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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: 241)

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 IBC-1 to IBC-2 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 IFA-1 to IFA-24 of this circular.

A notice convening the SGM to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Wednesday, March 29, 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

March 14, 2023

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DEFINITIONS

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

“2021–2023 Framework Technical Services Agreement”	the agreement dated March 27, 2020 entered into between Alibaba Health (Hangzhou) and the Tmall Entities
“2023 Advertising Services Framework Agreement”	the agreement dated February 4, 2022 entered into between the Company and Alibaba Holding
“2023 Framework Technical Services Agreement”	the agreement dated February 4, 2022 entered into between Alibaba Health (Hangzhou), Alibaba Health (Hainan) and the Tmall Entities
“2024 Advertising Services Framework Agreement”	the agreement dated February 8, 2023 entered into between the Company and Alimama in relation to the provision of the Advertising Services
“2024 Framework Technical Services Agreement”	the agreement dated February 8, 2023 entered into between Alibaba Health (Hangzhou), Alibaba Health (Hainan) and the Tmall Entities in relation to the provision of the Software Technical 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 Alimama Companies to the Group under the 2024 Advertising Services Framework Agreement
“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), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of the Company

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“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
“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 Investment”	Alibaba Investment Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned Subsidiary of Alibaba Holding
“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
“Alimama”	Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“Alimama Companies”	Alimama, its Subsidiaries and affiliates from time to time
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Alibaba Health Information Technology Limited (阿里健康信息技術有限公司), a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 241)
“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
“Director(s)”	member(s) of the Board
“Effective Date”	the effective date of the respective Renewed CCT Agreements, being April 1, 2023 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)
“Excluded Products”	<p>included the following products and services sold on Tmall as at the Latest Practicable Date which may be updated from time to time:</p> <ul style="list-style-type: none">(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”);

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- (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 Formula/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 categories of Medical Devices, Medical and Healthcare Services, Adult Products, Healthcare Food and Healthcare Products; and
 - (viii) healthcare and medical services which do not require industry certification and are not under the categories of Medical Devices, Medical and Healthcare Services, Adult Products, Healthcare Food and Healthcare Products
- “Existing CCT Agreements” the 2023 Advertising Services Framework Agreement, the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement
- “Group” the Company and its Subsidiaries from time to time
- “Healthcare Food” products which are sold under the secondary category of “Blue Cap Healthcare Food” (“藍帽子保健食品”) 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 primary category of “Healthcare Products” (“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

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Luo Tong, Mr. Wong King On, Samuel and Ms. Huang Yi Fei (Vanessa), being all 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 6 (advising on corporate finance) regulated activity 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 Alibaba Investment; 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
“Latest Practicable Date”	March 9, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Medical and Healthcare Services”	services which are sold under the primary categories of “Medical and Health Services” (“醫療及健康服務”), “Physical Examination/Medical Insurance Card” (“體檢/醫療保障卡”) and “Vaccine Services” (“疫苗服務”) 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

DEFINITIONS

“Merchant(s)”	a legal entity which conducts the sale of products or provision of services on Tmall and for the purpose of the 2024 Framework Technical Services Agreement, including Tmall Supermarket 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
“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
“Renewed CCT Agreements”	the 2024 Advertising Services Framework Agreement and the 2024 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, if thought fit, approve 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 each
“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 2024 Framework Technical Services Agreement
“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
“Target Merchant(s)”	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
“Target Products”	<p>the following products and/or services sold on Tmall (whether or not sold under the Tmall business category of “Service Categories” (“服務類目”) 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

DEFINITIONS

“Tmall”	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 2024 Framework Technical Services Agreement, including Tmall Supermarket but excluding Tmall Global
“Tmall Entities”	Tmall Technology, Tmall Network and/or their applicable affiliates (as the case may be), collectively
“Tmall Global”	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
“Tmall Network”	Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司), a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding
“Tmall Software Services Fees”	the software service fees received by the Tmall Entities from Alibaba Health (Hangzhou) and Alibaba Health (Hainan) pursuant to the 2024 Framework Technical Services Agreement
“Tmall Supermarket”	chaoshi.tmall.com, the store 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
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司), a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding
“%”	per cent

* *English name for identification purposes only.*



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: 241)

Executive Directors:

Mr. Zhu Shunyan

(Chairman and Chief Executive Officer)

Mr. Shen Difan

Mr. Tu Yanwu

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton, HM 10

Bermuda

Non-executive Director:

Mr. Li Faguang

Head Office and Principal Place

of Business in Hong Kong:

26/F Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Independent Non-executive Directors:

Mr. Luo Tong

Mr. Wong King On, Samuel

Ms. Huang Yi Fei (Vanessa)

March 14, 2023

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 8, 2023 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 2024 Advertising Services Framework Agreement and the 2024 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 the announcements of the Company dated February 4, 2022 and March 27, 2020 and the circular of the Company dated March 8, 2022 in respect of, among other things, the 2023 Advertising Services Framework Agreement, the 2021–2023 Framework Technical Services Agreement and the 2023 Framework Technical Services Agreement.

Each of the Existing CCT Agreements will expire on March 31, 2023. On February 8, 2023, the Company entered into the 2024 Advertising Services Framework Agreement with Alimama to renew the 2023 Advertising Services Framework Agreement; and Alibaba Health (Hangzhou) and Alibaba Health (Hainan) entered into the 2024 Framework Technical Services Agreement with Tmall Entities to renew the 2021–2023 Framework Technical Services Agreement and the 2023 Framework Technical Services Agreement, both of which have a term commencing from the Effective Date and ending on March 31, 2024.

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.

2024 Advertising Services Framework Agreement

Date

February 8, 2023

Parties

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

Duration

The 2024 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2024, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2024 Advertising Services Framework Agreement, Alimama Companies agreed to provide the Group with 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 standard agreements (including the standard terms and conditions (as applicable) as

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published on the relevant online platforms operated by Alimama Companies) and their latest editions as amended from time to time. The Group shall pay Alimama Companies the advertising fees.

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 Alimama Companies from time to time. As at the Latest Practicable Date, the service fees included without limitation the following major components:

- (i) both CPM (cost per impression) and CPC (cost per click) model advertising services. Advertising information is promoted on the various platforms operated by Alibaba Group and other third parties and Alimama Companies charges advertising fees each time the advertising information is displayed for a unit price of every 1,000 impressions served or every time a user performs an effective clicking action (as the case may be). The unit prices of both CPC and CPM 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 from the auction process. The bid prices currently offered by the Group which have been accepted under the CPM and CPC model range from RMB5 to RMB150 per 1,000 impressions and from RMB0.5 to RMB10 per effective click, respectively. The bid prices are calculated based on the number of times certain actions are expected to be performed by platform users. Such actions include but not limited to displaying the advertising information, clicking, bookmarking, adding promoted products to the online shopping cart, subscribing as member, completing purchases, becoming a fan to receive notifications from the online platform, interacting, following, commenting, liking, forwarding the advertising information and accessing the online shop. The advertising fees will be charged from the Group for the respective services engaged when the bid prices offered by the Group are accepted by Alimama Companies in the auction process as the unit price to be used for the particular pricing model; and
- (ii) project-based advertising services. Alimama Companies provides project-based advertising campaign services, whereby it offers advertisements on its advertising platforms for a certain advertising period. Alimama Companies 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

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advertisements displayed on various platforms during the period will be determined by Alimama Companies. The cost charged under the CPT model is determined based on the (i) size and type of advertisement; (ii) the location of such advertisement; (iii) the user traffic figures when such advertisement will be displayed and (iv) the frequency of the impression of the advertisement.

Since the service fees charged by Alimama Companies for the Advertising Services are determined in accordance with the underlying standard agreements (including the standard terms and conditions (as applicable) as published on the respective online platforms operated by Alimama Companies) and their latest editions as amended from time to time, which equally apply to other independent third-party customers, the Company considers that the pricing terms under the 2024 Advertising Services Framework Agreement are no less favorable than the general terms available to other independent third parties.

Furthermore, the Company will from time to time obtain fee quotations from up to two independent third party service providers on other advertising platforms and compare the advertising fees payable to Alimama Companies for the Advertising Services.

The parties agreed that the time and settlement means of the payment for the transactions contemplated under the 2024 Advertising Services Framework Agreement shall be determined in accordance with the standard agreements entered into between the Group and Alimama Companies from time to time.

2024 Framework Technical Services Agreement

Date

February 8, 2023

Parties

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

Duration

The 2024 Framework Technical Services Agreement will commence from the Effective Date and end on March 31, 2024, unless otherwise terminated in accordance with the terms thereunder.

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Services to be provided

Pursuant to the 2024 Framework Technical Services Agreement, the Tmall Entities 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;
- (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 as initiated by them 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 purchase.

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 their appendix (including the supplementary

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agreements and standard terms (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.

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, 2022, the existing annual caps for the year ending March 31, 2023, the approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on the management accounts and the proposed annual caps relating to each of the Renewed CCT Agreements for the year ending March 31, 2024 are set out below:

	Approximate historical amounts for the year ended March 31, 2022 (RMB'000)	Annual caps for the year ending March 31, 2022 (RMB'000)	Existing annual caps for the year ending March 31, 2023 (RMB'000)	Approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts (RMB'000)	Proposed annual caps for the year ending March 31, 2024
2024 Advertising Services Framework Agreement	824,200	1,150,000	1,850,000	1,110,612	2,220,000
2024 Framework Technical Services Agreement*	844,600*	1,380,000*	1,270,000*	689,386*	1,400,000

* For the 2021–2023 Framework Technical Services Agreement, the approximate historical amounts for the year ended March 31, 2022, the annual caps for the year ended March 31, 2022, the existing annual caps for the year ending March 31, 2023 and the approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts are RMB69,700,000, RMB130,000,000, RMB170,000,000 and RMB72,488,000, respectively.

LETTER FROM THE BOARD

For the 2023 Framework Technical Services Agreement, the approximate historical amounts for the year ended March 31, 2022, the annual caps for the year ending March 31, 2022, the existing annual caps for the year ending March 31, 2023 and the approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts are RMB774,900,000, RMB1,250,000,000, RMB1,100,000,000 and RMB616,898,000 respectively.

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 2024 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Advertising Services Framework Agreement; (ii) the Group's marketing plans for the year ending March 31, 2024; and (iii) the expected marketing needs of the Group and its target merchants for the year ending March 31, 2024.

The proposed annual cap amount under the 2024 Framework Technical Services Agreement was determined primarily based on (i) the aggregate historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Framework Technical Services Agreement and the 2021–2023 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, 2024; (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.

The Directors, whereby the independent non-executive Directors' opinion will be subject to the advice 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 Company and the Shareholders as a whole.

2.3 INTERNAL CONTROLS FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

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 Renewed CCT Agreements, on a monthly basis and has been updating such information to the legal department and the chief financial officer of the Company to monitor these transaction amounts.

LETTER FROM THE BOARD

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 Company and 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 provide accessible and affordable medical and healthcare services to the public. 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.

2024 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 Alimama Companies 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 Alimama Companies' advertising services on the Group's sales, the Group intends to allocate more resources to such advertising services provided by Alimama Companies going forward.

LETTER FROM THE BOARD

2024 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 2024 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 whereby the independent non-executive Directors' opinion will be subject to the advice 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, Alibaba Health (Hangzhou), Alibaba Health (Hainan) 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, and upholds its original intention to make healthcare services accessible by providing affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families. The Group is primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business.

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.

LETTER FROM THE BOARD

Alimama and Alibaba Group

Alimama is a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding. It operates Alibaba Group's marketing technology platform by using data technology. Alimama's platform matches the marketing demands of merchants, brands and retailers with the media resources on Alibaba Group's own platforms and third-party properties.

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's mission is to "make it easy to do business anywhere". Alibaba aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that will last for 102 years. Its businesses are comprised of China commerce, International commerce, Local consumer services, Cainiao logistics services, Cloud services, Digital media and entertainment and Innovation initiatives and others.

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 leading third-party online and mobile commerce platform for brands and retailers.

2.6 LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Alibaba Holding is the ultimate shareholder of Perfect Advance and Ali JK, which are the substantial shareholders and connected persons of the Company, and holds approximately 57.05% of the issued share capital of the Company via Perfect Advance, Ali JK and Alibaba Investment. As Alibaba Holding directly or indirectly Controls or is the ultimate shareholder of Alimama Companies and the Tmall Entities, each of such members is an associate of Perfect Advance and Ali JK and hence 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.

LETTER FROM THE BOARD

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 and Mr. Li Faguang hold senior positions in 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 Directors have a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder or are required to abstain from voting on the resolutions of the Board approving the same.

2.7 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the entering into 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 IBC-1 to IBC-2 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-24 of this circular.

LETTER FROM THE BOARD

3. SGM AND PROXY ARRANGEMENT

The notice of SGM is set out on pages SGM-1 to SGM-3 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 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 Alibaba Investment held 3,103,816,661 Shares, 4,560,785,407 Shares and 48,716,465 Shares respectively, representing approximately 22.95%, 33.73% and 0.36% of the issued share capital of the Company as at the Latest Practicable Date. These in aggregate represented a total of 7,713,318,533 Shares and approximately 57.05% of the issued share capital of the Company as at the Latest Practicable Date. Each of Perfect Advance, Ali JK, Alibaba Investment 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>). In order 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Thursday, March 23, 2023. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, March 23, 2023.

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
Chairman and Chief Executive Officer



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技术有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 241)

March 14, 2023

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 14, 2023, 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 9 to 21 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 IFA-1 to IFA-24 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,
For and on behalf of the
Independent Board Committee of
Alibaba Health Information Technology Limited

Mr. Luo Tong
*Independent Non-Executive
Director*

Mr. Wong King On, Samuel
*Independent Non-Executive
Director*

Ms. Huang Yi Fei (Vanessa)
*Independent Non-Executive
Director*

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 14, 2023

*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 14, 2023 (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 announcements of the Company dated February 4, 2022 and March 27, 2020 and the circular of the Company dated March 8, 2022 (the “**2022 Circular**”) in respect of, among other things, the 2023 Advertising Services Framework Agreement, the 2021–2023 Framework Technical Services Agreements and the 2023 Framework Technical Services Agreement (i.e. the Existing CCT Agreements).

Each of the Existing CCT Agreements will expire on March 31, 2023. On February 8, 2023, the Company entered into the 2024 Advertising Services Framework Agreement with Alimama to renew the 2023 Advertising Services Framework Agreement; and Alibaba Health (Hangzhou) and Alibaba Health (Hainan) entered into the 2024 Framework Technical Services Agreement with Tmall Entities to renew the 2021–2023 Framework Technical Services Agreement and the 2023 Framework Technical Services Agreement, both of which have a term commencing from the Effective Date and ending on March 31, 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company expects that the total service fees payable by the Group under each of the 2024 Advertising Services Framework Agreement and the 2024 Framework Technical Services Agreement for the year ending March 31, 2024 will not be more than approximately RMB2,220 million and RMB1,400 million, respectively.

As at the Latest Practicable Date, Alibaba Holding is the ultimate shareholder of Perfect Advance and Ali JK, which are the substantial shareholders and connected persons of the Company, and holds approximately 57.05% of the issued share capital of the Company via Perfect Advance, Ali JK and Alibaba Investment. As Alibaba Holding directly or indirectly Controls or is the ultimate shareholder of Alimama Companies and the Tmall Entities, each of such members is an associate of Perfect Advance and Ali JK and hence 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 and Mr. Li Faguang hold senior positions in 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 Directors have a material interest in the Renewed CCT Agreements and the transactions contemplated thereunder or are 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 Alibaba Investment held 3,103,816,661 Shares, 4,560,785,407 Shares and 48,716,465 Shares respectively, representing approximately 22.95%, 33.73% and 0.36% of the issued share capital of the Company as at the Latest Practicable Date. These in aggregate represented a total of 7,713,318,533 Shares and approximately 57.05% of the issued share capital of the Company as at the Latest Practicable Date. Each of Perfect Advance, Ali JK, Alibaba Investment 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 on the entering into of 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 as the independent financial adviser to advise the independent board committee and the independent shareholders of: (i) AGTech Holdings Limited (stock code: 8279) (“**AGTech**”), a listed subsidiary of Alibaba Holding, in respect of certain continuing connected transactions, details of such transactions are set out in the circular of AGTech dated October 29, 2021; (ii) Alibaba Pictures Group Limited (stock code: 1060) (“**Alibaba Pictures**”), a listed subsidiary of Alibaba Holding, in respect of certain continuing connected transactions, details of such transactions are set out in the circulars of Alibaba Pictures dated March 7, 2022 and March 10, 2023; and (iii) the Company in respect of the renewals of certain continuing connected transactions, details of such transaction are set out in the 2022 Circular (collectively, 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 Group, Alibaba Group 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 (iii) mentioned above, we have not acted as a financial adviser or 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 Group, Alibaba Group 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 interim report of the Company for the six months ended September 30, 2022 (the “**Interim Report**”);
- (iii) the annual report of the Company for the year ended March 31, 2022 (the “**Annual Report**”);
- (iv) the 2022 Circular;
- (v) the announcement of the Company dated March 27, 2020 in relation to, among other things, the 2021–2023 Framework Technical Services Agreement; and
- (vi) 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.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

References are made to the announcements of the Company dated February 4, 2022 and March 27, 2020 and the 2022 Circular in respect of, among other things, the 2023 Advertising Services Framework Agreement, the 2021–2023 Framework Technical Services Agreement and the 2023 Framework Technical Services Agreement.

Each of the Existing CCT Agreements will expire on March 31, 2023. On February 8, 2023, the Company entered into the 2024 Advertising Services Framework Agreement with Alimama to renew the 2023 Advertising Services Framework Agreement; and Alibaba Health (Hangzhou) and Alibaba Health (Hainan) entered into the 2024 Framework Technical Services Agreement with Tmall Entities to renew the 2021–2023 Framework Technical Services Agreement and the 2023 Framework Technical Services Agreement, both of which have a term commencing from the Effective Date and ending on March 31, 2024.

2. Information about the parties

The Company, Alibaba Health (Hangzhou), Alibaba Health (Hainan) 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 and upholds its original intention to make healthcare services accessible by providing affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families. The Group is primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

Alimama and Alibaba Group

Alimama is a company established in the PRC with limited liability and an indirect wholly-owned Subsidiary of Alibaba Holding. It operates Alibaba Group's marketing technology platform by using data technology. Alimama's platform matches the marketing demands of merchants, brands and retailers with the media resources on Alibaba Group's own platforms and third-party properties.

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's mission is to "make it easy to do business anywhere". Alibaba aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that will last for 102 years. Its businesses are comprised of China commerce, International commerce, Local consumer services, Cainiao logistics services, Cloud services, Digital media and entertainment and Innovation initiatives and others.

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 premium shopping experience. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Tmall is a leading third-party online and mobile commerce platform for brands and retailers in the world.

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

As stated in the Letter from the Board, the Company's mission is to provide accessible and affordable medical and healthcare services to the public. 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.

2024 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 Alimama Companies 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 Alimama Companies' advertising services on the Group's sales, the Group intends to allocate more resources to such advertising services provided by Alimama Companies going forward.

2024 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 2024 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.

As set out in the Interim Report and the Annual Report, as at September 30, 2022, the number of annual active consumers of the Group's direct online stores exceeded 120 million, representing an increase of approximately 10 million as compared to that as at March 31, 2022. Furthermore, as at September 30, 2022, the Company served over 27,000 merchants, an increase of 1,000 compared to that as at March 31, 2022. The number of stock keeping units also increased significantly by four million to the level exceeding 48 million as at September 30, 2022 compared to that as at March 31, 2022.

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As disclosed in the Interim Report, the revenue of the Group was approximately RMB11,500.6 million for the six months ended September 30, 2022, representing an increase of approximately 22.9% as compared to that for the six months ended September 30, 2021. The segment revenue for each of the Group's segments for the six months ended September 30, 2021 and 2022 are as follows:

Table 1: Segment revenue of the Group for the six months ended September 30, 2021 and 2022

	For the six months ended September 30,	
	2021 RMB'000	2022 RMB'000
Pharmaceutical direct sales business	8,118,994	10,081,462
Pharmaceutical e-commerce platform business	998,921	999,769
Healthcare and digital services business	<u>239,800</u>	<u>419,338</u>
Total	<u><u>9,357,715</u></u>	<u><u>11,500,569</u></u>

Source: the Interim Report

As shown above, all the three business segments of the Group recorded a growth for the six months ended September 30, 2022 compared with the six months ended September 30, 2021. The Group generated most of its revenue from pharmaceutical direct sales business.

The revenue of the Group's pharmaceutical direct sales business increased from approximately RMB8,119.0 million for the six months ended September 30, 2021 to approximately RMB10,081.5 million for the six months ended September 30, 2022, representing a year-on-year growth of approximately 24.2% which was mainly attributable to, among other things, the enrichment of categories of goods sold, the increased sales volume of prescription drugs and optimization of user experience such as the provision of more professional consultation services.

The revenue of the Group's pharmaceutical e-commerce platform business increased slightly from approximately RMB998.9 million for the six months ended September 30, 2021 to approximately RMB999.8 million for the six months ended September 30, 2022, representing a year-on-year growth of approximately 0.1%.

The revenue of the Group’s healthcare and digital services business increased from approximately RMB239.8 million for the six months ended September 30, 2021 to approximately RMB419.3 million for the six months ended September 30, 2022, representing a stellar year-on-year growth of approximately 74.9%. Digital services business includes the Group’s proprietary “Ma Shang Fang Xin” (碼上放心) tracking platform, continued to grow steadily, offered more value-added services with further penetration into the area of distribution and increased the coverage of retail terminals during the six months ended September 30, 2022.

We have also analysed the growth and the prospects of the Chinese online retail sales industry in the PRC. According to the press release published by the National Bureau of Statistics of China dated January 18, 2023, from January 2022 to December 2022, the national online retail sales in China reached approximately RMB13,785.3 billion, representing a year-on-year increase of approximately 4.0% (2021: 14.1%). Such growth rate has shown continued resilience in the last year before the relaxation of the nation’s COVID-zero policy against the pandemic.

In view of the above, in particular, the aforesaid steady growth trends of the Group’s main business segments and the Chinese online retail sales industry, we agree with the Board the need for the Group to seek continuous co-operation and technical support from the relevant counterparties of the Renewed CCT Agreements on aspects covering 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. 2024 Advertising Services Framework Agreement

Date	:	February 8, 2023
Parties	:	(1) The Company (for itself and on behalf of its Subsidiaries); and (2) Alimama (for itself and on behalf of its Subsidiaries and affiliates)
Duration	:	The 2024 Advertising Services Framework Agreement will commence from the Effective Date and end on March 31, 2024, unless otherwise terminated in accordance with the terms thereunder.

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Services to be provided

Pursuant to the 2024 Advertising Services Framework Agreement, Alimama Companies agreed to provide the Group with 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 standard agreements (including the standard terms and conditions (as applicable) as published on the relevant online platforms operated by Alimama Companies) and their latest editions as amended from time to time. The Group shall pay Alimama Companies the advertising fees.

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 Alimama Companies from time to time. As at the Latest Practicable Date, the service fees include without limitation the following major components:

- (i) both CPM (cost per impression) and CPC (cost per click) model advertising services. Advertising information is promoted on the various platforms operated by Alibaba Group and other third parties and Alimama companies charges advertising fees each time the advertising information is displayed for a unit price of every 1,000 impressions served or every time a user performs an effective clicking action (as the case may be). The unit prices of both CPC and CPM 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 from the auction process. The bid prices currently offered by the Group which have been accepted under the CPM and CPC model range from RMB5 to RMB150 per 1,000 impressions and from RMB0.5 to RMB10 per effective click, respectively. The bid prices are calculated based on the number of times certain actions are expected to be performed by platform users. Such actions include but not limited to displaying the advertising information, clicking, bookmarking, adding promoted products to the online shopping cart, subscribing as member, completing purchases, becoming a fan to receive notifications from the online platform, interacting, following, commenting, liking, forwarding the advertising information and accessing the online shop. The advertising fees will be charged from

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the Group for the respective services engaged when the bid prices offered by the Group are accepted by Alimama Companies in the auction process as the unit price to be used for the particular pricing model; and

- (ii) project-based advertising services. Alimama Companies provides project-based advertising campaign services, whereby it offers advertisements on its advertising platforms for a certain advertising period. Alimama Companies 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 Alimama Companies. The cost charged under the CPT model is determined based on the (i) size and type of advertisement; (ii) the location of such advertisement; (iii) the user traffic figures when such advertisement will be displayed and (iv) the frequency of the impression of the advertisement.

Since the service fees charged by Alimama Companies for the Advertising Services are determined in accordance with the underlying standard agreements (including the standard terms and conditions (as applicable) as published on the respective online platforms operated by Alimama Companies) and their latest editions as amended from time to time, which equally apply to other independent third-party customers, the Company considers that the pricing terms under the 2024 Advertising Services Framework Agreement are no less favourable than the general terms available to other independent third parties.

Furthermore, the Company will from time to time obtain fee quotations from up to two independent third party service providers on other advertising platforms and compare the advertising fees payable to Alimama Companies for the Advertising Services.

The parties agreed that the time and settlement means of the payment for the transactions contemplated under the 2024 Advertising Services Framework Agreement shall be determined in accordance with the standard agreements entered into between the Group and Alimama Companies from time to time.

Based on our research, according to the market data regarding the social media advertising costs in 2023 disclosed on the website of WebFX (<https://www.webfx.com/social-media/pricing/how-much-does-social-media-advertising-cost>) entitled, a leading global tech-enabled digital marketing solutions provider and social media agency, we note that the CPM charged by Facebook, Instagram, YouTube, LinkedIn, Twitter, Pinterest and TikTok (collectively, the “**Leading Global Social Media Platforms**”) currently range

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from approximately US\$6.46 (equivalent to approximately RMB43.8 based on an approximate exchange rate of US\$1 to RMB6.78 published by the State Administration of Foreign Exchange on February 8, 2023, and the same exchange rate is applied consistently below) to US\$30 (equivalent to approximately RMB203.4) per 1,000 impressions with an average of approximately US\$11.12 (equivalent to approximately RMB75.4) 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 charged by the Leading Global Social Media Platforms range from approximately US\$0.38 (equivalent to approximately RMB2.6) to US\$5.26 (equivalent to approximately RMB35.7) per click with an average of approximately US\$2.27 (equivalent to approximately RMB15.4) 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 offered by the Group which have been accepted under the CPM and CPC model is in line with the market and are generally favourable when compared to those charged by the Leading Global Social Media Platforms. Further, as stated in the Letter from the Board, the advertising fees will be charged from the Group for the respective services engaged when the bid prices offered by the Group are accepted by Alimama Companies in the auction process as the unit price to be used for the particular pricing mode. As such, the price level under CPC and CPM models to be offered in the auction process is the Group's business decision to decide instead of being requested by Alimama Companies.

We have discussed with the Management and understand that the Group did not enter into any agreement with independent third parties for the provision of services comparable to the Advertising Services in the previous three financial years. We have then discussed with the Management and understand that Alimama Companies currently provides advertising services to other independent third-party customers and we have obtained the confirmation that the pricing basis adopted under the 2024 Advertising Services Framework Agreement is also applicable to other independent third-party customers of online platforms operated by Alimama Companies. Further, we noted in the Letter from the Board that the Company will from time to time obtain fee quotations from up to two independent third party service providers on other advertising platforms and compare the advertising fees payable to Alimama Companies for the Advertising Services. Lastly, we note that the pricing terms of the 2024 Advertising Services Framework

Agreement continue to follow those of the 2023 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 Alimama Companies from the Group under the 2024 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.

4.2. 2024 Framework Technical Services Agreement

Date : February 8, 2023

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

Duration : The 2024 Framework Technical Services Agreement will commence from the Effective Date and end on March 31, 2024, unless otherwise terminated in accordance with the terms thereunder.

Services to be provided

Pursuant to the 2024 Framework Technical Services Agreement, the Tmall Entities 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;
- (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 as initiated by them including but not limited to marketing services and Merchant customer

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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 purchase.

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 their appendix (including the supplementary agreements and standard terms (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.

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 from the Letter from the Board 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 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% of the value of completed sales of the Target Products sold on Tmall and 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.

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 independent research, we found one comparable transaction from the annual report for the year ended December 31, 2021, the announcements dated October 21, 2022 and December 23, 2022 and the circular dated December 8, 2022 of JD Health International Inc. (stock code: 6618) (“**JD Health**”, together with subsidiaries, “**JD Health Group**”) that JD Health entered into a technology and traffic support services framework agreement with JD.com (the “**JDH Technology and Traffic Support Services Framework Agreement**”) on November 23, 2020 and renewed the JDH Technology and Traffic Support Services Framework Agreement on December 23, 2022, 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 to 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 2024 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) is 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 Product.

Lastly, we note that the pricing terms of the 2024 Framework Technical Services Agreement continue to follow those of the 2023 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 2024 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 Group's continuing connected transactions

As set out in the Letter from the Board, 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 Renewed CCT Agreements, on a monthly basis 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 Company and 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.

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For the supervision and monitoring of the annual caps of the transactions contemplated under the Existing CCT Agreements, we have randomly selected, obtained and reviewed two individual monthly update samples (the “**Monthly Update Samples**”) for each of the Existing CCT Agreements, 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 and provided to the legal department and the chief financial officer of the Company for the year ending March 31, 2023. As at the Latest Practicable Date, there were only 10 monthly updates samples available for the year ending on March 31, 2023, we consider the two Monthly Update Samples selected randomly from 10 monthly update samples to be generally sufficient and representative.

From the review of the Monthly Update Samples, we note that 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 prepared by the finance department of the Company and the respective Monthly Update Samples were then reported to the legal department shortly after the relevant months ends. 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.

We have reviewed the section headed “Connected Transactions” in the Annual Report and noted that the Company’s external auditors and the independent non-executive Directors reviewed, among other things, the continuing connected transactions entered into under the Existing CCT Agreements 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 the supervision and monitoring of the annual caps of the transactions contemplated under the Renewed CCT Agreements; and 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 and basis for determining the annual caps

As stated in the Letter from the Board, the historical transaction amounts for the year ended March 31, 2022, the annual caps for the year ended March 31, 2022, the existing annual caps for the year ending March 31, 2023, the approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on the management accounts and the proposed annual caps relating to each of the Renewed CCT Agreements for the year ending March 31, 2024 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, 2022 <i>(RMB'000)</i>	Annual caps for the year ended March 31, 2022 <i>(RMB'000)</i>	Existing annual caps for the year ending March 31, 2023 <i>(RMB'000)</i>	Approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts <i>(RMB'000)</i>	Proposed annual caps for the year ending March 31, 2024 <i>(RMB'000)</i>
2024 Advertising Services Framework Agreement	824,200	1,150,000	1,850,000	1,110,612	2,220,000
2024 Framework Technical Services Agreement	844,600*	1,380,000*	1,270,000*	689,386*	1,400,000

Source: the Letter from the Board

* *For the 2021–2023 Framework Technical Services Agreement, the approximate historical amounts for the year ended March 31, 2022, the annual cap for the year ended March 31, 2022, the existing annual cap for the year ending March 31, 2023 and the approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts are RMB69,700,000, RMB130,000,000, RMB170,000,000 and RMB72,488,000, respectively.*

For the 2023 Framework Technical Services Agreement, the approximate historical amounts for the year ended March 31, 2022, the annual cap for the year ended March 31, 2022, the existing annual cap for the year ending March 31, 2023 and the approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts are RMB774,900,000, RMB1,250,000, RMB1,100,000,000 and RMB616,898,000 respectively.

The proposed annual cap amount under the 2024 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Advertising Services Framework Agreement; (ii) the Group's marketing plans for the year ending March 31, 2024; and (iii) the expected marketing needs of the Group and its target merchants for the year ending March 31, 2024.

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The proposed annual cap amount under the 2024 Framework Technical Services Agreement was determined primarily based on (i) the aggregate historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Framework Technical Services Agreement and the 2021–2023 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, 2024; (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.

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, 2024 under the 2024 Advertising Services Framework Agreement of RMB2,220 million represents an increase of 20.0% when comparing to the existing annual cap for the year ending March 31, 2023 of RMB1,850 million. The proposed annual cap for the year ending March 31, 2024 under the 2024 Framework Technical Services Agreement of RMB1,400 million represents an increase of approximately 10.2% when comparing to RMB1,270 million, being the aggregate amount of the existing annual caps for the year ending March 31, 2023 of RMB1,100 million and RMB170 million under the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement respectively.

Table 3: Utilization of existing annual caps

	Approximate historical amounts for the year ended March 31, 2022 (RMB'000)	Utilization rate based on the historical amounts for the year ended March 31, 2022 %	Approximate unaudited transaction amounts for the nine months ended December 31, 2022 based on unaudited management accounts (RMB'000)	Utilization rate based on the unaudited transaction amounts for the nine months ended December 31, 2022 %	Approximate annualized transaction amounts for the year ending March 31, 2023 (RMB'000)	Utilization rate based on the annualized transaction amounts for the year ending March 31, 2023 %
(A) 2023 Advertising Services Framework Agreement	824,200	71.7	1,110,612	60.0	1,480,816	80.0
(B) 2023 Framework Technical Services Agreement	774,900	62.0	616,898	56.1	822,531	74.8
(C) 2021–2023 Framework Technical Services Agreement	69,700	53.6	72,488	42.6	96,651	56.9
Total (B)+(C)	<u>844,600</u>	<u>61.2</u>	<u>689,386</u>	<u>54.3</u>	<u>919,182</u>	<u>72.4</u>

Sources: the Letter from the Board and our computation

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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.

2024 Advertising Services Framework Agreement

With respect to the proposed annual cap under the 2024 Advertising Services Framework Agreement for the year ending March 31, 2024, as stated in the Letter from the Board, the proposed annual cap amount under the 2024 Advertising Services Framework Agreement was determined with reference to (i) the historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Advertising Services Framework Agreement; (ii) the Group's marketing plans for the year ending March 31, 2024; and (iii) the expected marketing needs of the Group and its target merchants for the year ending March 31, 2024.

For the historical transaction amount incurred under the 2023 Advertising Services Framework Agreement, the transaction amount for: (i) the year ended March 31, 2022 represented a utilization rate of approximately 71.7% of the annual cap for the year ended March 31, 2022; and (ii) the nine months ended December 31, 2022 represented a utilization rate of approximately 60.0% while the annualized transaction amount for the year ending March 31, 2023 would yield a relatively high utilization rate of approximately 80.0% of the existing annual cap for the year ending March 31, 2023.

We have obtained and reviewed the calculation worksheet, which included the Group's marketing plan for the year ending March 31, 2024, of the proposed annual cap under the 2024 Advertising Services Framework Agreement for the year ending March 31, 2024. We note that the proposed annual cap under the 2024 Advertising Services Framework Agreement for the year ending March 31, 2024 of RMB2,220 million would increase by 20.0% or RMB370.0 million when compared to the existing annual cap for the year ending March 31, 2023 of RMB1,850 million, which is mainly driven by (i) the Group's marketing plan for the year ending March 31, 2024; (ii) the expected marketing needs of the Group's clients for the year ending March 31, 2024; and (iii) a buffer of approximately 20% to cater for any unexpected increase in the actual transaction amount.

After reviewing the calculation worksheet with details of the historical transaction amounts for the nine months ended December 31, 2022 and the estimated transaction amounts for the years ending March 31, 2023 and 2024 of the advertising services for each of the platforms (more than ten in total) supported by Alibaba Group, including the Alibaba Group Platforms or other third-party platforms (collectively, the "**Advertising Platforms**"), we have discussed with the Management regarding the Group's marketing plans and the marketing needs for the year ending March 31, 2024.

We understand that: (i) the aggregate historical transaction amounts for the top three Advertising Platforms in terms of the historical transaction amounts accounted for the majority of the total historical transaction amount for the nine months ended December 31, 2022; (ii) the estimated transaction amounts for the said top three Advertising Platforms are expected to experience growth ranging from 10% to 21% for the year ending March 31, 2024; and (iii) the average growth rate of the estimated transaction amounts of all the Advertising Platforms for the year ending March 31, 2024 is approximately 20.3%.

We understand from the discussion with the Management that the Advertising Services to be provided under the 2024 Advertising Services Framework Agreement will mainly facilitate the pharmaceutical direct sales business of the Group. As mentioned under the section headed “3. Reasons for and benefits of entering into the Renewed CCT Agreements”, the revenue of the Group’s pharmaceutical direct sales business increased from approximately RMB8,119.0 million for the six months ended September 30, 2021 to approximately RMB10,081.5 million for the six months ended September 30, 2022, representing a year-on-year growth of approximately 24.2%. As such, we note that the growth rates applied to the estimated transaction amounts of the top three Advertising Platforms for the year ending March 31, 2024 and the average growth rates applied to the estimated transaction amounts of all Advertising Platforms for the year ending March 31, 2024 are lower than the revenue growth rates of the Group for the six months ended September 30, 2022. We also note that the buffer of approximately 20% under the 2024 Advertising Services Framework Agreement is the same as that under the 2023 Advertising Services Framework Agreement to cater for any unexpected increase in the actual transaction amount, which in our view is fair and reasonable given the strong revenue growth rates of the Group for the six months ended September 30, 2022.

Based on the above, we consider that the proposed annual cap under the 2024 Advertising Services Framework Agreement for the year ending March 31, 2024 is fair and reasonable.

2024 Framework Technical Services Agreement

With respect to the proposed annual cap under the 2024 Framework Technical Services Agreement for the year ending March 31, 2024, we understand that it was determined primarily based on (i) the aggregate historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Framework Technical Services Agreement and the 2021–2023 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, 2024; (iv) the Group’s projection for the sale of the Target Products

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

For the historical transaction amount incurred under the 2023 Framework Technical Services Agreement, the transaction amount for: (i) the year ended March 31, 2022 represented a utilization rate of approximately 62.0% of the annual cap for the year ended March 31, 2022; and (ii) the nine months ended December 31, 2022 represented a utilization rate of approximately 56.1% while the annualized transaction amount for the year ending March 31, 2023 represented an utilization rate of approximately 74.8% of the existing annual cap for the year ending March 31, 2023. For the historical transaction amount incurred under the 2021–2023 Framework Technical Services Agreement, the transaction amount for: (i) the year ended March 31, 2022 represented a utilization rate of approximately 53.6% of the annual cap for the year ended March 31, 2022; and (ii) the nine months ended December 31, 2022 represented a utilization rate of approximately 42.6% while the annualized transaction amount for the year ending March 31, 2023 represented an utilization rate of approximately 56.9% of the existing annual cap for the year ending March 31, 2023.

As stated in the Letter from the Board, the proposed annual cap amount under the 2024 Framework Technical Services Agreement was determined primarily based on, among other things, the aggregate historical transaction amounts incurred for the year ended March 31, 2022 and the nine months ended December 31, 2022 based on unaudited management accounts under the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement. For the aggregate historical transaction amount incurred under the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement, the transaction amount for: (i) the year ended March 31, 2022 represented a utilization rate of approximately 61.2% of the annual cap for the year ended March 31, 2022; and (ii) the nine months ended December 31, 2022 represented a utilization rate of approximately 54.3% while the annualized transaction amount for the year ending March 31, 2023 represented an utilization rate of approximately 72.4% of the existing annual cap for the year ending March 31, 2023.

We have obtained and reviewed the calculation worksheet, which included the Group's marketing plan for the year ending March 31, 2024, of the proposed annual cap under the 2024 Framework Technical Services Agreement for the year ending March 31, 2024 and the historical gross merchandize value ("GMV") of the Target Products sold on Tmall for the nine months ended December 31, 2022 under the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement as the services used to be provided under the 2021–2023 Framework Technical Services Agreement has been included into the 2024 Framework Technical Services Agreement.

We note that the proposed annual cap under the 2024 Framework Technical Services Agreement for the year ending March 31, 2024 of RMB1,400 million represents an increase of approximately 10.2% when comparing to the aggregate amount of the existing annual caps for the year ending March 31, 2023 of RMB1,100 million and RMB170 million under the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement respectively. As noted in the calculation worksheet, the proposed annual cap under the 2024 Framework Technical Services Agreement for the year ending March 31, 2024 of RMB1,400 million is calculated by making reference to the annualized amount of the historical GMV of the Target Products sold on Tmall with different rates of Alibaba Health Software Services Fees for the nine months ended December 31, 2022 under the 2023 Framework Technical Services Agreement and the 2021–2023 Framework Technical Services Agreement (the “**2023 Annualized GMV**”). We then noted that different expected growth rates, instead of a single expected growth rate, which range from 5% to 12% with an average of approximately 9.3% were then applied to the Annualized GMV for computing the proposed annual cap under the 2024 Framework Technical Services Agreement.

We understand from the discussion with the Management that the services to be provided under the 2024 Framework Technical Services Agreement will mainly facilitate the pharmaceutical e-commerce platform business and the healthcare and digital services business of the Group. As mentioned under the section headed “3. Reasons for and benefits of entering into the Renewed CCT Agreements”, the revenue of the Group’s pharmaceutical e-commerce platform business and healthcare and digital services business increased from approximately RMB1,238.7 million for the six months ended September 30, 2021 to approximately RMB1,419.1 million for the six months ended September 30, 2022, representing a year-on-year growth of approximately 14.6% which is higher than the expected growth rates applied to the Annualized GMV for computing the proposed annual cap under the 2024 Framework Technical Services Agreement. We also note that the buffer of approximately 20% under the 2024 Framework Technical Services Agreement is the same as that under the 2023 Framework Technical Services Agreement to cater for any unexpected increase in the actual transaction amount, which in our view is fair and reasonable.

Based on the above, we consider that the proposed annual cap under the 2024 Framework Technical Services Agreement for the year ending March 31, 2024 is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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 6 (advising on corporate finance) regulated activity. Mr. Cheung has over 15 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

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 total issued Shares
Mr. Zhu Shunyan	Beneficial owner and equity derivative interests ⁽¹⁾	6,695,925	0.05%
Mr. Shen Difan	Beneficial owner and equity derivative interests ⁽²⁾	3,020,300	0.02%
Mr. Tu Yanwu	Beneficial owner and equity derivative interests ⁽³⁾	1,361,203	0.01%

Notes:

- (1) Mr. Zhu Shunyan beneficially held 1,178,083 Shares and, subject to vesting, is interested in 5,517,842 Shares underlying the 4,611,375 Options and 906,467 RSUs granted to him in accordance with the Share Award Scheme.
- (2) Mr. Shen Difan beneficially held 969,675 Shares and, subject to vesting, is interested in 2,050,625 Shares underlying the 1,399,500 Options and 651,125 RSUs granted to him in accordance with the Share Award Scheme.

- (3) Mr. Tu Yanwu beneficially held 472,228 Shares and, subject to vesting, is interested in 888,975 Shares underlying the 495,500 Options and 393,475 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 total issued shares of associated corporation
Mr. Zhu Shunyan	Beneficial owner, equity derivative interests and interests of spouse ⁽¹⁾	3,109,392	0.02%
Mr. Shen Difan	Beneficial owner, equity derivative interests and interests of spouse ⁽²⁾	177,480	0.00%
Mr. Li Faguang	Beneficial owner and equity derivative interests ⁽³⁾	123,680	0.00%
Mr. Tu Yanwu	Equity derivative interests ⁽⁴⁾	12,400	0.00%

Notes:

- (1) These interests represented 2,211,416 ordinary shares or underlying ordinary shares and 92,247 restricted share units (representing 737,976 ordinary shares or underlying ordinary shares) beneficially held by Mr. Zhu Shunyan and 160,000 ordinary shares or underlying shares held by his spouse.
- (2) These interests represented 93,888 ordinary shares or underlying ordinary shares and 500 restricted share units (representing 4,000 ordinary shares or underlying ordinary shares) beneficially held by Mr. Shen Difan and 79,592 ordinary shares or underlying shares held by his spouse.
- (3) These interests represented 28,376 ordinary shares or underlying ordinary shares and 11,913 restricted share units (representing 95,304 ordinary shares or underlying ordinary shares) beneficially held by Mr. Li Faguang.
- (4) These interests represented 1,550 restricted share units (representing 12,400 ordinary shares or underlying ordinary shares) beneficially held by Mr. Tu Yanwu.
- * 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 became effective on July 30, 2019. Accordingly, Alibaba Holding has changed its ratio of American depositary shares to ordinary shares from 1:1 to 1:8. The ratio of restricted share units to ordinary shares of Alibaba Holding has also changed from 1:1 to 1:8.

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:

- (i) Mr. Zhu Shunyan was a partner of the Alibaba Partnership;
- (ii) Mr. Shen Difan has been a special assistant to the chairman of the board of directors of Alibaba Holding since March 2020. He also acted as a consultant to Alibaba Group; and
- (iii) Mr. Li Faguang was a senior financial controller 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, 2022, 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, 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 6 (advising on corporate finance) regulated activity 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, 2022, 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, 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE ON DISPLAY

A copy of each of the 2024 Advertising Services Framework Agreement and the 2024 Framework Technical Services Agreement will be 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/>) from the date of this circular up to and including the date which is 14 days from the date of 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: 241)

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 Wednesday, March 29, 2023 at 11:00 a.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT

1. the 2024 advertising services framework agreement entered into between the Company and Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司) on February 8, 2023, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2024, be and hereby are confirmed, approved and ratified;
2. the 2024 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 8, 2023, the continuing connected transactions contemplated thereunder and the proposed annual cap for the year ending March 31, 2024, be and hereby are confirmed, approved and ratified; and

NOTICE OF SPECIAL GENERAL MEETING

3. any one or more of the directors of the Company (the “**Directors**”) or the company secretary of the Company for and on behalf of the Company be and hereby are 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 and 2.”

By Order of the Board

ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

Zhu Shunyan

Chairman and Chief Executive Officer

Hong Kong, March 14, 2023

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.
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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

NOTICE OF SPECIAL GENERAL MEETING

5. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the above meeting will be Thursday, March 23, 2023. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, March 23, 2023.
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) three are executive Directors, namely Mr. Zhu Shunyan, Mr. Shen Difan and Mr. Tu Yanwu; (ii) one is a non-executive Director, namely Mr. Li Faguang; and (iii) three are independent non-executive Directors, namely Mr. Luo Tong, Mr. Wong King On, Samuel and Ms. Huang Yi Fei (Vanessa).

* *English name for identification purposes only.*