(s) on the Group’s direct online stores in the past 12 months
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of directors of the Company
“Cainiao Group”	Hangzhou Cainiao and its Subsidiaries and affiliates
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“connected person(s)”	has the meaning given to it under the Listing Rules

DEFINITIONS

“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of a person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty per cent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors (or similar governing body) of such person and the terms “Controls” and “Controlled” shall be construed accordingly
“controlling shareholder”	has the meaning given to it under the Listing Rules
“DingTalk”	a digital collaboration workplace that offers new ways of working, sharing and collaborating for modern enterprises and organizations. It enables secure and reliable communication in multiple formats, workflow management and network collaboration among team members and enterprises, all in a single interface
“DingTalk China”	DingTalk (China) Information Technology Co., Ltd.* (釘釘(中國)信息技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“DingTalk Technology”	DingTalk Technology Co., Ltd.* (釘釘科技有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Director(s)”	member(s) of the Board
“Ecart Indonesia”	PT. Ecart Webportal Indonesia, a company incorporated in Indonesia and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Ecart Malaysia”	Ecart Services Malaysia Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Effective Date”	the effective date of the respective Renewed CCT Agreements, being April 1, 2021 or the date of the approval of the Renewed CCT Agreements, the continuing connected transactions contemplated thereunder and the annual caps related thereto, by the Independent Shareholders at the SGM (whichever is later)

DEFINITIONS

- “Ele.me” a leading on-demand delivery and local services platform in China
- “Excluded Products” included the following products and services sold on Tmall as at the Latest Practicable Date which may be updated from time to time:
- (i) products sold under the secondary category of “Health Food Alcohol” (“保健食品酒”) under the primary category of “Alcohol” (“酒類”) under the Tmall business category of “Food” (“食品”);
 - (ii) products sold under the secondary category of “Energy Drinks” (“功能飲料”) under the primary category of “Coffee/Oatmeal/Instant Drinks” (“咖啡/麥片/沖飲”) under the Tmall business category of “Food” (“食品”);
 - (iii) products sold under the secondary category of “Maternal Health Food” (“孕產婦營養品”) under the primary category of “Maternity Wear/Maternity Products/Nutrition Products” (“孕婦裝/孕產婦用品/營養品”) under the Tmall business category of “Maternal and Child” (“母嬰”);
 - (iv) products sold under the sub-category of “Infant and Toddler Health Foods” (“嬰幼兒保健食品”) under the secondary category of “Infant and Toddler Nutrition Products” (“嬰幼兒營養品”) under the primary category of “Milk Powder/Supplements/Nutrition Products/Snacks” (“奶粉/輔食/營養品/零食”) under the Tmall business category of “Maternal and Child” (“母嬰”);
 - (v) products sold under the primary category of “Tmall Makeup/Perfume/Makeup Tools” (“天貓彩妝/香水/美妝工具”) under the Tmall business category of “Cosmetics” (“化妝品(含美容工具)”);
 - (vi) products sold under the primary category of “Women’s Underwear/Men’s Underwear/Homewear” (“女士內衣/男士內衣/家居服”) under the Tmall business category of “Clothing” (“服飾”);
 - (vii) other general underwear and perfume products not under the category of “Medical Devices, Medical Services, Adult Products and Relevant Categories”; and

DEFINITIONS

	(viii) healthcare and medical services which do not require industry certification and are not under the category of “Medical Devices, Medical Services, Adult Products and Relevant Categories”
“Existing CCT Agreements”	the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement, the 2021 Advertising Services Framework Agreement and the 2018 Framework Technical Services Agreement
“GMV”	gross merchandise value
“Group”	the Company and its Subsidiaries from time to time
“Hangzhou Alibaba Advertising”	Hangzhou Alibaba Advertising Co., Ltd.* (杭州阿里巴巴廣告有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Hangzhou Cainiao”	Hangzhou Cainiao Supply Chain Management Co., Ltd* (杭州菜鳥供應鏈管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Hangzhou Lukang”	Hangzhou Lukang Health Technology Co., Ltd* (杭州鹿康健康科技有限公司) (formerly known as Hangzhou Hengping Health Technology Co., Ltd* (杭州衡憑健康科技有限公司)), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“Healthcare Food”	products which are sold under the secondary category of “Healthcare Food (Blue Cap)” (“保健食品(藍帽子)”) under the primary category of “Healthcare Food/Dietary Supplements” (“保健食品／膳食營養補充食品”) under the Tmall business category of “Healthcare Products and Medicine” (“保健品及醫藥”) on Tmall Supermarket
“Healthcare Products”	products which are sold under the secondary category of “Healthcare Products” (“保健用品”) under the primary category of “Online Medicine/Healthcare Products” (“互聯網醫療／保健用品”) under the Tmall business category “Healthcare Products and Medicine” (“保健品及醫藥”) on Tmall
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa), being the independent non-executive Directors, established to advise the Independent Shareholders on the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto
“Independent Shareholders”	the Shareholders, other than (i) Alibaba Holding and its associates, including Perfect Advance, Ali JK and Antfin (Hong Kong) Holding Limited; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto
“Kaola”	an import e-commerce platform in China
“Kobron”	Kobron Hong Kong Development Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Latest Practicable Date”	March 1, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Lazada”	a leading e-commerce platform in Southeast Asia for SMEs, regional and global brands
“Lazada Ltd.”	Lazada Ltd., a company established in Thailand with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Lazada Philippines”	Lazada E-Services Philippines, Inc., a company incorporated in the Philippines and an indirect non-wholly-owned Subsidiary of Alibaba Holding
“Lazada Singapore”	Lazada Singapore Pte. Ltd., a company established in Singapore with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“LinkedMall”	a platform providing service solutions such as commodity selection, payment transaction, interest exchange, commission settlement and technical support for enterprises, with its customers covering many industries such as banks, aviation, hotels and operators
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics Services”	the services to be provided by Cainiao Group to the Group under the 2022 Logistics Services Framework Agreement
“Medical and Healthcare Services”	services which are sold under the primary category of “Medical and Health Services” (“醫療及健康服務”) under the Tmall business category of “Service Categories” (“服務大類”) on Tmall
“Medical Devices”	products which are sold under the primary categories of “Medical Devices” (“醫療器械”), “Family Planning” (“計生用品”) and “Contact Lenses/Contact Lens Solution” (“隱形眼鏡／護理液”) under the Tmall business category of “Healthcare Products and Medicine” (“保健品及醫藥”) on Tmall
“Merchant(s)”	a legal entity which conducts the sale of products or provision of services on Tmall and for the purpose of the 2022 Framework Technical Services Agreement, including Tmall Supermarket and Special Offer Platform but excluding Tmall Global
“Option(s)”	option(s) to subscribe for or acquire Shares which is/are granted under the Share Award Scheme
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned Subsidiary of Alibaba Holding
“Platform Services”	the services to be provided by the AGH Relevant Entities to the Group under the 2022 Platform Services Framework Agreement
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Recess”	Recess Company Limited, a company incorporated in Vietnam with limited liability and an indirect non-wholly-owned Subsidiary of Alibaba Holding

DEFINITIONS

“Renewed CCT Agreements”	the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is/are awarded under the Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and vote on each of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto
“Share(s)”	ordinary share(s) in the issued capital of the Company with a nominal value of HK\$0.01
“Share Award Scheme”	the share award scheme adopted by the Company at a special general meeting on November 24, 2014, the principal terms of which were set out in the Company’s circular dated October 31, 2014
“Shareholder(s)”	holder(s) of the Share(s)
“Software Technical Services”	the services to be provided by the Tmall Entities to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) under the 2022 Framework Technical Services Agreement
“Special Offer Platform”	a special marketing channel of the Tmall Entities which provides the Merchants with Internet information services and related software and technical support
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subsidiary/(ies)”	includes, in relation to any person: (i) any company or business entity of which that person owns or Controls (either directly or through one or more other subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries, by contract or otherwise) not more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other generally accepted accounting principles or standards as may be applicable to that person from time to time, should have its accounts consolidated with those of that person
“substantial shareholder(s)”	has the meaning given to it under the Listing Rules
“Taobao China”	Taobao China Holding Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Taobao Marketplace”	China’s largest mobile commerce destination known as Taobao (淘寶) operated by Alibaba Holding’s affiliates with a large and growing social community
“Taobao Network”	Zhejiang Taobao Network Co., Ltd.* (浙江淘寶網絡有限公司), a company established in the PRC with limited liability and ultimately Controlled by Alibaba Holding
“Taobao Software”	Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Target Merchant(s)”	a Merchant who has obtained, or proposes to obtain, permission from Tmall to sell Target Products on Tmall, regardless of whether any actual sales of Target Products have been made by such merchant on Tmall

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“Target Products”	<p>the following products and/or services sold on Tmall as at the Latest Practicable Date, which may be updated from time to time and for the avoidance of doubt, shall exclude the Excluded Products:</p> <ul style="list-style-type: none">(i) Medical Devices;(ii) Healthcare Products;(iii) Healthcare Food;(iv) Adult Products; and(v) Medical and Healthcare Services
“Tmall”	<p>Tmall.com, the third-party online and mobile commerce platform for brands and retailers known as Tmall (天貓) operated by Alibaba Holding’s affiliates and for the purpose of the 2022 Framework Technical Services Agreement, including Tmall Supermarket and Special Offer Platform but excluding Tmall Global</p>
“Tmall Entities”	<p>Tmall Technology, Tmall Network and/or their applicable affiliates (as the case may be), collectively</p>
“Tmall Global”	<p>the third-party import e-commerce platform known as Tmall Global (天貓國際) operated by Alibaba Holding’s affiliates which serves as the premier platform through which overseas brands and retailers reach Chinese consumers</p>
“Tmall Network”	<p>Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司), a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding</p>
“Tmall Software Services Fees”	<p>the software service fees received by the Tmall Entities from Alibaba Health (Hangzhou) and Alibaba Health (Hainan) pursuant to the 2022 Framework Technical Services Agreement</p>
“Tmall Supermarket”	<p>chaoshi.tmall.com, the independent channel on Tmall known as Tmall Supermarket (天貓超市) which utilizes both marketplace and retail model to offer consumers a brand range of high-quality daily necessities</p>

DEFINITIONS

“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent

* *English name for identification purpose only.*

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing COVID-19 pandemic, the Company will implement necessary preventive measures at the SGM to protect the attending Shareholders and other attendees from the risk of infection, including the following:

- (i) All attendees are required to fill in and sign a health declaration form before entering into the SGM venue. Any person, irrespective of nationality, who has travelled outside Hong Kong within the 14-day period prior to the SGM and/or is subject to any Hong Kong Government prescribed quarantine immediately before the date of the SGM, will be denied entry into the SGM venue.
- (ii) Compulsory body temperature checks will be conducted for all attendees at the entrance of the SGM venue. Any person with a body temperature of over 37 degrees Celsius or who has flu-like symptoms or is otherwise unwell may be denied entry into the SGM venue or be required to leave the SGM venue.
- (iii) All attendees must sanitize his/her hands before entering into the SGM venue.
- (iv) All attendees will be required to wear a surgical face mask before they are permitted to enter into the SGM venue and during the SGM at all times. Please note that no surgical face mask will be provided at the SGM. All attendees are advised to maintain appropriate social distance with each other at all times when attending the SGM.
- (v) Appropriate seating arrangement at the SGM venue will be made to be in line with the guidance promulgated by the Hong Kong Government. As a result, there will be limited capacity for the Shareholders to attend the SGM.
- (vi) There will be no corporate gifts and no drinks and refreshments will be served.

Any person who does not comply with the precautionary measures may be denied entry into the SGM venue or be required to leave the SGM venue. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. The Shareholders should constantly check the Company's website at <http://www.irasia.com/listco/hk/alihealth> or the Stock Exchange's website at <http://www.hkexnews.hk> for any future announcement(s) and update(s) on the SGM arrangements.

The Company reminds all Shareholders that physical attendance at the SGM is not necessary for the purpose of exercising voting rights. In the interests of protecting the Shareholders and other attendees, the Shareholders are strongly recommended to appoint the chairman of the SGM as their proxy to vote on the resolutions at the SGM instead of attending the SGM in person by using the form of proxy enclosed.

The form of proxy is attached to this circular for the Shareholders. Alternatively, the form of proxy can be downloaded from the "Circular" section of the Company's website at (<http://www.irasia.com/listco/hk/alihealth>). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

Executive Directors:

Mr. ZHU Shunyan

(Chairman and Chief Executive Officer)

Mr. TU Yanwu

Non-executive Directors:

Mr. WU Yongming

Mr. XU Hong

Independent Non-executive Directors:

Mr. LUO Tong

Mr. WONG King On, Samuel

Ms. HUANG Yi Fei (Vanessa)

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton, HM 10

Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

26/F Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

March 8, 2021

To the Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

We refer to the announcement of the Company dated February 5, 2021 in relation to the renewal of the non-exempt continuing connected transactions.

The purpose of this circular is to provide you with, among other things, (i) further details of the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) the notice of SGM.

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References are made to (i) the circular of the Company dated March 9, 2020 in respect of, among other things, the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement and the 2021 Advertising Services Framework Agreement; and (ii) the circulars of the Company dated July 16, 2018 and February 8, 2021, in respect of the 2018 Framework Technical Services Agreement.

Each of the Existing CCT Agreements will expire on March 31, 2021. On February 5, 2021, the Company and its relevant Subsidiaries entered into the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement, all of which have a term commencing from the Effective Date and ending on March 31, 2022.

2. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

2.1 PRINCIPAL TERMS OF THE RENEWED CCT AGREEMENTS

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

2022 Logistics Services Framework Agreement

Date

February 5, 2021

Parties

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

Duration

Subject to approval by the Independent Shareholders at the SGM, the 2022 Logistics Services Framework Agreement will commence on the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Logistics Services Framework Agreement, Hangzhou Cainiao has agreed that Cainiao Group will provide to the Group the Logistics Services, including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services, storage and delivery supply chain management services and other value-added and logistics-related services provided by Cainiao Group from time to time. Cainiao Group shall provide the

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Logistics Services to the Group in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Cainiao Group from time to time.

Service fees, pricing terms and payment terms

The service fees shall be calculated and settled in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Cainiao Group from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

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

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

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

2022 Platform Services Framework Agreement

Date

February 5, 2021

Parties

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

Duration

Subject to approval by the Independent Shareholders at the SGM, the 2022 Platform Services Framework Agreement will commence from the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Platform Services Framework Agreement, Alibaba Holding has agreed that the AGH Relevant Entities will provide to the Group the Platform Services, including but not limited to Internet information related software technical services, bonus points system related software technical services, Internet information services, secondary domain name services, promotion and logistics related technical services, product information display and release services, order verification and processing services, payment system technical services, coordination and storage services for returned products, trading technology services, channel promotion services, other related platform services and other similar or related services provided by the AGH Relevant Entities from time to time. These services relate to the Group's use of various AGH Platforms to sell healthcare related products and services to consumers and businesses.

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

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Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by the respective AGH Relevant Entities from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

- (i) an upfront guarantee deposit designated by the respective AGH Relevant Entities (different amount of guarantee deposit is applicable to different AGH Platforms or different categories of products or services) (if applicable), currently being RMB300,000 for each of Tmall and Tmall Global;
- (ii) a standard annual fee designated by the respective AGH Relevant Entities (different amount of annual fee is applicable to different categories of products or services) (if applicable), currently being RMB30,000 per Tmall storefront, RMB60,000 per Tmall Global storefront and RMB10,000 per AliExpress storefront for the year ending December 31, 2021;
- (iii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group of the applicable categories on the AGH Platforms as amended and published from time to time. Currently, the products and services sold by the Group at the relevant storefronts on the AGH Platforms are primarily categorized into over-the-counter drugs, prescription drugs, medical devices and nutritional supplements categories, which are subject to a fee rate ranging from 1% to 10%; and
- (iv) payment handling and international delivery fees which include any cost incurred in the payment and delivery of the products sold by the Group on the relevant AGH Platforms and platform service fees designated by the respective AGH Relevant Entities which are determined based on the marketing platform selected and the types of platform activities engaged in (if applicable).

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

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

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

The guarantee deposit shall be payable upon admission to the relevant AGH Platforms. The designated annual fees shall be settled at the beginning of each calendar year and the technical service fees will be settled or deducted immediately after the sale of the relevant products or services. The settlement of the payment handling and international delivery fees and the platform service fees shall be set off against funds received by the AGH Relevant Entities from customers in respect of the transactions conducted on the relevant AGH Platforms.

2022 Advertising Services Framework Agreement

Date

February 5, 2021

Parties

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

Duration

Subject to approval by the Independent Shareholders at the SGM, the 2022 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Advertising Services Framework Agreement, Alibaba Group has agreed that Alibaba Group will provide to the Group the Advertising Services, including but not limited to the display of advertisements on various platforms supported by Alibaba Group, including the Alibaba Group Platforms or other third-party platforms, from time to time in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the relevant online platforms operated by Alibaba Group. The Group shall pay Alibaba Group the advertising fees.

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Service fees, pricing terms and payment terms

The service fees shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Alibaba Group from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

- (i) CPM (cost per impression) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time the advertisement is displayed, i.e. a unit price for every 1,000 impressions served. The unit prices of certain CPM model advertisements are fixed while the unit prices of other advertisements are determined through an auction system. Where the auction system applies, the Group offers bid prices for the relevant advertisement spaces, taking into account the commercial circumstances and comparable prices offered by other independent third-party advertisers on other advertising platforms. Alibaba Group's systems automatically accept the highest bids for each advertising space where the auction process is used. The fixed prices currently charged by Alibaba Group and the bid prices currently offered by the Group which have been accepted under the CPM model range from RMB5 to RMB150 per 1,000 impressions, depending on the designated space, size, advertising format, timing and targeted users;
- (ii) CPC (cost per click) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time a user clicks on the displayed advertisement. The unit prices for CPC model advertisements are determined through an auction system, under which the Group offers bid prices for the relevant advertisement spaces, taking into account the commercial circumstances and comparable prices offered by other independent third-party advertisers on other advertising platforms. Alibaba Group's systems automatically accept the highest bids for each advertising space where the auction process is used. The bid prices currently offered by the Group which have been accepted under the CPC model range from RMB0.5 to RMB10 per click, depending on the size, advertising format and timing of the advertisement; and
- (iii) project-based advertising services. Alibaba Group provides project-based advertising campaign services, whereby it offers advertisements on its advertising platforms for a certain advertising period. Alibaba Group charges advertising fees based on a cost per time (CPT) model (i.e. advertising fees are charged based on the amount of

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time displayed). The specific location, timing and frequency of the advertisements displayed on various platforms during the period will be determined by Alibaba Group.

Since the service fees charged by Alibaba Group for the Advertising Services are determined in accordance with the underlying standard agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Alibaba Group from time to time, which equally apply to other independent third-party customers, the Company considers that the pricing terms under the 2022 Advertising Services Framework Agreement are no less favorable than the general terms available to other independent third parties.

2022 Framework Technical Services Agreement

Date

February 5, 2021

Parties

- (1) Alibaba Health (Hangzhou)
- (2) Alibaba Health (Hainan)
- (3) Tmall Entities

Duration

Subject to approval by the Independent Shareholders at the SGM, the 2022 Framework Technical Services Agreement will commence from the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Framework Technical Services Agreement, the Tmall Entities have agreed to provide the Software Technical Services, including but not limited to the following services:

- (i) Software technical services: the Tmall Entities will provide software technical support to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) or the Target Merchants as requested by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for the Tmall Software Services Fees. The software technical support includes product information display services on Tmall and related software technology services;

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- (ii) Internet information services and secondary domain names: as the platform provider and operator, the Tmall Entities will provide Tmall.com and the secondary domain names to the Target Merchants as a platform for the Target Merchants' operation of business. The secondary domain name services being provided by the Tmall Entities will not be charged to Alibaba Health (Hangzhou), Alibaba Health (Hainan), the Target Merchants or consumers for the time being; and
- (iii) Other services: the Tmall Entities may provide the Target Merchants with additional services including but not limited to marketing services and Merchant customer services. The Tmall Entities will not charge Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for those services unless Alibaba Health (Hangzhou) and Alibaba Health (Hainan) request such services, in which case the parties will agree on a separate service fee.

From time to time, the Tmall Entities may organize platform-wide promotional events in which they coordinate with the Merchants on Tmall, including the Target Merchants, through the Company, to offer discounts to consumers over a period of time and implement customer loyalty programs to encourage repeat shopping.

Service fees, pricing terms and payment terms

Alibaba Health (Hangzhou) and Alibaba Health (Hainan) shall pay the Tmall Software Services Fees to the Tmall Entities equal to 50% of the Alibaba Health Software Services Fees received by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) from the Target Merchants for the transactions of selling the Target Products on Tmall and utilizing services provided by the Tmall Entities.

The Alibaba Health Software Services Fees are calculated as a percentage of the value of completed sales of the Target Products sold on Tmall, in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on Tmall from time to time and such fee rate is currently ranging from 3% to 4%. The Alibaba Health Software Services Fees will then be deducted from the receivables of the relevant Target Merchant and paid to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) after a customer confirms the receipt of the Target Products being purchased on Tmall. The finance department of the Company will cross-check the amount of the Tmall Software Services Fees being paid to the Tmall Entities on a monthly basis to ensure the accuracy of the amount. The Tmall Software Services Fees shall be settled in cash on a monthly basis. The Tmall Software Services Fees are determined by reference to, among other things, the operating costs expected to be incurred by the Tmall Entities in providing the Software Technical Services including staff costs and technical support expenses.

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The Tmall Entities will ensure that the terms in respect of the Software Technical Services provided to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) are no less favorable than the general terms available to other independent third parties.

2.2 HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE ANNUAL CAPS

The historical transaction amounts for the year ended March 31, 2020, the existing annual caps for the year ending March 31, 2021, the approximate unaudited transaction amounts for the nine months ended December 31, 2020 based on the management accounts and the proposed annual caps relating to each of the Renewed CCT Agreements for the year ending March 31, 2022 are set out below:

	Approximate historical amounts for the year ended March 31, 2020 <i>(RMB'000)</i>	Existing annual caps for the year ending March 31, 2021 <i>(RMB'000)</i>	Approximate unaudited transaction amounts for the nine months ended December 31, 2020 based on unaudited management accounts <i>(RMB'000)</i>	Proposed annual caps for the year ending March 31, 2022 <i>(RMB'000)</i>
2022 Logistics Services Framework Agreement	103,550	450,000	178,835	525,000
2022 Platform Services Framework Agreement	262,471	651,000	249,992	695,000
2022 Advertising Services Framework Agreement	188,872	500,000	268,868	1,150,000
2022 Framework Technical Services Agreement	500,520	950,000	606,000	1,250,000

The Company confirmed that the existing annual caps under each of the Existing CCT Agreements as stated above had not been exceeded as at the Latest Practicable Date and expects that such existing annual caps will not be exceeded as at the date of the SGM.

The proposed annual cap amount under the 2022 Logistics Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the 2021 Logistics Services Framework Agreement; (ii) the expected sales of pharmaceutical and healthcare products for the financial year ending March 31, 2022; (iii) the pharmaceutical and healthcare products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (iv) the potential of the future development of online pharmaceutical and healthcare products sales business.

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The proposed annual cap amount under the 2022 Platform Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the 2021 Platform Services Framework Agreement; (ii) the expected sales of pharmaceutical and healthcare products and services for the financial year ending March 31, 2022; (iii) the pharmaceutical and healthcare products and services that the Group intends to feature on the AGH Platforms; and (iv) the potential of the future development of pharmaceutical and healthcare products and services business in the PRC.

Based on the expected transaction amounts for the year ending March 31, 2021 under the 2021 Logistics Services Framework Agreement and the 2021 Platform Services Framework Agreement, the Group noted a significant increase of approximately 130.1% and a moderate increase of approximately 27.0%, respectively, as compared with the historical transaction amounts for the year ended March 31, 2020. The Group also considered that its pharmaceutical direct sales business has maintained a strong growth momentum, as demonstrated by the rapid increase in revenue derived from such business segment of the Group and the continuous growth in the annual active users of the Group's direct online stores. The Group's revenue derived from the pharmaceutical direct sales business increased from approximately RMB3.4 billion for the six months ended September 30, 2019 to approximately RMB6.0 billion for the six months ended September 30, 2020, representing a year-on-year growth of approximately 76.5%. As at September 30, 2020, the Group's direct online stores, namely Alibaba Health Pharmacy* (阿里健康大藥房) and Alibaba Health Overseas Flagship Store* (阿里健康海外旗艦店), accumulated more than 65 million annual active users, representing an increase of 17 million within the six months ended September 30, 2020.

Due to the prevention and control policies to combat the COVID-19 pandemic, an increasing demand for online retail sales had contributed to further growth of the online retail sales industry in the PRC in 2020 as compared to 2019. According to the research conducted by the Independent Financial Adviser, from January 2020 to November 2020, the national online retail sales in China reached approximately RMB10,537.4 billion, representing a year-on-year increase of approximately 11.5%. The 11.11 Global Shopping Festival, which is a major online retail sales event in the PRC for merchants and consumers to raise awareness about the value of online shopping, also generated approximately RMB498.2 billion in GMV, during the 11-day campaign from November 1, 2020 to November 11, 2020, representing a year-on-year increase of approximately 26% as compared to the corresponding period in 2019. In view of the above, the Group expects that its new products launches of pharmaceutical and healthcare products arising from the Drug Safety Program for Chinese Households* (中國家庭安全用藥計劃), the Chronic Disease Welfare Program* (慢病福利計劃) and the launch of AstraZeneca's original anti-cancer drugs on the Group's direct sales platform will create further demand for the Logistics Services, in particular to address our customers' domestic logistics needs. The Group also intends to expand its market shares by attracting more online customers from the overseas to purchase healthcare products and services through the AGH Platforms. Hence, it is expected

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that the Group's overseas sales targets in respect of the Platform Services will continue to increase in light of the abovementioned market expansion for healthcare products and services and the rapidly growing e-commerce consumer demand.

Taking into account, among others, the year-on-year increase of the expected transaction amounts for the year ending March 31, 2021 under the 2021 Logistics Services Framework Agreement and the 2021 Platform Services Framework Agreement, the strong growth trends of the Group's pharmaceutical direct sales business, as well as the rapid expansion of the Chinese online retails industry, the Group anticipates that the expected transaction amounts for the Logistics Services and the Platform Services for the year ending March 31, 2022 will still be significantly higher than that for the year ending March 31, 2021, despite that the existing annual caps in respect of the 2021 Logistics Services Framework Agreement and the 2021 Platform Services Framework Agreement had not been fully utilized for the year ending March 31, 2021. As such, the Group proposes to increase the amount of annual cap under the 2022 Logistics Services Framework Agreement and the 2022 Platform Services Framework Agreement to RMB525 million and RMB695 million, respectively.

The proposed annual cap amount under the 2022 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the 2021 Advertising Services Framework Agreement; (ii) the Group's marketing plans for the financial year ending March 31, 2022; and (iii) the expected marketing needs of the Group and its target merchants for the financial year ending March 31, 2022.

The proposed annual cap amount under the 2022 Framework Technical Services Agreement was determined primarily based on (i) the historical transaction amounts incurred under the 2018 Framework Technical Services Agreement; (ii) the historical revenue of Tmall attributable to the sale of the Target Products for the recent three financial years; (iii) the projected revenue of Tmall for the sale of the Target Products for the year ending March 31, 2022; (iv) the Group's projection for the sale of the Target Products based on the expected growth of the overall healthcare market in China; and (v) the Group's marketing plans for enhancing the Software Technical Services that the Company seeks to provide to the Target Merchants.

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

2.3 INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

As previously disclosed, the Company has adopted adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the Renewed CCT Agreements. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding service fees to be incurred under the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement, on a bi-weekly, weekly, monthly and monthly basis, respectively, and has been updating such information to the legal department and the chief financial officer of the Company to monitor these transaction amounts.

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

The Company's external auditors will review the continuing connected transactions under each of the Renewed CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded. The relevant counterparties to the Renewed CCT Agreements 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 respective Renewed CCT Agreements.

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

2.4 REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED CCT AGREEMENTS

The Company's mission is to make good health achievable at the fingertips. The Group has continued to leverage its strengths in the big health field to consolidate its business foundation and at the same time focusing on establishing a forward-looking plan for the future.

2022 Logistics Services Framework Agreement

The Company has been selling pharmaceutical and healthcare products online and requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. By capitalizing on the logistics data platform and global fulfilment network of Cainiao Group, efficient and reliable domestic and international one-stop-shop logistics services can be provided to the Group's customers for fulfilling their different logistic needs. The Group's pharmaceutical direct sales business has been expanding quickly which leads to an increase in demand for logistics services. By entering into the 2022 Logistics Services Framework Agreement, the Group aims to meet such increasing demand by maintaining stable logistics services for enhancing customers' shopping experience.

2022 Platform Services Framework Agreement

The Company believes that by marketing and selling products or services on online sales platforms operated by the AGH Relevant Entities, it will be able to reach out to more customers and improve its understanding of their needs in order to facilitate product circulation along the pharmaceutical and healthcare products retail chain to offer quality products and services at competitive prices.

2022 Advertising Services Framework Agreement

The Group has identified the need for coordinated marketing and advertising services for the promotion of the Group's and its target merchants' products on various e-commerce platforms. The Group believes that the advertising services and resources provided by Alibaba Group are effective marketing tools which will enable the Group to reach out to more customers and boost the sales of the Group's and its target merchants' products, as well as enhancing the turnover of its stock in the pharmaceutical and healthcare products retail chain. Seeing the positive impact of Alibaba Group's advertising services on the Group's sales, the Group intends to allocate more resources to such advertising services provided by Alibaba Group going forward.

2022 Framework Technical Services Agreement

The Company's mission is to build an online platform where it will connect participants in China's healthcare market, so as to provide users with better medical and healthcare services. As always, Alibaba Group will continue to

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support the Company's development of its healthcare flagship platform and will continue to explore various cooperation models to help the Company to achieve its goal. Following the acquisition of Ali JK Medical Products Limited by the Company, the Tmall Entities have continued to incur operating costs to service the Target Merchants and provide the software technical services and platform used for the sale of the Target Products. Hence, the Company considers the 2022 Framework Technical Services Agreement to be necessary as the Software Technical Services from Tmall to the Company are crucial to the operations of the Target Merchants on Tmall.

The Directors (including the independent non-executive Directors), after taking into account the advice and recommendation of the Independent Financial Adviser, consider that the transactions contemplated under the Renewed CCT Agreements will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Renewed CCT Agreements are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2.5 INFORMATION ABOUT THE PARTIES

The Company and the Group

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The Group is primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, medical and healthcare services business and tracking and digital health business.

Alibaba Health (Hangzhou) and Alibaba Health (Hainan)

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

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

Alibaba Holding and Alibaba Group

Alibaba Holding is a company incorporated in the Cayman Islands, with its American depository shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build

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the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it aspires to be a good company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Hangzhou Cainiao

Hangzhou Cainiao is established in the PRC with limited liability and is an indirect non-wholly-owned Subsidiary of Alibaba Holding. It is primarily involved in the operation of Cainiao Network, a logistics data platform and global fulfillment network that primarily leverages the capacity and capabilities of logistics partners. Cainiao Network offers domestic and international one-stop-shop logistics services and supply chain management solutions, fulfilling various logistics needs of merchants and consumers at scale, serving digital economy of Alibaba Group and beyond.

Tmall Entities

Tmall Network is a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding, which is primarily involved in the operation of Tmall.

Tmall Technology is a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding, which is primarily involved in the operation of Tmall.

Tmall was launched by Alibaba Group in 2008. Tmall caters to consumers' ever-growing demand for high-quality products and a premium shopping experience. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Tmall is the world's largest third-party online and mobile commerce platform for brands and retailers.

2.6 LISTING RULES IMPLICATIONS

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

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

As Mr. ZHU Shunyan, Mr. WU Yongming, and Mr. XU Hong are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions under the Renewed CCT Agreements. Accordingly, they abstained from voting on the resolutions passed by the Board in connection with the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Other than the aforesaid Directors, no other Director has a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder or is required to abstain from voting on the resolutions of the Board approving the same.

2.7 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the approval of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual cap related thereto. Opus Capital Limited 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 and recommendation of the Independent Financial Adviser, considers that the entering into of the Renewed CCT Agreements and the transactions contemplated thereunder to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the terms of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto are on normal commercial terms and are fair and reasonable 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 33 to 34 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 66 of this circular.

LETTER FROM THE BOARD

3. SGM AND PROXY ARRANGEMENT

The notice of SGM is set out on pages 72 to 74 of this circular. At the SGM, resolutions will be proposed to approve the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Any Shareholder with a material interest in the transactions under the Renewed CCT Agreements and his/her/its associates shall abstain from voting on the resolutions approving the same. To the best of knowledge, belief and information of the Directors, having made all reasonable enquiries, each of Perfect Advance, Ali JK, and Antfin (Hong Kong) Holding Limited holds 4,036,154,008 Shares, 4,560,785,407 Shares and 60,576,000 Shares respectively, representing approximately 30.00%, 33.89% and 0.45% of the issued share capital of the Company as at the Latest Practicable Date. This in aggregate represents a total of 8,657,515,415 Shares and approximately 64.34% of the issued share capital of the Company as at the Latest Practicable Date. Each of Perfect Advance, Ali JK, Antfin (Hong Kong) Holding Limited 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 Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Apart from the above, none of the Shareholders has a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the same.

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

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

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be Tuesday, March 23, 2021. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, March 23, 2021.

LETTER FROM THE BOARD

4. RECOMMENDATION

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

5. GENERAL

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

By Order of the Board
ZHU Shunyan
Chief Executive Officer and Executive Director



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

March 8, 2021

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company to its Shareholders dated March 8, 2021, 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 Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto, in particular, as to whether the transactions contemplated under the Renewed CCT Agreements will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and whether the terms of the Renewed CCT Agreements are on normal commercial terms that are fair and reasonable so far as the Independent Shareholders are concerned; and how to vote on the resolutions regarding each of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto, taking into account the advice and recommendation from the Independent Financial Adviser.

Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 14 to 32 of this circular which contains its recommendation to the Independent Shareholders and the general information set out in the Appendix to this circular; and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

- (b) the letter from the Independent Financial Adviser set out on pages 35 to 66 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice and recommendation.

Having considered the advice and recommendation from the Independent Financial Adviser, we are of the view that the entering into of the Renewed CCT Agreements and the transactions contemplated thereunder to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the terms of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the SGM in relation to the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto.

Yours faithfully,
Independent Board Committee
**Mr. LUO Tong, Mr. WONG King On, Samuel
and Ms. HUANG Yi Fei (Vanessa)**
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter from Opus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto, which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

March 8, 2021

To: the Independent Board Committee and the Independent Shareholders of Alibaba Health Information Technology Limited

Dear Sirs or Madams,

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of Alibaba Health Information Technology Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated March 8, 2021 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the circulars of the Company dated February 8, 2021 and July 16, 2018 in respect of the 2018 Framework Technical Services Agreement, as well as the circular of the Company dated March 9, 2020 in respect of the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement and the 2021 Advertising Services Framework Agreement. The 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement, the 2021 Advertising Services Framework Agreement and the 2018 Framework Technical Services Agreement are collectively known as the Existing CCT Agreements. Each of the Existing CCT Agreements will expire on March 31, 2021. On February 5, 2021, the Company and its relevant Subsidiaries entered into the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement (i.e. the Renewed CCT Agreements), all of which have a term commencing from the Effective Date and ending on March 31, 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company expects that the total service fees payable by the Group under each of the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement for the year ending March 31, 2022 will not be more than RMB525 million, RMB695 million, RMB1.15 billion and RMB1.25 billion, respectively.

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

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

As Mr. ZHU Shunyan, Mr. WU Yongming, and Mr. XU Hong are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions under the Renewed CCT Agreements. Accordingly, they abstained from voting on the resolutions passed by the Board in connection with the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Other than the aforesaid Directors, no other Director has a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder or is required to abstain from voting on the resolutions of the Board approving the same.

To comply with the requirements under Rule 14A.36 of the Listing Rules, the Company will convene the SGM to seek the Independent Shareholders' approval for the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Any Shareholder with a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder and his/her/its associates shall abstain from voting on the resolutions approving the same.

To the best of knowledge, belief and information of the Directors, having made all reasonable enquiries, each of Perfect Advance, Ali JK, and Antfin (Hong Kong) Holding Limited held 4,036,154,008 Shares, 4,560,785,407 Shares and 60,576,000 Shares respectively, representing approximately 30.00%, 33.89% and 0.45% of the issued share capital of the Company as at the Latest Practicable Date. This in aggregate represented a total of 8,657,515,415 Shares and approximately 64.34% of the issued share capital of the Company as at the Latest Practicable Date. Each of Perfect Advance, Ali JK, Antfin (Hong

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Kong) Holding Limited 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 Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. Apart from the above, none of the Shareholders has a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the same.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa), being all the independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

We were appointed (i) as the independent financial adviser to advise the independent board committee and the independent shareholders of Alibaba Pictures Group Limited (stock code: 1060), a listed subsidiary of Alibaba Holding, in respect of the revision of certain terms for certain continuing connected transactions, details of such transaction and our independent advisory letter are set out in the circular of Alibaba Pictures Group Limited dated January 21, 2021; and (ii) as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of the revision of the existing annual cap for the year ending March 31, 2021 under the 2018 Framework Technical Services Agreement, details of such transaction and our independent advisory letter are set out in the circular of the Company dated February 8, 2021 (the “**Past Appointments**”). The Past Appointments are independent of this current appointment.

As at the Latest Practicable Date, save for the aforementioned, we did not have any relationship with, or interest in, the Company, the Group, Alibaba Health (Hangzhou), Alibaba Health (Hainan), Alibaba Holding, Alibaba Group, Hangzhou Cainiao, the Tmall Entities or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, save for item (ii) mentioned above, we have not acted as an independent financial adviser to the Company. Apart from the normal professional fees paid or payable to us in connection with the Past Appointments and the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, the Group, Alibaba Health (Hangzhou), Alibaba Health (Hainan), Alibaba Holding, Alibaba Group, Hangzhou Cainiao, the Tmall Entities or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Renewed CCT Agreements;
- (ii) the Existing CCT Agreements;
- (iii) the interim report of the Company for the six months ended September 30, 2020 (the “**Interim Report**”);
- (iv) the circular of the Company dated July 16, 2018 in respect of the 2018 Framework Technical Services Agreement (the “**2018 Circular**”);
- (v) the circular of the Company dated March 9, 2020 in respect of the 2021 Advertising Services Framework Agreement, the 2021 Logistics Services Framework Agreement and the 2021 Platform Services Framework Agreement (the “**2020 Circular**”);
- (vi) the circular of the Company dated February 8, 2021 in respect of the revision of the existing annual cap for the year ending March 31, 2021 under the 2018 Framework Technical Services Agreement;
- (vii) the Circular; and
- (viii) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and/or the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into consideration, *inter alia*, the following principal factors and reasons:

1. Background of the Renewed CCT Agreements

Each of the Existing CCT Agreements will expire on March 31, 2021. On February 5, 2021, the Company and its relevant Subsidiaries entered into the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement, all of which have a term commencing from the Effective Date and ending on March 31, 2022. The principal terms of the Renewed CCT Agreements together with our analysis of same are set out in the section headed “4. Principal terms of the Renewed CCT Agreements” below.

The Company expects that the total service fees payable by the Group under each of the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement for the year ending March 31, 2022 will not be more than RMB525 million, RMB695 million, RMB1.15 billion and RMB1.25 billion, respectively. Further details in respect of the relevant existing annual caps and the proposed annual caps together with our analysis of the same are set out in the sections headed “6. Historical amounts and basis for determining the annual caps” and “7. Our analysis on the proposed annual cap under each of the Renewed CCT Agreements” below.

2. Information about the parties

The Company and the Group

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The Group primarily engages in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, medical and healthcare services business and tracking and digital health business.

Alibaba Holding and Alibaba Group

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

Alibaba Health (Hangzhou) and Alibaba Health (Hainan)

Alibaba Health (Hangzhou) is a company established in the PRC with limited liability. It is an indirect wholly-owned Subsidiary of the Company that is primarily engaged in the provision of e-commerce platform services.

Alibaba Health (Hainan) is a company established in the PRC with limited liability. It is an indirect wholly-owned Subsidiary of the Company that is primarily engaged in the provision of software and technology services.

Hangzhou Cainiao

Hangzhou Cainiao is established in the PRC with limited liability and is an indirect non-wholly-owned Subsidiary of Alibaba Holding. It is primarily involved in the operation of Cainiao Network, a logistics data platform and global fulfillment network that primarily leverages the capacity and capabilities of logistics partners. Cainiao Network offers domestic and international one-stop-shop logistics services and supply chain management solutions, fulfilling various logistics needs of merchants and consumers at scale, serving digital economy of Alibaba Group and beyond.

Tmall Entities

Tmall Network is a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding, which is primarily involved in the operation of Tmall.

Tmall Technology is a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding, which is primarily involved in the operation of Tmall.

Tmall was launched by Alibaba Group in 2008. Tmall caters to consumers' ever-growing demand for high-quality products and a premium shopping experience. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Tmall is the world's largest third-party online and mobile commerce platform for brands and retailers.

3. Reasons for and benefits of entering into of the Renewed CCT Agreements

As stated in the Letter from the Board, the Company's mission is to make good health achievable at the fingertips. The Group has continued to leverage its strengths in the big health field to consolidate its business foundation and at the same time focusing on establishing a forward-looking plan for the future.

2022 Logistics Services Framework Agreement

The Company has been selling pharmaceutical and healthcare products online and requires efficient and reliable logistics services to enable its products to be safely and promptly delivered to its customers. By capitalizing on the logistics data platform and global fulfilment network of Cainiao Group, efficient and reliable domestic and international one-stop-shop logistics services can be provided to the Group's customers for fulfilling their different logistic needs. The Group's pharmaceutical direct sales business has been expanding quickly which leads to an increase in demand for logistics services. By entering into of the 2022 Logistics Services Framework Agreement, the Group aims to meet such increasing demand by maintaining stable logistics services for enhancing customers' shopping experience.

2022 Platform Services Framework Agreement

The Company believes that by marketing and selling products or services on online platforms operated by the AGH Relevant Entities, it will be able to reach out to more customers and improve its understanding of their needs in order to facilitate product circulation along the pharmaceutical and healthcare products retail chain to offer quality products and services at competitive prices.

2022 Advertising Services Framework Agreement

The Group has identified the need for coordinated marketing and advertising services for the promotion of the Group's and its target merchants' products on various e-commerce platforms. The Group believes that the advertising services and resources provided by Alibaba Group are effective marketing tools which will enable the Group to reach out to more customers and boost the sales of the Group's and its target merchants' products, as well as enhancing the turnover of its stock in the pharmaceutical and healthcare products retail chain. Seeing the positive impact of Alibaba Group's advertising services on the Group's sales, the Group intends to allocate more resources to such advertising services provided by Alibaba Group going forward.

2022 Framework Technical Services Agreement

The Company's mission is to build an online platform where it will connect participants in China's healthcare market, so as to provide users with better medical and healthcare services. As always, Alibaba Group will continue to support the Company's development of its healthcare flagship platform and will continue to explore various cooperation models to help the Company to achieve its goal. Following the acquisition of Ali JK Medical Products Limited by the Company, the Tmall Entities have continued to incur operating costs to service the Target Merchants and provide the software technical services and platform used for the sale of the Target Products. Hence, the Company considers the 2022 Framework Technical Services Agreement to be necessary as the Software Technical Services from Tmall to the Company are crucial to the operations of the Target Merchants on Tmall.

We note that set out in the Interim Report, as at September 30, 2020, the Group's direct online stores (Alibaba Health Pharmacy* (阿里健康大藥房) and Alibaba Health Overseas Flagship Store* (阿里健康海外旗艦店)) accumulated more than 65 million annual active users, representing an increase of 17 million as compared to half a year ago. Further, during the six months ended September 30, 2020, GMV generated by Tmall's pharmaceutical platform as operated by the Group exceeded approximately RMB55.4 billion, representing a year-on-year growth of approximately 49.7%. As at September 30, 2020, annual active users of Tmall's pharmaceutical platform exceeded 250 million, representing an increase of more than 60 million as compared to half a year ago. In addition, Tmall's pharmaceutical platform had provided services to more than 18,000 merchants, representing an increase of nearly 4,000 merchants within the relevant period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Interim Report, the revenue of the Group was approximately RMB7,162.0 million for the six months ended September 30, 2020, representing an increase of approximately 74.0% as compared to that for the six months ended September 30, 2019. The segment revenue for each of the Group's segments for the six months ended September 30, 2019 and 2020 are as following:

Table 1: Segment revenue of the Group for the six months ended September 30, 2019 and 2020

	For the six months ended	
	September 30,	
	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Pharmaceutical direct sales business	3,435,166	6,036,024
Pharmaceutical e-commerce platform business	539,991	925,383
Medical and healthcare services business	122,736	175,929
Tracking and digital health business	18,953	24,695
Total	4,116,846	7,162,031

Source: the Interim Report

In respect of the summarized financial performance of the Group's two of the main business segments (i.e. pharmaceutical direct sales business and pharmaceutical e-commerce platform business), the revenue of the Group's pharmaceutical direct sales business increased from approximately RMB3.4 billion for the six months ended September 30, 2019 to approximately RMB6.0 billion for the six months ended September 30, 2020, representing a year-on-year growth of approximately 76.5%, and maintained strong growth momentum, while the revenue of the Group's pharmaceutical e-commerce platform business increased from approximately RMB540.0 million for the six months ended September 30, 2019 to approximately RMB925.4 million for the six months ended September 30, 2020, representing a year-on-year growth of approximately 71.4%.

We have also analysed the growth and the prospects of the Chinese online retail sales industry in the PRC. The online retail sales industry in the PRC had been growing in 2020 compared to 2019 as the prevention and control policies to combat the COVID-19 pandemic led to the increasing demand for online retail sales. According to the press release published by the National Bureau of Statistics of China dated December 16, 2020, from January 2020 to November 2020, the national online retail sales in China reached approximately RMB10,537.4 billion, representing a year-on-year increase of approximately 11.5%. The 11.11 Global Shopping Festival began in 2009 as an event for merchants and consumers to raise awareness about the value of online shopping

and is a major online retail sales event in the PRC. According to the news published on the company website of Alibaba Holding on November 12, 2020, the 11.11 Global Shopping Festival generated approximately RMB498.2 billion in GMV, during the 11-day campaign from November 1, 2020 to November 11, 2020, representing a year-on-year increase of approximately 26% compared to the corresponding period in 2019. The above strong growth momentum in product sales provides strong impetus for another good year of the Chinese online retail sales industry during the year ending March 31, 2022.

Based on the above, in particular, the aforesaid strong growth trends of the Group's main business segments and the strong growth of the Chinese online retail sales industry, we agree with the Board the need for the Group to seek continuous co-operation and assistance from the relevant counterparties of the Renewed CCT Agreements on aspects covering logistics services, platform services, advertising services and software technical services.

4. Principal terms of the Renewed CCT Agreements

Summaries of the principal terms of each of the Renewed CCT Agreements are set out in the sub-sections below.

4.1. 2022 Logistics Services Framework Agreement

- Date : February 5, 2021
- Parties : (1) The Company (for itself and on behalf of its Subsidiaries); and
(2) Hangzhou Cainiao (for itself and on behalf of its Subsidiaries and affiliates)
- Duration : Subject to approval by the Independent Shareholders at the SGM, the 2022 Logistics Services Framework Agreement will commence on the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Logistics Services Framework Agreement, Hangzhou Cainiao has agreed that Cainiao Group will provide to the Group the Logistics Services, including but not limited to warehouse operation and storage services, domestic and international delivery services, customs registration and clearance services, standard and special packaging services, storage and delivery supply chain management services and other value-added and logistics-related services provided by Cainiao Group from time to time. Cainiao Group shall provide the Logistics Services

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to the Group in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Cainiao Group from time to time.

Service fees, pricing terms and payment terms

The service fees shall be calculated and settled in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Cainiao Group from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

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

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

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

We have discussed with the Management and understand that Cainiao Group currently provides logistics services for many merchants on Alibaba Group's e-commerce platforms such as Tmall as well as other independent third parties. Therefore, the service fees to be charged by Cainiao Group to the Group for the Logistics Services would be comparable to those charged to other independent third parties. We have also reviewed the service fees currently published on the online platforms operated by Cainiao Group and we are given to understand that the same set of service fees is equally applicable to all customers of Cainiao Group, there should be no preferential treatment for certain customers of Cainiao Group, including the Group. Under such manner, Cainiao Group can ensure the terms in respect of the Logistics Services provided to the Group are no less favourable to the Group than the terms available to other independent third parties. In addition, we note that the pricing terms of the 2022 Logistics Services Framework Agreement generally follow those of the 2021 Logistics Services Framework Agreement. Based on the above, we are of the view that the pricing terms for the service fees to be received by Cainiao Group from the Group under the 2022 Logistics Services Framework Agreement are on normal commercial terms which are no less favorable to the Group than those available to other independent third parties.

4.2. 2022 Platform Services Framework Agreement

Date : February 5, 2021

Parties : (1) the Company (for itself and on behalf of its Subsidiaries); and
(2) Alibaba Holding (for itself and on behalf of its Subsidiaries and affiliates)

Duration : Subject to the approval by the Independent Shareholders at the SGM, the 2022 Platform Services Framework Agreement will commence from the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms of thereunder.

Services to be provided

Pursuant to the 2022 Platform Services Framework Agreement, Alibaba Holding has agreed that the AGH Relevant Entities will provide to the Group the Platform Services, including but not limited to Internet information related software technical services, bonus points system related software technical services, Internet information services, secondary domain name services, promotion and logistics related technical services, product information display and release services, order verification and processing services, payment system technical services, coordination and storage services for returned products, trading technology services, channel promotion services, other related platform services and other similar or related services provided by the AGH Relevant Entities from time to time. These services relate to the Group's use of various AGH Platforms to sell healthcare related products and services to consumers and businesses.

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

Service fees and payment terms

The service fees shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by the respective AGH Relevant Entities from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

- (i) an upfront guarantee deposit designated by the respective AGH Relevant Entities (different amount of guarantee deposit is applicable to different AGH Platforms or different categories of products or services) (if applicable), currently being RMB300,000 for each of Tmall and Tmall Global;
- (ii) a standard annual fee designated by the respective AGH Relevant Entities (different amount of annual fee is applicable to different categories of products or services) (if applicable), currently being RMB30,000 per Tmall storefront, RMB60,000 per Tmall Global storefront and RMB10,000 per AliExpress storefront for the year ending December 31, 2021;

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- (iii) technical service fees calculated as a percentage of the value of sales of products or services sold by the Group of the applicable categories on the AGH Platforms as amended and published from time to time. Currently, the products and services sold by the Group at the relevant storefronts on the AGH Platforms are primarily categorized into over-the-counter drugs, prescription drugs, medical devices and nutritional supplements categories, which are subject to a fee rate ranging from 1% to 10%; and
- (iv) payment handling and international delivery fees which include any cost incurred in the payment and delivery of the products sold by the Group on the relevant AGH Platforms and platform service fees designated by the respective AGH Relevant Entities which are determined based on the marketing platform selected and the types of platform activities engaged in (if applicable).

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

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

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

The guarantee deposit shall be payable upon admission to the relevant AGH Platforms. The designated annual fees shall be settled at the beginning of each calendar year and the technical service fees will be settled or deducted immediately after the sale of the relevant products or services. The settlement of the payment handling and international delivery fees and the platform service fees shall be set off against funds received by the AGH Relevant Entities from customers in respect of the transactions conducted on the relevant AGH Platforms.

We have discussed with the Management and understand that the AGH Relevant Entities currently provides platform services to many other independent third-party merchants. Therefore, the service fees to be charged by the AGH Relevant Entities to the Group for the Platform Services would be comparable to those charged to other independent third merchants. We have also reviewed the service fees currently published on Tmall, one of the most prominent online platforms operated by the AGH Relevant Entities, and we are given to understand that the same set of service fees is equally applicable to all customers of the AGH Relevant Entities, there should be no preferential treatment for certain customers of the AGH Relevant Entities, including the Group. In addition, we note that the pricing terms of the 2022 Platform Services Framework Agreement generally follow those of the 2021 Platform Services Framework Agreement. Based on the above, we are of the view that the pricing terms for the service fees to be received by the AGH Relevant Entities from the Group under the 2022 Platform Services Framework Agreement are on normal commercial terms which are no less favourable to the Group than those available to other independent third parties.

4.3. 2022 Advertising Services Framework Agreement

Date : February 5, 2021

Parties : (1) the Company (for itself and on behalf of its Subsidiaries); and

(2) Alibaba Holding (for itself and on behalf of its Subsidiaries and affiliates)

Duration : Subject to approval by the Independent Shareholders at the SGM, the 2022 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Advertising Services Framework Agreement, Alibaba Group has agreed that Alibaba Group will provide to the Group the Advertising Services, including but not limited to the display of advertisements on various platforms supported by Alibaba Group, including the Alibaba Group Platforms or other third-party platforms, from time to time in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the relevant online platforms operated by Alibaba Group. The Group shall pay Alibaba Group the advertising fees.

Service fees and payment terms

The service fees shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Alibaba Group from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

- (i) CPM (cost per impression) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time the advertisement is displayed, i.e. a unit price for every 1,000 impressions served. The unit prices of certain CPM model advertisements are fixed while the unit prices of other advertisements are determined through an auction system. Where the auction system applies, the Group offers bid prices for the relevant advertisement spaces, taking into account the commercial circumstances and comparable prices offered by other independent third-party advertisers on other advertising platforms. Alibaba Group's systems automatically accept the highest bids for each advertising space where the auction process is used. The fixed prices currently charged by Alibaba Group and the bid prices currently offered by the Group which have been accepted under the CPM model range from RMB5 to RMB150 per 1,000 impressions, depending on the designated space, size, advertising format, timing and targeted users;
- (ii) CPC (cost per click) model advertising services. Advertisements are displayed on the various platforms operated by Alibaba Group and other third parties and Alibaba Group charges advertising fees each time a user clicks on the displayed advertisement. The unit prices for CPC model advertisements are determined through an auction system, under which the Group offers bid prices for the relevant advertisement spaces, taking into account the commercial circumstances and comparable prices offered by other independent third-party advertisers on other advertising platforms. Alibaba Group's systems automatically accept the highest bids for each advertising space where the auction process is used. The bid prices currently offered by the Group which have been accepted under the CPC model range from RMB0.5 to RMB10 per click, depending on the size, advertising format and timing of the advertisement; and

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

Since the service fees charged by Alibaba Group for the Advertising Services are determined in accordance with the underlying standard agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Alibaba Group from time to time, which equally apply to other independent third-party customers, the Company considers that the pricing terms under the 2022 Advertising Services Framework Agreement are no less favourable than the general terms available to other independent third parties.

Based on our research, according to the market data disclosed on the website of WebFX, a leading global tech-enabled digital marketing solutions provider and social media agency, we note that the CPM (cost per impression) charged by Facebook, Instagram, YouTube, LinkedIn, Twitter and Pinterest (collectively, the “**Leading Global Social Media Platforms**”) currently range from approximately US\$6.46 (equivalent to approximately RMB41.7 based on an approximate exchange rate of US\$1 to RMB6.46, and the same exchange rate is applied consistently below) to US\$30 (equivalent to approximately RMB193.8) per 1,000 impressions with an average of approximately US\$11.31 (equivalent to approximately RMB73.1) per 1,000 impressions. The fixed prices currently charged by Alibaba Group and the bid prices currently offered by the Group which have been accepted under the CPM model range from RMB5 to RMB150 per 1,000 impressions which compare favourably against those charged by the Leading Global Social Media Platforms. We also note that the CPC (cost per click) charged by the Leading Global Social Media Platforms range from approximately US\$0.97 (equivalent to approximately RMB6.3) to US\$5.26 (equivalent to approximately RMB34.0) per click with an average of approximately US\$2.48 (equivalent to approximately RMB16.0) per click. The bid prices currently offered by the Group which have been accepted under the CPC model range from RMB0.5 to RMB10 per click which also compare favourably against those charged by the Leading Global Social Media Platforms. Based on the aforementioned comparisons, we consider the CPM and the CPC currently charged by Alibaba Group to be in line with the market and are generally favourable when compared to those charged by the Leading Global Social Media Platforms.

We have discussed with the Management and understand that Alibaba Group currently provides advertising services to many other independent third-party customers. Therefore, the service fees to be charged by Alibaba Group to the Group for the Advertising Services would be comparable to those charged to other independent third customers. Lastly, we note that the pricing terms of the 2022 Advertising Services Framework Agreement generally follow those of the 2021 Advertising Services Framework Agreement. Based on the above, we are of the view that the pricing terms for the service fees to be received by Alibaba Group from the Group under the 2022 Advertising Services Framework Agreement are on normal commercial terms which are no less favourable to the Group than those available to other independent third parties.

4.4. 2022 Framework Technical Services Agreement

Date : February 5, 2021

Parties : (1) Alibaba Health (Hangzhou)
(2) Alibaba Health (Hainan); and
(3) the Tmall Entities

Duration : Subject to approval by the Independent Shareholders at the SGM, the 2022 Framework Technical Services Agreement will commence from the Effective Date and end on March 31, 2022, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2022 Framework Technical Services Agreement, the Tmall Entities have agreed to provide the Software Technical Services, including but not limited to the following services:

- (a) Software technical services: the Tmall Entities will provide software technical support to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) or the Target Merchants as requested by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for the Tmall Software Services Fees. The software technical support includes product information display services on Tmall and related software technology services;

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- (b) Internet information services and secondary domain names: as the platform provider and operator, the Tmall Entities will provide Tmall.com and the secondary domain names to the Target Merchants as a platform for the Target Merchant's operation of business. The secondary domain name services being provided by the Tmall Entities will not be charged to Alibaba Health (Hangzhou), Alibaba Health (Hainan), the Target Merchants or consumers for the time being; and
- (c) Other services: the Tmall Entities may provide the Target Merchants with additional services including but not limited to marketing services and Merchant customer services. The Tmall Entities will not charge Alibaba Health (Hangzhou) and Alibaba Health (Hainan) for those services unless Alibaba Health (Hangzhou) and Alibaba Health (Hainan) request such services, in which case the parties will agree on a separate service fee.

From time to time, the Tmall Entities may organize platform-wide promotional events in which they coordinate with the Merchants on Tmall, including the Target Merchants, through the Company, to offer discounts to consumers over a period of time and implement loyalty programs to encourage repeat shopping.

Service fees and payment terms

Alibaba Health (Hangzhou) and Alibaba Health (Hainan) shall pay the Tmall Software Services Fees to the Tmall Entities equal to 50% of the Alibaba Health Software Services Fees received by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) from the Target Merchants for sales of the Target Products on Tmall and utilizing services provided by the Tmall Entities.

The Alibaba Health Software Services Fees are calculated as a percentage of the value of completed sales of the Target Products sold on Tmall, in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on Tmall from time to time and such fee rate is currently ranging from 3% to 4%. The Alibaba Health Software Services Fees will then be deducted from the receivables of the relevant Target Merchant and paid to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) after a customer confirms the receipt of the Target Products being purchased on Tmall. The finance department of the Company will cross-check the amount of the Tmall Software Services Fees being paid to the Tmall Entities on a monthly basis to ensure the accuracy of the amount. The Tmall Software Services Fees shall be settled in cash on a monthly basis. The Tmall Software Services Fees are determined by reference

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to, among other things, the operating costs expected to be incurred by the Tmall Entities in providing the Software Technical Services including staff costs and technical support expenses.

The Tmall Entities will ensure that the terms in respect of the Software Technical Services provided to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) are no less favourable than the general terms available to other independent third parties.

We note that Alibaba Health (Hangzhou) and Alibaba Health (Hainan) shall pay the Tmall Software Services Fees to the Tmall Entities equal to 50% of the Alibaba Health Software Services Fees received by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) from the Target Merchants for transactions selling the Target Products on Tmall and utilizing services provided by the Tmall Entities. The Alibaba Health Software Services Fees are calculated as a percentage of the value of completed sales of the Target Products sold on Tmall, in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on Tmall from time to time and such fee rate is currently ranging from 3% to 4% of the value of completed sales of the Target Products sold on Tmall and will be deducted from the receivables of the relevant Target Merchant and paid to Alibaba Health (Hangzhou) and Alibaba Health (Hainan) after a customer confirms the receipt of the Target products he or she purchases on Tmall.

We understand from the discussion with the Management that in determining the Tmall Software Services Fees payable to the Tmall Entities they have taken into consideration factors such as the amount of work needed, efficiency and expertise of the services provided by the Tmall Entities and effectiveness of communication of the service providers in relation to the operating costs expected to be incurred by the Tmall Entities in providing the services including staff costs and technical support expenses before deciding on the revenue sharing arrangement. During our research, we found one comparable transaction from the prospectus of JD Health International Inc. (stock code: 6618) (“**JD Health**”, together with subsidiaries, “**JD Health Group**”) dated November 26, 2020 that JD Health entered into a technology and traffic support services framework agreement with JD.com on November 23, 2020 (the “**JDH Technology and Traffic Support Services Framework Agreement**”), pursuant to which JD.com and its subsidiaries and consolidated affiliated entities (“**JD Group**”), excluding JD Health Group, would provide JD Health Group technology and traffic support services through its online platforms (e.g. JD.com). The technology and traffic support services under the JDH Technology and Traffic Support Services Framework Agreement primarily include user traffic support, branding activities, operational support and advertisement access for JD Health Group’s merchants and suppliers. JD Group will charge commissions by applying a fixed rate of up 3% (the “**JDH Technology and Traffic Support**

Services Fees”) on the value of the fulfilled orders of healthcare products and services generated through JD Group’s online platforms. In our view, the JDH Technology and Traffic Support Services Framework Agreement is the closest market comparable to the 2022 Framework Technical Services Agreement in terms of the nature of the technology and support services they provide. We note the Tmall Software Services Fees (i.e. 50% of 3% to 4% of the value of completed sales of the Target Products sold on Tmall) would be generally in line with the JDH Technology and Traffic Support Services Fees (up to 3% on the value of the fulfilled orders of healthcare products and services generated through JD Group’s online platforms) although it only has to bear 50% of the Alibaba Health Software Services Fees chargeable on completed sales of the Target Products.

Lastly, we note that the pricing terms of the 2022 Framework Technical Services Agreement generally follow those of the 2018 Framework Technical Services Agreement. Based on the above, we are of the view that the pricing terms for the service fees to be received by the Tmall Entities from the Group under the 2022 Framework Technical Services Agreement are on normal commercial terms which are no less favourable to the Group than those available to other independent third parties.

5. Internal controls for the transactions contemplated under each of the Renewed CCT Agreements

With regard to the internal controls of the Company, as previously disclosed in the 2018 Circular and the 2020 Circular, 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 Renewed CCT Agreements. The finance department of the Company has been collecting and will continue to collect information on the actual transactions conducted with the relevant parties, and the corresponding service fees to be incurred under the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement, on a bi-weekly, weekly, monthly and monthly basis, respectively, and has been updating such information to the legal department and the chief financial officer of the Company to monitor these transaction amounts.

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

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The Company's external auditors will review the continuing connected transactions under each of the Renewed CCT Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded. The relevant counterparties to the Renewed CCT Agreements 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 respective Renewed CCT Agreements.

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

Supervision and monitoring of the annual caps

With respect to the supervision and monitoring of the annual caps of the transactions contemplated under the Existing CCT Agreements, we have obtained and reviewed three individual monthly update samples (the "**Monthly Update Samples**") for each of the Existing CCT Agreements, selected by us randomly, in relation to the actual transactions conducted with the relevant parties under each of the Existing CCT Agreements which were collected by the finance department of the Company. Save for the 2018 Framework Technical Services Agreement, each of the Existing CCT Agreements had a term commencing from April 1, 2020 and ending on March 31, 2021 so there were only 11 monthly updates samples available up to the Latest Practicable Date, we consider three Monthly Update Samples selected randomly from 11 monthly update samples to be generally sufficient and representative. For each of the Monthly Update Samples, we have followed the Company's internal paper trail and note that: (i) the respective year-to-date transaction amount in the financial year and the relevant annual cap utilization rate were clearly stated in the respective Monthly Update Samples by the finance department of the Company; (ii) the respective Monthly Update Samples were reported shortly after the relevant months ends to the legal department and the chief financial officer of the Company; and (iii) the legal department and the chief financial officer of the Company have acknowledged and monitored such monthly update information. Based on the above, we consider that the Company has adopted adequate internal control measures to be able to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the Existing CCT Agreements.

Pricing policies

We understand that the service fees under: (i) the 2022 Logistics Services Framework Agreement shall be calculated and settled in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Cainiao Group from time to time; (ii) the 2022 Platform Services Framework Agreement shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by the respective AGH Relevant Entities from time to time; (iii) the 2022 Advertising Services Framework Agreement shall be calculated in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on the respective online platforms operated by Alibaba Group from time to time; and (iv) the 2022 Framework Technical Service Agreement shall equal to 50% of the Alibaba Health Software Services Fees received by Alibaba Health (Hangzhou) and Alibaba Health (Hainan) from the Target Merchants for the transactions of selling the Target Products on Tmall and utilizing services provided by the Tmall Entities where the Alibaba Health Software Services Fees are calculated as a percentage (currently ranging from 3% to 4%) of the value of completed sales of the Target Products sold on Tmall, in accordance with the underlying agreements and the standard terms and conditions (as applicable) as amended and published on Tmall from time to time. These pricing policies are similar to those under the Existing CCT Agreements.

We have collected and reviewed the review results issued by the Company's external auditors and the independent non-executive Directors for the year ended March 31, 2020 and noted no exception which have shown the relevant continuing connected transactions had been conducted in accordance with the pricing policies set out in the relevant agreements.

Given the above, we concur with the Company that it has adopted adequate internal control measures to comply with the Listing Rules Requirements with respect to (i) the supervision and monitoring of the annual caps of the transactions contemplated under the Renewed CCT Agreements; and (ii) ensuring that the relevant continuing connected transactions will be conducted in accordance with the pricing policies set out in the Renewed CCT Agreements.

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6. Historical amounts of the annual caps, existing annual caps and proposed annual caps

The historical transaction amounts for the year ended March 31, 2020, the existing annual caps for the year ending March 31, 2021, the approximate unaudited transaction amounts for the nine months ended December 31, 2020 based on the management accounts and the proposed annual caps relating to each of the Renewed CCT Agreements for the year ending March 31, 2022 are set out below:

Table 2: Historical amounts of the annual caps, existing annual caps and proposed annual caps

	Approximate historical amounts for the year ended March 31, 2020 <i>(RMB'000)</i>	Existing annual caps for the year ending March 31, 2021 <i>(RMB'000)</i>	Approximate unaudited transaction amounts for the nine months ended December 31, 2020 based on unaudited management accounts <i>(RMB'000)</i>	Proposed annual caps for the year ending March 31, 2022 <i>(RMB'000)</i>
2022 Logistics Services Framework Agreement	103,550	450,000	178,835	525,000
2022 Platform Services Framework Agreement	262,471	651,000	249,992	695,000
2022 Advertising Services Framework Agreement	188,872	500,000	268,868	1,150,000
2022 Framework Technical Services Agreement	500,520	950,000	606,000	1,250,000

Source: the Letter from the Board

7. Our analysis on the proposed annual cap under each of the Renewed CCT Agreements

From Table 2 above, we note that the proposed annual cap for the year ending March 31, 2022 under each of the 2022 Logistics Services Framework Agreement, the 2022 Platform Services Framework Agreement, the 2022 Advertising Services Framework Agreement and the 2022 Framework Technical Services Agreement represents an increase of approximately 16.7%, 6.8%, 130.0% and 31.6% when comparing to the existing annual cap for the year ending March 31, 2021 under each of the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement, the 2021 Advertising Services Framework Agreement and the 2018 Framework Technical Services Agreement, respectively.

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Table 3: Utilization of existing annual caps

	Approximate unaudited transaction amounts for the nine months ended December 31, 2020 based on unaudited management accounts (RMB'000)	Utilization rate based on the unaudited transaction amounts for the nine months ended December 31, 2020 %	Approximate annualized transaction amounts for the year ending March 31, 2021 (RMB'000)	Utilization rate based on the annualized transaction amounts for the year ending March 31, 2021 %
2021 Logistics Services Framework Agreement	178,835	39.7	238,447	53.0
2021 Platform Services Framework Agreement	249,992	38.4	333,323	51.2
2021 Advertising Services Framework Agreement	268,868	53.8	358,491	71.7
2018 Framework Technical Services Agreement	606,000	63.8	808,000	85.1

Sources: the Letter from the Board and our computation

We also note from Table 3 above that the utilization rate of the relevant existing annual cap based on the unaudited transaction amount for the nine months ended December 31, 2020 under each of the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement, the 2021 Advertising Services Framework Agreement and the 2018 Framework Technical Services Agreement were approximately 39.7%, 38.4%, 53.8% and 63.8%, respectively. Should the relevant unaudited transaction amounts for the nine months ended December 31, 2020 be annualized for the year ending March 31, 2021 under each of the 2021 Logistics Services Framework Agreement, the 2021 Platform Services Framework Agreement, the 2021 Advertising Services Framework Agreement and the 2018 Framework Technical Services Agreement, the relevant utilization rate under each agreement would be approximately 53.0%, 51.2%, 71.7% and 85.1%, respectively.

In assessing the fairness and reasonableness of the proposed annual caps under the Renewed CCT Agreements, we have considered each proposed annual cap in the following section.

2022 Logistics Services Framework Agreement

With respect to the proposed annual cap amount under the 2022 Logistics Services Framework Agreement for the year ending March 31, 2022, we understand that the proposed annual cap amount under the 2022 Logistics Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the 2021 Logistics Services Framework Agreement; (ii) the expected sales of pharmaceutical and healthcare products

for the financial year ending March 31, 2022; (iii) the pharmaceutical and healthcare products that the Group intends to feature on the stores and platforms operated by Alibaba Group; and (iv) the potential of the future development of online pharmaceutical and healthcare products sales business.

We have obtained and reviewed the calculation worksheet of the proposed annual cap under the 2022 Logistics Services Framework Agreement for the year ending March 31, 2022. We note that the proposed annual cap of RMB525 million is mainly driven by (i) the historical transaction amount incurred under the 2021 Logistics Services Framework Agreement as the base figure (ii) together with a growth factor taking into account the expected sales and new products launches of pharmaceutical and healthcare products for the financial year ending March 31, 2022 (iii) as well as a buffer of about 20% to cater for any unexpected increase in the actual transaction amount.

With respect to the historical transaction amount incurred under the 2021 Logistics Services Framework Agreement, this figure is largely represented by the relevant annualized transaction amount computed on Table 3 above (i.e. approximately RMB238.4 million). Considering that this annualized transaction amount for the year ending March 31, 2021 would yield only a utilization rate of approximately 53.0% of the relevant existing annual cap for the year ending March 31, 2021, we look for justifications that why the proposed annual cap is RMB525 million, which is approximately 16.7% higher than the relevant existing annual cap for the year ended March 31, 2021 of RMB450 million.

Firstly, we compared the annualized transaction amount under the 2021 Logistics Services Framework Agreement of approximately RMB238.4 million with the corresponding historical amounts for the year ended March 31, 2020 of approximately RMB103.6 million, and we note a significant year-on-year increase of approximately 130.1%.

Secondly, as per our discussion with the Management and as illustrated by the relevant calculation worksheet, in light of the strong growth trends of the Group's pharmaceutical direct sales business and the strong growth of the Chinese online retail sales industry discussed in the section headed "3. Reasons for and benefits of entering into of the Renewed CCT Agreements" above, the Company expects the demand of the Logistics Services is expected to continue to grow in the same manner for the year ending March 31, 2022 and the transaction amount for the Logistics Services for the year ending March 31, 2022 is also expected to increase with a one-off increase of the Logistics Services for new products launches of pharmaceutical and healthcare products. We noted from the Interim Report that there has been several initiatives promoted by the Group during 2020 such as the Drug Safety Program for Chinese Households* (中國家庭安全用藥計劃), the Chronic Disease Welfare Program* (慢病福利計劃) and the launch of AstraZeneca's original anti-cancer drugs on the Group direct sales platform which can be seen as support for the new products launches of pharmaceutical and healthcare products by the Group.

Taking into account, among others, (i) the significant year-on-year increase of annualized transaction amount under the 2021 Logistics Services Framework Agreement for the year ending March 31, 2021; (ii) the strong growth trends of the Group's pharmaceutical direct sales business and the strong growth of the Chinese online retail sales industry discussed in the section headed "3. Reasons for and benefits of entering into of the Renewed CCT Agreements" above supported the growth projection made by the Company; (iii) the buffer of 20% is, in our view and based on our past experience working with Hong Kong listed issuers, accepted market practice for estimating annual caps in the range of 10% to 20% to cater for any unexpected increase in the actual transaction amount; and (iv) balancing the under-utilization of the relevant existing annual cap during the year ending March 31, 2021 while taking into consideration items (i), (ii) and (iii) above, the overall 16.7% year-on-year upward adjustment made by the Company to the proposed annual cap for the year ending March 31, 2022, we consider the proposed annual cap amount of RMB525 million under the 2022 Logistics Services Framework Agreement for the year ending March 31, 2022 to be fair and reasonable.

2022 Platform Services Framework Agreement

With respect to the proposed annual cap amount under the 2022 Platform Services Framework Agreement for the year ending March 31, 2022, we understand that the proposed annual cap amount under the 2022 Platform Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the 2021 Platform Services Framework Agreement; (ii) the expected sales of pharmaceutical and healthcare products and services for the financial year ending March 31, 2022; (iii) the pharmaceutical and healthcare products and services that the Group intends to feature on the AGH Platforms; and (iv) the potential of the future development of pharmaceutical and healthcare products and services business in the PRC.

We have obtained and reviewed the calculation worksheet of the proposed annual cap under the 2022 Platform Services Framework Agreement for the year ending March 31, 2022. We note that the proposed annual cap of RMB695 million is mainly driven by (i) the historical transaction amount incurred under the 2021 Platform Services Framework Agreement as the base figure (ii) together with a growth factor considering the expected sales and new products launches of pharmaceutical and healthcare products for the financial year ending March 31, 2022 (iii) as well as a buffer of about 20% to cater for any unexpected increase in the actual transaction amount.

With respect to the historical transaction amount incurred under the 2021 Platform Services Framework Agreement, this figure is largely represented by the relevant annualized transaction amount computed on Table 3 above (i.e. approximately RMB333.3 million). Considering that this annualized transaction amount for the year ending March 31, 2021 would yield only a utilization rate of approximately 51.2% of the relevant existing annual cap for the year ending

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March 31, 2021, we look for justifications that why the proposed annual cap is RMB695 million, which is slightly higher (i.e. by approximately 6.8%) than the relevant existing annual cap for the year ending March 31, 2021 of RMB651 million.

Firstly, we compared the annualized transaction amount under the 2021 Platform Services Framework Agreement of approximately RMB333.3 million with the corresponding historical amounts for the year ended March 31, 2020 of approximately RMB262.5 million, and we note a year-on-year increase of approximately 27.0%.

Secondly, as per our discussion with the Management and as illustrated by the relevant calculation worksheet, in light of the strong growth trends of the Group's pharmaceutical direct sales business and the strong growth of the Chinese online retail sales industry discussed in the section headed "3. Reasons for and benefits of entering into of the Renewed CCT Agreements" above, the Company expects the demand of the Platform Services is expected to continue to grow in the same manner for the year ending March 31, 2022 and the transaction amount for the Platform Services for the year ending March 31, 2022.

Taking into account, among others, (i) the moderate year-on-year increase of annualized transaction amount under the 2021 Platform Services Framework Agreement for the year ending March 31, 2021; (ii) the strong growth trends of the Group's pharmaceutical direct sales business and the strong growth of the Chinese online retail sales industry discussed in the section headed "3. Reasons for and benefits of entering into of the Renewed CCT Agreements" above supported the growth projection made by the Company; (iii) the buffer of 20% is, in our view and based on our past experience working with Hong Kong listed issuers, accepted market practice for estimating annual caps in the range of 10% to 20% to cater for any unexpected increase in the actual transaction amount; and (iv) balancing the under-utilization of the relevant existing annual cap during the year ending March 31, 2021 while taking into consideration items (i), (ii) and (iii) above, the overall 6.8% year-on-year upward adjustment made by the Company to the proposed annual cap for the year ending March 31, 2022, we consider the proposed annual cap amount of RMB695 million under the 2022 Platform Services Framework Agreement for the year ending March 31, 2022 to be fair and reasonable.

2022 Advertising Services Framework Agreement

With respect to the proposed annual cap amount under the 2022 Advertising Services Framework Agreement for the year ending March 31, 2022, we understand that the proposed annual cap amount under the 2022 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amount incurred under the 2021 Advertising Services Framework

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Agreement; (ii) the Group's marketing plans for the financial year ending March 31, 2022; and (iii) the expected marketing needs of the Group and its target merchants for the financial year ending March 31, 2022.

With respect to the historical transaction amount incurred under the 2021 Advertising Services Framework Agreement, this figure is largely represented by the relevant annualized transaction amount computed on Table 3 above (i.e. approximately RMB358.5 million). Unlike the historical transaction amounts incurred under the 2021 Logistics Services Framework Agreement and the 2021 Platform Services Framework Agreement, this annualized transaction amount for the year ending March 31, 2021 would yield a relatively higher utilization rate of approximately 71.7% of the relevant existing annual cap for the year ending March 31, 2021. This shows that the Management's estimate for the existing annual cap for the year ending March 31, 2021 has been moderately accurate.

We have obtained and reviewed the calculation worksheet of the proposed annual cap under the 2022 Advertising Services Framework Agreement for the year ending March 31, 2022. We note that the proposed annual cap under the 2022 Advertising Services Framework Agreement for the year ending March 31, 2022 of RMB1,150 million would increase by approximately 130% or RMB650 million when compared to the relevant existing annual cap for the year ending March 31, 2021 of RMB500 million, which is mainly driven by (i) the Group's marketing plan for the financial year ending March 31, 2022; (ii) the expected marketing needs of the Group's clients for the financial year ending March 31, 2022, all of which do not have significant correlation with the historical performance during the year ending March 31, 2021; and (iii) a buffer of approximately 10% to cater for any unexpected increase in the actual transaction amount. We have discussed with the Management regarding the Group's marketing plans and the marketing needs for the financial year ending March 31, 2021. We understand from the Management that the Company plans to boost the sales volume of either the target merchants or clients under its direct sales platforms by devoting more resources to advertisement and marketing activities for the year ending March 31, 2022. From the relevant calculation worksheet, we noted the relevant figures and assumptions made the Company to achieve such sales promotion. We also analyzed the Group's marketing plans and the marketing needs against the future development and prospects of the healthcare market as stated in the section headed "3. Reasons for and benefits of entering into of the Renewed CCT Agreements" above.

Taking into account, among others, (i) the Management's estimate for the existing annual cap for the year ending March 31, 2021 has been moderately accurate where the relevant annualized transaction amount is expected to achieve a utilization rate of approximately 71.7%; (ii) the Group's marketing plans and the marketing needs are largely in line with the future development and prospects of the healthcare market as stated in the section headed "3. Reasons for and benefits of entering into of the Renewed CCT Agreements" above; and (iii) the buffer of approximately 10% is, in our view and based on our past experience

working with Hong Kong listed issuers, conservative (which is normally in a range of 10% to 20%) in estimating annual caps to cater for any unexpected increase in the actual transaction amount, we consider the proposed annual cap amount of RMB1,150 million under the 2022 Advertising Services Framework Agreement for the year ending March 31, 2022 to be fair and reasonable.

2022 Framework Technical Services Agreement

With respect to the proposed annual cap amount under the 2022 Framework Technical Services Agreement for the year ending March 31, 2022, we understand that the proposed annual cap amount under the 2022 Framework Technical Services Agreement was determined primarily based on (i) the historical transaction amounts incurred under the 2018 Framework Technical Services Agreement; (ii) the historical revenue of Tmall attributable to the sale of the Target Products for the recent three financial years; (iii) the projected revenue of Tmall for the sale of the Target Products for the financial year ending March 31, 2022; (iv) the Group's projection for the sale of the Target Products based on the expected growth of the overall healthcare market in China; and (v) the Group's marketing plans for enhancing the Software Technical Services that the Company seeks to provide to the Target Merchants.

With respect to the historical transaction amount incurred under the 2018 Framework Technical Services Agreement, this figure is largely represented by the relevant annualized transaction amount computed on Table 3 above (i.e. approximately RMB808 million). Amongst all four Existing CCT Agreements, this annualized transaction amount for the Software Technical Services for the year ending March 31, 2021 would yield the highest utilization rate of approximately 85.1%. This shows that the Management's estimate for the existing annual cap for the year ending March 31, 2021 has been highly accurate.

We have obtained and reviewed the calculation worksheet of the proposed annual cap under the 2022 Framework Technical Services Agreement for the year ending March 31, 2022. We note that the proposed annual cap under the 2022 Framework Technical Services Agreement for the year ending March 31, 2022 of RMB1,250 million would increase by approximately 31.6% or RMB300 million when compared to the relevant existing annual cap for the year ending March 31, 2021 of RMB950 million, which is mainly driven by (i) the Group's projection for the sale of the Target Products based on the expected growth of the overall healthcare market in China; (ii) the Group's marketing plans for enhancing the Software Technical Services that the Company seeks to provide to the Target Merchants; and (iii) a buffer of approximately 24% to cater for any unexpected increase in the actual transaction amount, which collectively would yield such increase of 31.6%. From the relevant calculation worksheet, we noted the relevant figures and assumptions made the Company to achieve the Group's marketing plans. We also analyzed the Group's marketing plans against the future development and prospects of the healthcare market as stated in the section

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

headed “3. Reasons for and benefits of entering into of the Renewed CCT Agreements” above and noted that the relevant growth rate and buffer appear to be in line with the growth prospects of the healthcare market.

Taking into account, among others, (i) the Management’s estimate for the existing annual cap for the year ending March 31, 2021 has been highly accurate where the relevant annualized transaction amount is expected to achieve a high utilization rate of approximately 85.1%; (ii) the Group’s marketing plans are largely in line with the future development and prospects of the healthcare market as stated in the section headed “3. Reasons for and benefits of entering into of the Renewed CCT Agreements” above; (iii) the buffer of approximately 24% is, in our view and based on our past experience working with Hong Kong listed issuers, progressive (which is normally in a range of 10% to 20%) in estimating annual caps to cater for any unexpected increase in the actual transaction amount, we attribute the higher than average buffer to (a) the fact that the Company had the recent experience of revising the relevant existing annual cap for the year ending March 31, 2021 from RMB825 million to RMB950 million and (b) the expected high utilization for the year ending March 31, 2021 even after the relevant cap revision has been in place; and (iv) balancing the high utilization of the relevant existing annual cap during the year ending March 31, 2021 while taking into consideration items (i), (ii) and (iii) above, the overall 31.6% year-on-year upward adjustment made by the Company to the proposed annual cap for the year ending March 31, 2022, we consider the proposed annual cap amount of RMB1,250 million under the 2022 Framework Technical Services Agreement for the year ending March 31, 2022 to be fair and reasonable.

OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, we consider that the entering into of the Renewed CCT Agreements and the transactions contemplated thereunder to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the terms of the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the SGM in relation to the Renewed CCT Agreements, the transactions contemplated thereunder and the annual caps related thereto.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

** English name for identification purpose only.*

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 herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN EQUITY SECURITIES AND UNDERLYING SHARES

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	Approximate percentage of the issued Shares
Mr. ZHU Shunyan	Equity derivative interests ⁽¹⁾	3,400,000	0.03%
Mr. WU Yongming	Beneficial owner	1,262,000	0.01%
Mr. TU Yanwu	Beneficial owner and equity derivative interests ⁽²⁾	1,127,000	0.01%

Notes:

- (1) Subject to vesting, Mr. ZHU Shunyan is interested in 3,400,000 Shares underlying the 2,900,000 Options and 500,000 RSUs granted to him in accordance with the Share Award Scheme.
- (2) Mr. TU Yanwu beneficially held 38,500 Shares and subject to vesting, he is interested in 1,088,500 Shares underlying 145,000 Options and 943,500 RSUs granted to him in accordance with the Share Award Scheme.

Long Position in shares of and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO

Name of Director	Nature of interest	Number of shares/ underlying shares held	Approximate percentage of the issued shares of associated corporation
Mr. ZHU Shunyan	Beneficial owner, equity derivative interests and interests of spouse ⁽¹⁾	2,467,224*	0.01%
Mr. WU Yongming	Beneficial owner and interests of spouse ⁽²⁾	1,632,000*	0.01%
	Founder of a discretionary trust ⁽³⁾	37,696,872*	0.17%
Mr. XU Hong	Beneficial owner and equity derivative interests ⁽⁴⁾	491,112*	0.00%

Notes:

- (1) These interests represented 2,021,224* ordinary shares or underlying ordinary shares and 286,000* restricted share units beneficially held by Mr. ZHU Shunyan and 160,000* ordinary shares or underlying shares held by his spouse.
- (2) These interests represented 32,000* ordinary shares held by Mr. WU Yongming, and 1,600,000* ordinary shares held by his spouse.
- (3) These interests represented 37,696,872* ordinary shares or underlying ordinary shares held by two private discretionary trusts whereby Mr. WU Yongming is the founder.
- (4) These interests represented 148,112* ordinary shares or underlying ordinary shares and 343,000* restricted share units beneficially held by Mr. XU Hong.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the

Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Interests of Directors as Director or employee of a substantial shareholder or any Subsidiaries of a substantial shareholder

As at the Latest Practicable Date, save for the fact that:

- Mr. ZHU Shunyan was a partner of the Alibaba Partnership, the president of New Media Businesses of Alibaba Digital Media & Entertainment Business Group and in charge of the business departments of UC Browser, Alibaba Music and Innovation Business and the president of the Innovative Initiatives Segment of Alibaba Holding;
- Mr. WU Yongming was a president of Alibaba Group and a special assistant to the chairman of the board of directors of Alibaba Holding; and
- Mr. XU Hong was the deputy chief financial officer of Alibaba Holding,

none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under 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 had, or had 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, 2020, 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 was 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. DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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* (杭州圓璟投資管理有限公司). Hangzhou Vision Plus Capital Management Company Limited* (杭州圓璟投資管理有限公司) and its associates were one of the substantial shareholders or shareholders of the following companies: Choice Technology Inc., a company which operates a medical healthcare system and data services platform, Beijing Huifukang Information Consultancy Co., Ltd.* (北京惠福康信息諮詢有限公司), a company which operates an online doctor referral platform, Shanghai Mudi Biological Technology Co., Ltd.* (上海妙一生物科技有限公司), a company which operates an online clinical research platform, Yawlih Technology (Beijing) Co., Ltd.* (曜立科技(北京)有限公司), a company which provides hospital and other medical data cleansing technology solution, Lingyi Information Technology (Shanghai) Co., Ltd.* (翎醫信息科技(上海)有限公司), a company which provides maternity and infant-related patient management tools and marketing platform services, Shanghai Yiyong Health Information Consulting Co., Ltd.* (上海易雍健康信息諮詢有限公司), a company engaging in third-party health insurance services, Hangzhou Yunhu Network Technology Co., Ltd.* (杭州雲呼網絡科技有限公司), a company engaging in the operation of a medical examination resources Internet platform and Come Future Technology (Zhejiang) Company Limited* (來未來科技(浙江)有限公司), a company engaging in the operation of enterprise intelligence platforms, Shanghai Fourier Intelligence Technology Limited* (上海傅利葉智能科技有限公司), a company which provides technological and intelligent rehabilitation equipment and smart rehabilitation solutions, neoX Biotech Inc., a company engaging in AI-driven drug discovery and provision of outsourcing services on drug screening, Beijing Deep Potential Technology Limited* (北京深勢科技有限公司), a company engaging in the provision of software services on the computation for drug discovery as well as design and research of new materials, Beijing Percutek Therapeutics Co., Ltd.* (北京華脈泰科股份有限公司), a company engaging in the research, development and manufacture of new Class III medical intervention devices. These 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 Yongming 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 qualifications of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualifications
Opus Capital Limited	A corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser

The letter from the Independent Financial Adviser is given as of the date of this circular for incorporation herein. Opus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear. As at the Latest Practicable Date, Opus Capital Limited did not have: (a) any shareholding in any member of the Group or any 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, 2020, 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, 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, up to and including the date of the SGM:

- (i) each of the Existing CCT Agreements;
- (ii) each of the Renewed CCT Agreements;
- (iii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 33 to 34 of this circular;
- (iv) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 35 to 66 of this circular;
- (v) the written consent referred to in the section headed “Consent of Expert” of this Appendix; and
- (vi) this circular.

9. LANGUAGE

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

NOTICE OF SPECIAL GENERAL MEETING



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

NOTICE OF SPECIAL GENERAL MEETING

Notice is hereby given that a special general meeting (the “SGM”) of Alibaba Health Information Technology Limited (the “**Company**”) will be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F., 33 Sharp Street East, Causeway Bay, Hong Kong on Monday, March 29, 2021 at 2:30 p.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT

1. the 2022 logistics services framework agreement entered into between the Company and Hangzhou Cainiao Supply Chain Management Co., Ltd* (杭州菜鳥供應鏈管理有限公司) on February 5, 2021, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2022, be and are hereby confirmed, approved and ratified;
2. the 2022 platform services framework agreement entered into between the Company and Alibaba Group Holding Limited (“**Alibaba Holding**”) on February 5, 2021, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2022, be and are hereby confirmed, approved and ratified;
3. the 2022 advertising services framework agreement entered into between the Company and Alibaba Holding on February 5, 2021, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2022, be and are hereby confirmed, approved and ratified;

NOTICE OF SPECIAL GENERAL MEETING

4. the 2022 framework technical services agreement entered into between Alibaba Health Technology (Hangzhou) Co., Ltd.* (阿里健康科技(杭州)有限公司), Alibaba Health Technology (Hainan) Co., Ltd.* (阿里健康科技(海南)有限公司) and the Tmall Entities (namely, Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司), Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司) and/or their applicable affiliates (as the case may be), collectively) on February 5, 2021, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2022, be and are hereby confirmed, approved and ratified; and
5. any one or more of the directors of the Company (the “**Directors**”) for and on behalf of the Company be and are hereby authorized to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary, desirable or expedient to give effect to and/or to implement the transactions contemplated in the Resolutions 1 to 4.”

By Order of the Board

ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

ZHU Shunyan

Chief Executive Officer and Executive Director

Hong Kong, March 8, 2021

Notes:

1. All resolutions at the SGM will be taken by poll pursuant to the bye-laws of the Company 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 SGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy needs not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (CCASS) or maintained with a licensed securities dealer (i.e., not directly recorded in his/her own name in the Register of Members of the Company) shall only be entitled to vote by providing his/her instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through his/her licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the SGM, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him/her.

NOTICE OF SPECIAL GENERAL MEETING

4. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM 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 SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the above meeting will be Tuesday, March 23, 2021. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, March 23, 2021.
6. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.
7. As at the date of this notice, the Board comprises seven Directors, of whom (i) two are executive Directors, namely Mr. ZHU Shunyan and Mr. TU Yanwu; (ii) two are non-executive Directors, namely Mr. WU Yongming and Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa).

* *English name for identification purpose only.*