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**ALIBABA HEALTH INFORMATION TECHNOLOGY
LIMITED**

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND
(2) CONTINUING CONNECTED TRANSACTIONS**

THE PROPOSED ACQUISITION

The Board is pleased to announce that on February 6, 2020, the Company entered into the Share Purchase Agreement with Ali JK Nutritional Products Holding Limited, a direct wholly-owned Subsidiary of Alibaba Holding, pursuant to which the Company will acquire 100% of the equity interest in Ali JK ZNS Limited, an offshore holding vehicle incorporated under the laws of the British Virgin Islands which is indirectly wholly-owned by Alibaba Holding to hold the Target Business. The aggregate Consideration is HK\$8.075 billion and will be satisfied by the Company issuing 860,874,200 Consideration Shares to the Vendor at Completion.

Completion is conditional upon, among other things:

- the passing by the Independent Shareholders of the resolutions to approve the Proposed Acquisition and the non-exempt continuing connected transactions by the members of the Group as contemplated under the Framework Technical Services Agreement;
- the approval of the Stock Exchange being granted for the listing of, and permission to deal in, the Consideration Shares; and
- the completion of the Business Restructuring as further described below.

THE TARGET BUSINESS

The Target Business comprises (i) all Merchant relationships with the Target Merchants for the sale of Target Products and Services on the Tmall Platforms; and (ii) the employment relationships with relevant marketing and operations personnel managing the relationships with the Target Merchants.

The “**Target Products and Services**” are defined as the Tmall Products and Services and the Tmall Global Products and Services.

The “**Tmall Products and Services**” are comprised of the following products and/or services:

- the Pharmaceutical Products sold on Tmall (including through Tmall Supermarket);
- the Medical Purpose Food Products sold on Tmall (including through Tmall Supermarket); and
- the Medical Devices, the Adult Products, the Healthcare Products, the Medical and Healthcare Services and the Target Blue Cap Health Food sold through Tmall Supermarket only.

The “**Tmall Global Products and Services**” are comprised of the following products and/or services sold on Tmall Global:

- the Pharmaceutical Products;
- the Medical Devices;
- the Healthcare Products;
- the Medical Purpose Food Products; and
- the Medical and Healthcare Services.

THE FRAMEWORK TECHNICAL SERVICES AGREEMENT

Taobao Holding and the Company entered into the Framework Technical Services Agreement on February 6, 2020. Pursuant to the Framework Technical Services Agreement, Taobao Holding and its Subsidiaries will provide infrastructure technical support for the operation of the Tmall Platforms in respect of the Target Products and Services to the Company for the Tmall Software Service Fees. Subject to the approval of the Proposed Acquisition and the Framework Technical Services Agreement by the Independent Shareholders at the SGM, the term of the Framework Technical Services Agreement will commence on the day following Completion and end on March 31, 2023, unless otherwise mutually agreed between the parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Share Purchase Agreement (including the alternative size test referred to in Rule 14.20) exceed 5% but are below 25%, the Share Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Perfect Advance is a Substantial Shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance and the Vendor. Accordingly, the Vendor is a connected

person of the Company and therefore the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders at the SGM.

In addition, Taobao Holding is a Subsidiary of Alibaba Holding and therefore a connected person of the Company. The transactions contemplated under the Framework Technical Services Agreement will constitute continuing connected transactions for the Company under the Listing Rules. It is expected that the highest of the applicable percentage ratios in respect of the Framework Technical Services Agreement will be more than 5%. Accordingly, the transactions contemplated under the Framework Technical Services Agreement will constitute non-exempt continuing connected transactions subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Warning: The Company will despatch a circular on or before February 27, 2020 in accordance with the requirements under the Listing Rules. The circular will contain, among other things, further details of the Proposed Acquisition and related agreements, a letter of advice from the Independent Financial Adviser to the Independent Board Committee of the Company and the Independent Shareholders in relation to the Proposed Acquisition and the Framework Technical Services Agreement.

The completion of the Proposed Acquisition and commencement of the Framework Technical Services Agreement are subject to the satisfaction and/or waiver (where applicable) of conditions precedent as set out in the Share Purchase Agreement including but not limited to Independent Shareholders' approval, which may or may not be fulfilled. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on February 6, 2020, the Company and the Vendor entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, at Completion, the entire issued share capital of the Target Company in consideration for the issue of the Consideration Shares by the Company to the Vendor. On the same day, Taobao Holding entered into the Framework Technical Services Agreement with the Company.

The principal terms of the Share Purchase Agreement are set out as follows.

THE SHARE PURCHASE AGREEMENT

(1) Date

February 6, 2020

(2) Parties

- (a) The Company as the purchaser; and
- (b) Ali JK Nutritional Products Holding Limited as the Vendor.

The Vendor is a direct wholly-owned Subsidiary of Alibaba Holding, the ultimate majority shareholder of the Company. Accordingly, the Vendor is a connected person of the Company and the transaction contemplated under the Share Purchase Agreement will constitute a connected transaction under the Listing Rules.

(3) The Proposed Acquisition

Pursuant to the Share Purchase Agreement, the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire issued share capital in the Target Company.

The Target Company is an offshore holding vehicle which is an indirect wholly-owned Subsidiary of Alibaba Holding. The Target Company, through the WFOE or the HK Subsidiary (as the case may be), will hold (i) the ownership and operation of all Merchant relationships with the Target Merchants for the sales of Target Products and Services on the Tmall Platforms and (ii) the employment relationships with the relevant marketing and operations personnel managing the relationships with the Target Merchants.

The “**Target Products and Services**” are defined as the Tmall Products and Services and the Tmall Global Products and Services.

The “**Tmall Products and Services**” are comprised of the following products and/or services.

- the Pharmaceutical Products sold on Tmall (including through Tmall Supermarket);
- the Medical Purpose Food Products sold on Tmall (including through Tmall Supermarket); and
- the Medical Devices, the Adult Products, the Healthcare Products, the Medical and Healthcare Services and the Target Blue Cap Health Food sold through Tmall Supermarket only.

The “**Tmall Global Products and Services**” are comprised of the following products and/or services sold on Tmall Global:

- the Pharmaceutical Products;
- the Medical Devices;
- the Healthcare Products;
- the Medical Purpose Food Products; and
- the Medical and Healthcare Services.

Upon Completion, the Target Company will become a direct wholly-owned Subsidiary of the Company, and the financial results of the Target Group will be consolidated into the Group’s accounts.

(4) The Consideration

The Consideration for the Share Purchase Agreement is HK\$8.075 billion, which was determined after arm's length negotiations between the Company and the Vendor. The Consideration will be satisfied by the Company issuing 860,874,200 Consideration Shares to the Vendor. The Issue Price will be HK\$9.38 per Consideration Share, subject to proportional adjustments in the event of a share split, share combination, share dividend or similar events with respect to the capital of the Company prior to Completion.

For a period of 18 months from Completion, the Vendor has agreed that it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or other third party rights in respect of the Consideration Shares issued to it without the Company's prior written consent. However, the Company's prior written consent will not be required where the person to whom any of the Consideration Shares issued to the Vendor are transferred also undertakes to (a) bear a pro rata portion of any liabilities of the Vendor for breach of its warranties under the Share Purchase Agreement and (b) be subject to this restriction in respect of any subsequent transfer by such transferee.

The Consideration Shares represent approximately 7.16% of the issued share capital of the Company as at the date of this announcement and approximately 6.68% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following issue of the Consideration Shares.

No original acquisition cost was involved for the Target Business as Alibaba Holding established and grew the Target Business, and did not acquire it from a third party. The Consideration was arrived at after arm's length negotiations between the Company and the Vendor, taking into account various factors, including:

- (a) the GMV, financial performance and market position of the Target Business;
- (b) the growth potential of the Target Business;
- (c) the strategic value and operational expertise of the Target Business; and
- (d) the value to the Company of the New Deed of Non-competition, which will result in the Company having an exclusive relationship with the Target Merchants in respect of sales transactions of the DNC Restricted Products and the DNC Restricted Services (subject to the scope and certain exceptions detailed below).

(5) The Issue Price

The Issue Price represents:

- (a) a discount of approximately 19.3% to the closing price of the Shares of HK\$11.62

per Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 15.5% to the average VWAP for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$11.10 per Share;
- (c) a discount of approximately 14.5% to the average VWAP for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$10.97 per Share;
- (d) a discount of approximately 11.8% to the average VWAP for the fifteen consecutive trading days up to and including the Last Trading Day of approximately HK\$10.64 per Share;
- (e) a discount of approximately 9.9% to the average VWAP for the twenty consecutive trading days up to and including the Last Trading Day of approximately HK\$10.42 per Share;
- (f) a discount of approximately 6.0% to the average VWAP for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK\$9.98 per Share;
- (g) a discount of approximately 2.1% to the average VWAP for the forty-five consecutive trading days up to and including the Last Trading Day of approximately HK\$9.58 per Share;
- (h) a premium of approximately 1.4% to the average VWAP for the sixty consecutive trading days up to and including the Last Trading Day of approximately HK\$9.25 per Share; and
- (i) a premium of approximately 8.8% to the average VWAP for the ninety consecutive trading days up to and including the Last Trading Day of approximately HK\$8.62 per Share.

The Issue Price was arrived at after arm's length negotiations between the Company and the Vendor, taking into account various factors, including:

- (a) the share price performance of the Company in the ninety trading days prior to the Last Trading Day; and
- (b) application of an appropriate discount for a substantial placing such as the one contemplated under the Share Purchase Agreement,

as well as the factors described above.

(6) Completion and conditions precedent

Completion will take place on the Business Day immediately following the satisfaction or waiver of certain conditions precedent including:

- (a) the passing by the Independent Shareholders at a duly convened Shareholders' meeting of the Company of resolutions approving the Proposed Acquisition, including but not limited to, the issue of the Consideration Shares pursuant to the Share Purchase Agreement and the non-exempt continuing connected transactions by the members of the Group as contemplated under the Framework Technical Services Agreement;
- (b) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;
- (c) the completion of the business restructuring as set out in a detailed plan agreed among the parties ("**Business Restructuring**") including the assignment to the WFOE or the HK Subsidiary (as the case may be) of the relationships with at least 450 Existing Target Merchants;
- (d) the Vendor and/or its related companies having obtained all necessary consents and approvals from the relevant governmental or regulatory authorities or other third parties required for the transactions contemplated by the Business Restructuring and the execution and performance by the Vendor of the Share Purchase Agreement and the Proposed Acquisition;
- (e) the Company having obtained all necessary consents and approvals from the relevant governmental or regulatory authorities or other third parties required for the execution and performance by the Company of the Share Purchase Agreement and the Proposed Acquisition; and
- (f) no governmental authority in any relevant jurisdiction having enacted any laws, rules or regulations which might render Completion or the Business Restructuring or any part thereof unlawful.

The Company is entitled in its absolute discretion, by written notice to the Vendor, to waive the conditions precedent set out in paragraphs (c) and (d) above, either in whole or in part. The right of the Company to waive such conditions precedent provides the Company with the flexibility to allow the Proposed Acquisition to proceed if the Business Restructuring is implemented with minor deviations from the agreed plan.

The Vendor is entitled in its absolute discretion, by written notice to the Company, to waive the conditions precedent set out in paragraph (e) above, either in whole or in part.

If any of the conditions precedent sets out above has not been fulfilled (or waived) on or before June 30, 2020, or such later date as may be agreed in writing between the Company and the Vendor, the Share Purchase Agreement shall automatically terminate with immediate effect pursuant to its terms.

(7) **Business Restructuring**

For each Existing Target Merchant, the Vendor has agreed to use all reasonable endeavors to procure the relevant parties to, as soon as reasonably practicable, to

the extent applicable, enter into a Tripartite Agreement among (i) such Existing Target Merchant, (ii) the WFOE or the HK Subsidiary (as applicable) and (iii) the Tmall Entities or Taobao China (as applicable) (the “**Merchant Assignment**”).

(8) Transition Period

If the Merchant Assignment of any Existing Target Merchant has not been completed as of Completion (such Target Merchant, the “**Non-assigned Target Merchant**”), the Vendor shall continue to use reasonable endeavors to complete such Merchant Assignment as soon as reasonably practicable. For each of the Non-assigned Target Merchants, the Vendor shall, promptly after the Transition Period, pay or cause to be paid to the Company such portion of the software service fees actually received by the Tmall Entities and Taobao China (after all discounts, rebates and other incentives) from such Non-assigned Target Merchant in respect of the sale of Target Products and Services by such Non-assigned Target Merchant on Tmall during the Transition Period as would have been received by the Company less the relevant Tmall Software Service Fee had the Merchant Assignment of such Non-assigned Target Merchant been completed at or before Completion.

The Transition Period commences on the date of Completion and ends on the earliest of (i) completion of the Merchant Assignment of the Non-assigned Target Merchant, and (ii) the termination or expiration of the Existing Target Merchant Contract.

THE PROPOSED NEW DEED OF NON-COMPETITION

We refer to (a) the Company’s announcement dated May 19, 2017 and circular dated June 12, 2017 in relation to the Initial Deed entered into between the Company and Alibaba Holding on June 30, 2017, and (b) the Company’s announcement dated May 29, 2018 and circular dated July 16, 2018 in relation to the Second Deed entered into between the Company and Alibaba Holding on August 2, 2018 (together, the “**Prior Deeds**”). The Prior Deeds were entered into to ensure that there would be no competition between the business of the Group and the business of Alibaba Group (excluding the Group) with respect to the sales of certain restricted products and services.

In order to update and streamline the non-competition arrangements between the Company and Alibaba Holding, the parties have agreed on the form of the New Deed of Non-competition which is to be entered into between the Company and Alibaba Holding on or before Completion. The New Deed of Non-competition restates and amends the scope of the restricted products and services and supersedes the Prior Deeds.

The restricted products and services under the New Deed of Non-competition are comprised of the DNC Restricted Products and the DNC Restricted Services.

The “**DNC Restricted Products**” are comprised of the following products:

- (a) the Adult Products;
- (b) the Healthcare Products;
- (c) the Medical Devices;

- (d) the Pharmaceutical Products;
- (e) the Medical Purpose Food Products; and
- (f) the Target Blue Cap Health Food.

The “**DNC Restricted Services**” are comprised of the Medical and Healthcare Services.

The New Deed of Non-competition provides that, other than the Excluded Scope and the Permitted Scope, Alibaba Holding will not, and will procure that its Affiliates (excluding the Group) will not, directly or indirectly, alone or jointly with another person, in any form, engage in the Restricted Business during the Non-competition Period.

“**Restricted Business**” means facilitating sales transactions of:

- (a) DNC Restricted Products using a business-to-consumer (B2C) transaction model in the PRC; and
- (b) DNC Restricted Services on Tmall (including through Tmall Supermarket) and Tmall Global.

“**Excluded Scope**” means:

- (a) the facilitation of sales transactions of Adult Products on Tmall Global; and
- (b) the facilitation of sales transactions of DNC Restricted Products or DNC Restricted Services:
 - (i) on Kaola;
 - (ii) on Taobao Marketplace by Taobao Marketplace merchants;
 - (iii) by Intime Retail (Group) Company Limited and its Affiliates on any platform other than the Tmall Platforms;
 - (iv) on any other platform acquired by Alibaba Holding following the date of the New Deed of Non-Competition; and
 - (v) using takeaway delivery model (外賣模式) on Ele.me, Koubei and other platforms Controlled or to be Controlled by Alibaba Holding.

The Non-competition Period commences on Completion and ends on the earliest of:

- (a) the Shares ceasing to be listed on the Stock Exchange;
- (b) Alibaba Holding ceasing to beneficially own an aggregate of 30% or more of the voting securities of the Company;
- (c) the Company ceasing to be a subsidiary (as defined in the Listing Rules) of Alibaba Holding; or

- (d) Alibaba Holding no longer being the single largest Shareholder (aggregated with the Shares beneficially owned by persons acting in concert with Alibaba Holding).

The “**Permitted Scope**” includes:

- (a) the conduct of Restricted Business pursuant to any then-effective Existing Target Merchant Contract until the earlier of: (x) the expiration of such Existing Target Merchant Contract in accordance with its terms; and (y) the entering into a Tripartite Agreement in respect of such Existing Target Merchant Contract among (i) the DNC Target Merchant, (ii) the WFOE or the HK Subsidiary (as the case may be) and (iii) the Tmall Entities or Taobao China (as the case may be);
- (b) the conduct of activities pursuant to the terms of the Tripartite Agreements to be entered into among (i) the DNC Target Merchant, (ii) the WFOE or the HK Subsidiary (as the case may be) and (iii) the Tmall Entities or Taobao China (as the case may be);
- (c) the conduct of business activities pursuant to the terms of any framework technical services agreement entered into between Alibaba Holding (or its Affiliates) and the Company (or its Affiliates) relating to the DNC Restricted Products and DNC Restricted Services, including the collection of service fees thereunder; and
- (d) the conduct of any business with the Company’s prior written consent.

Under the New Deed of Non-competition, Alibaba Holding undertakes, during the Non-competition Period, to cause its applicable Affiliates to (i) require that the DNC Target Merchants list the DNC Restricted Products and Services for sale on the Tmall Platforms (as the case may be and save as permitted within the Excluded Scope and the Permitted Scope) in accordance with any framework technical services agreement entered into between Alibaba Holding (or its Affiliates) and the Company (or its Affiliates) that is relating to the DNC Restricted Products and DNC Restricted Services, and (ii) use reasonable efforts to identify and remove from listing on the Tmall Platforms (as the case may be and save as permitted within the Excluded Scope and the Permitted Scope) any DNC Restricted Product or DNC Restricted Service that is listed contrary to the requirement in (i) above. Alibaba Holding also undertakes, during the Non-competition Period, to ensure that any new business opportunities that it or its Affiliates (excluding the Group) identify, or are offered, which fall within the scope of the Restricted Business, are offered to the Company. Such new business opportunities will not be taken up by Alibaba Holding or its Affiliates (excluding the Group).

THE FRAMEWORK TECHNICAL SERVICES AGREEMENT

Before the Proposed Acquisition, Taobao Holding (through its Subsidiaries, including the Tmall Entities and Taobao China) incurred costs to service the Target Merchants and provide the technical services and platform where they sold Target Products and Services. Following Completion, while the Company will provide e-commerce platform maintenance related software services to the Target Merchants, Taobao Holding and its

Subsidiaries will continue to provide access to its e-commerce platforms to the Target Merchants and incur operating costs for the provision of the technical services and the platforms. Taobao Holding and the Company entered into the Framework Technical Services Agreement on February 6, 2020 to set out the terms of services to be provided by Taobao Holding and its Subsidiaries and the relevant Tmall Software Service Fees.

The transactions contemplated under the Framework Technical Services Agreement constitute non-exempt continuing connected transactions for the Company under the Listing Rules. The principal terms of the Framework Technical Services Agreement are set out as follows.

(1) Date

February 6, 2020

(2) Parties

- (a) the Company (for itself and on behalf of its Subsidiaries and Affiliates); and
- (b) Taobao Holding (for itself and on behalf of its Subsidiaries and Affiliates).

(3) Term and termination

Subject to the approval of the Proposed Acquisition and the Framework Technical Services Agreement by the Independent Shareholders at the SGM, the term of the Framework Technical Services Agreement will commence on the day following Completion and end on March 31, 2023, unless otherwise mutually agreed between the parties. The parties will determine whether to renew the Framework Technical Services Agreement 60 days before it expires.

(4) Services to be provided

Pursuant to the terms of the Framework Technical Services Agreement, after Completion, Taobao Holding will procure its Subsidiaries, including the Tmall Entities and Taobao China, to continue to provide infrastructure technical support for the operation of the Tmall Platforms, including the following services:

- (a) Software technical support: Taobao Holding and its Subsidiaries will provide infrastructure technical support to the Company and its Affiliates or the Target Merchants as requested by the Company for the Tmall Software Service Fees. The infrastructure technical support includes product information display and Internet transaction services on the Tmall Platforms and related software technology services;
- (b) Internet information services and secondary domain names: As the platform provider and operator, Taobao Holding and its Subsidiaries will provide Tmall.com and Tmall.hk and the secondary domain names to the Target Merchants as a platform for the Target Merchant's operation of business; and
- (c) Other services: Taobao Holding and its Subsidiaries may provide the Target Merchants with additional services including but not limited to marketing services

and Merchant customer services on the Tmall Platforms. Taobao Holding and its Subsidiaries will not charge the Company for those services unless the Company requests such services where the parties will agree on a separate service fee.

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

(5) Tmall Software Service Fee and annual caps

The Company shall pay the Tmall Software Service Fees to Taobao Holding and its Subsidiaries equal to 40% of the Company Software Service Fees received by the Company from the Target Merchants for transactions selling Pharmaceutical Products and 50% of the Company Software Service Fees received by the Company from the Target Merchants for transactions selling the Target Products and Services other than the Pharmaceutical Products (the “**Other Target Products and Services**”) on the Tmall Platforms and utilizing services provided by Taobao Holding and its Subsidiaries. The Company Software Service Fees are currently up to 4% of the value of completed sales of Target Products and Services sold on the Tmall Platforms, and will be deducted from the receivables of the relevant Target Merchant and paid to the Company after a customer confirms the receipt of the products he or she purchases. The vice president of the finance department of the Company will cross-check the amount of the Tmall Software Service Fees being paid to Taobao Holding and its Subsidiaries on a monthly basis to ensure the accuracy of the amount.

The Tmall Software Service Fees shall be settled in cash on a monthly basis. The Tmall Software Service Fees are determined by reference to, among other things, the operating costs expected to be incurred by Taobao China and the Tmall Entities in providing the services including staff costs and technical support expenses.

The proposed annual caps (where applicable) in respect of the fees payable to Taobao Holding and its Subsidiaries under the Framework Technical Services Agreement are RMB262 million, RMB464 million and RMB799 million for each of the financial years ending March 31, 2021, 2022 and 2023, respectively.

The proposed annual caps for the applicable period in respect of the Framework Technical Services Agreement were arrived at after considering the historical revenue of Tmall attributable to the Target Business for recent financial years (i.e. RMB149 million and RMB192 million in the financial years ended March 31, 2018 and 2019, respectively), the projected revenue of Tmall for the Target Business, the Company’s own projections for the Target Business based on projections for the growth of the overall healthcare market in China and the Company’s marketing plans for enhancing the services that the Company seeks to provide to the Target Merchants.

(6) Internal controls relating to the implementation of the Proposed Annual Caps

The Company has internal controls in place to monitor the implementation of the annual caps, including a written policy which sets out the proper steps for escalating

information regarding the usage of the proposed annual caps from the operating team to the executive officers, including monthly reports to the Company's chief executive officer, chief financial officer and general counsel and then to the independent non-executive Directors where required. The Company's operating team will have day-to-day interaction with the Target Merchants and will be able to closely monitor applicable GMV on a weekly basis. The Framework Technical Services Agreement includes a customary provision pursuant to which Taobao Holding agrees to allow the Company and its auditors access to information necessary to report on the non-exempt continuing connected transactions.

(7) **The Tripartite Agreements**

In order to open a storefront on Tmall or Tmall Global, each of the Target Merchants has accepted the terms of an Existing Target Merchant Contract. As part of the Business Restructuring, the Vendor has agreed to use all reasonable endeavors to procure:

- (a) in respect of Target Merchants on Tmall, each of the relevant Target Merchants and the Tmall Entities to enter into a Tmall Tripartite Agreement with the WFOE; and
- (b) in respect of Target Merchants on Tmall Global, each of the relevant Target Merchants and Taobao China to enter into a Tmall Global Tripartite Agreement with the HK Subsidiary.

The Tmall Tripartite Agreements and the Tmall Global Tripartite Agreements (together, the "**Tripartite Agreements**") are ancillary implementation agreements to the Framework Technical Services Agreement.

The parties to the Framework Technical Services Agreement have agreed on the form of the Tripartite Agreements which is a supplemental agreement to the Existing Target Merchant Contract with respect to Target Products and Services.

Pursuant to the terms of the Tripartite Agreements, the WFOE or the HK Subsidiary (as the case may be) will provide e-commerce platform maintenance related software services to the Target Merchants for a fee. Those services involve the: (i) Merchants admission system; (ii) product quality control system; and (iii) Merchants operational and maintenance services system. They include:

- tracking market trends and policy updates and updating Merchants on material policy updates;
- Merchant business operation and management, including handling certain matters relating to signing and renewal of tripartite agreements with (i) the Target Merchants and (ii) the Tmall Entities and Taobao China (as applicable), reviewing product information and images displayed by Merchants, reviewing the documents required for Merchants' admission, formulating and implementing quality control rules and conducting regular inspections;
- Merchant customer services, including providing helpline support for Merchants on the process of admission to the Tmall Platforms and general operational questions; assisting Merchants in optimizing searches for their products through

their product information display, collating and analyzing consumer behavior data, updating Merchants on any new business rules, upcoming marketing activities, business risks, as well as collecting feedback and suggestions from Merchants to improve overall services to Merchants;

- marketing event planning for Merchants, including planning and organizing marketing events for Merchants, organizing Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis;
- in respect of Pharmaceutical Products, prescription processing and safety and risk management systems and services; and
- technical support, including providing technical support on product information display and store design, transaction completion processes, the use of payment tools, consumer service tools (such as the use of chat windows or complaints forms).

The Tmall Entities and Taobao China will provide the Target Merchants with: (i) information display services on the platform and Merchant's storefronts; (ii) software technology services in respect of the credit points system on the Tmall Platforms; and (iii) the secondary domain names for the Target Merchants. The Merchants can seek general customer service support from the Tmall Entities and Taobao China, for instance, in relation to technical issues encountered on the Tmall Platforms.

THE 2020 OUTSOURCED SERVICES AGREEMENT

We refer to the Company's announcement dated January 30, 2019 and circular dated March 13, 2019 in relation to the 2020 Outsourced Services Framework Agreement entered into between Taobao Holding and Alibaba Health Beijing (an indirect wholly-owned Subsidiary of the Company). Under the 2020 Outsourced Services Framework Agreement, Alibaba Health Beijing agreed to provide Taobao Holding with certain outsourced and value-added services in relation to certain Target Products and Services which relate to the Target Business that is proposed to be transferred to the Group under the Proposed Acquisition.

Following Completion, Taobao Holding will no longer require the outsourced and value-added services provided under the 2020 Outsourced Services Framework Agreement relating to the Target Products and Services on Tmall. In the event that Completion occurs before the expiration of the 2020 Outsourced Services Framework Agreement on March 31, 2020, Taobao Holding and Alibaba Health Beijing will enter into an amendment agreement to amend the scope of the 2020 Outsourced Services Framework Agreement. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules in respect of such amendment agreement.

APPLICATION FOR LISTING OF THE CONSIDERATION SHARES

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Share Purchase Agreement.

EFFECT OF THE PROPOSED ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company: (i) as at the date of this announcement; and (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Consideration Shares between the date of the Share Purchase Agreement and Completion).

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
- Perfect Advance	3,103,816,661	25.80	3,103,816,661	24.08
- Ali JK Nutritional Products Holding Limited	3,699,911,207	30.76	4,560,785,407	35.38
- Innovare Tech Limited	1,232,811,347	10.25	1,232,811,347	9.56
- Antfin (Hong Kong) Holding Limited	60,576,000	0.50	60,576,000	0.47
- Directors of the Company	5,154,019	0.04	5,154,019	0.04
- Other shareholders	3,927,508,682	32.65	3,927,508,682	30.47
Total	12,029,777,916^(*)	100%	12,890,652,116	100%

* Since the last monthly return submitted by the Company under Rule 13.25B of the Listing Rules, the Company had issued a total of 72,000 Shares due to the exercise of share options by certain employees of the Company under the Company's share award scheme. Such options were not exercised by a Director and hence a next day disclosure return was not submitted by the Company under Rule 13.25 A (1) of the Listing Rules.

INFORMATION ON THE TARGET GROUP AND THE TARGET BUSINESS

The Target Company is an offshore holding vehicle incorporated in the British Virgin Islands and an indirect wholly-owned Subsidiary of Alibaba Holding. The Target Company, through the WFOE or the HK Subsidiary (as applicable), will hold the Target Business after the Business Restructuring.

The Target Business comprises (i) all Merchant relationships with the Target Merchants for the sales of Target Products and Services on the Tmall Platforms and (ii) the employment relationships with relevant marketing and operations personnel managing the relationships with the Target Merchants. The Target Business generated a GMV of approximately RMB9,575 million and had approximately 35.8 million annual active buyers for the financial year ended March 31, 2019. As of January 31, 2020, the Target Business had more than 530 Target Merchants authorized by the Tmall Entities and Taobao China to sell Target Products and Services on the Tmall Platforms.

Based on the unaudited financial information of the Target Business prepared in accordance with HKFRS as of March 31, 2019, the net asset value of the Target Business was nil. Set out below is the key unaudited financial information of the Target Business for each of the financial years ended March 31, 2018 and 2019.

	For the year ended March 31,	
	2018	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	148,577	191,805
Gross profit ^(*)	75,863	97,927
Profit before taxation ^(*)	55,356	70,180
Net profit ^(*)	47,052	59,653

* The gross profit, profit before taxation and net profit are adjusted on the assumption that the Framework Technical Services Agreement was in effect from April 1, 2017. The adjustments include (i) 40% of the Company Software Service Fees received from the Merchants that would have been paid to Taobao Holding in respect of Pharmaceutical Products and 50% of the Company Software Services Fees received from the Merchants that would have been paid to Taobao Holding in respect of the Other Target Products and Services; (ii) expenses originally accounted for by the Target Business namely marketing and customer acquisition expenses, traffic acquisition costs, co-location and bandwidth costs, other costs of service, depreciation recharges and reallocation expenses were excluded; and (iii) sales taxes and surcharges and income tax expense were recalculated based on adjusted financial information with applicable tax rate.

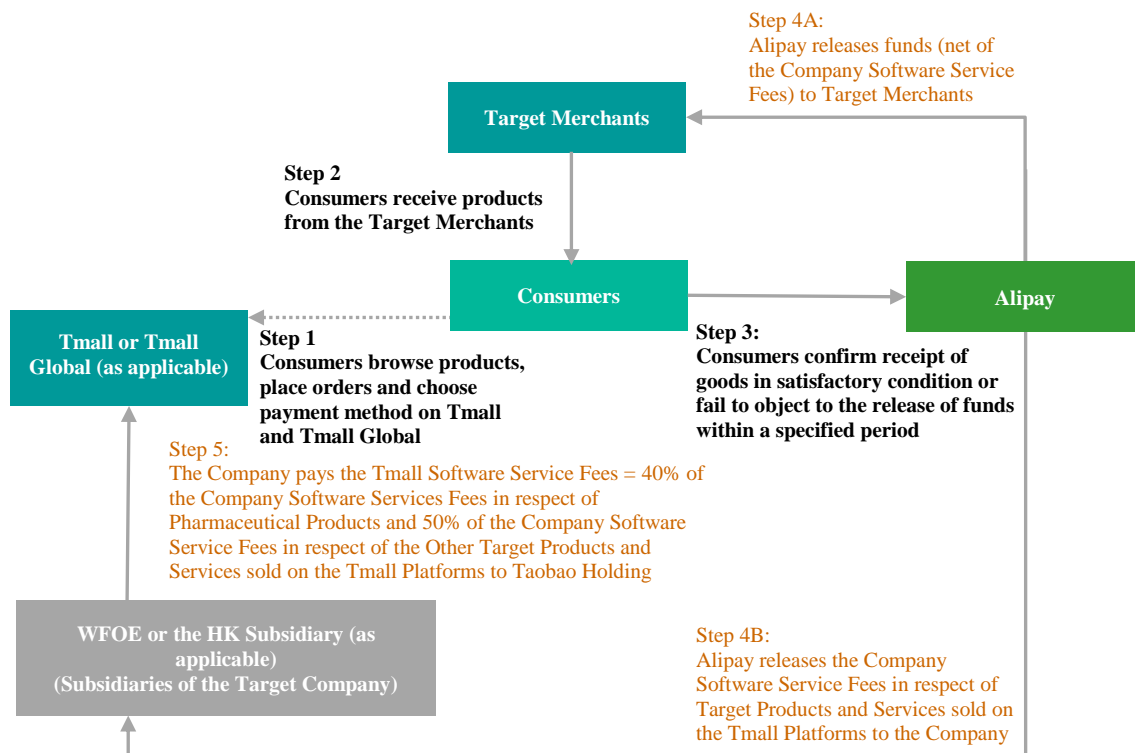
By acquiring the Target Business, the Company intends to provide value-added services to the Target Merchants after Completion to deliver more healthcare-focused solutions to the Target Merchants and improve their user experience as it has been the intention to develop the Company into the healthcare flagship of Alibaba Holding. Those value-added services will include:

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

functionality and to emphasize brand recognition;

- marketing event planning for Merchants, including planning and organizing marketing events for Merchants, organizing Merchants to participate in events, designing and building event webpage interfaces, planning customer discount programs and conducting consumer data analysis. For example, the Group will plan special marketing events around certain themes such as around hot and cold seasons, or at the same time as specific awareness days such as World Cancer Day or World Diabetes Day, as well as conduct consumer data analysis to provide feedback on the performance of the sales of products or services which Merchants have selected to participate in the marketing events as well as the amount of resultant traffic to the Merchants' stores;
- in respect of Pharmaceutical Products, prescription processing and risk management services, including prescription processing software services (as applicable) and rational use of drugs system services etc.; and
- technical support, including providing technical support on product information display and store design, transaction completion processes, the use of payment tools, consumer service tools (such as the use of chat windows or complaints forms).

Set out below is a chart illustrating the operation model of the Target Business after Completion:



INFORMATION ON THE COMPANY AND THE GROUP

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

INFORMATION ON THE VENDOR AND ALIBABA HOLDING

The Vendor is an offshore holding vehicle incorporated in the British Virgin Islands to hold the Target Company and it is directly wholly-owned by Alibaba Holding.

Alibaba Holding is a company incorporated in the Cayman Islands, 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 Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and it aspires to be a company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

INFORMATION ON THE TMALL ENTITIES, TAobao HOLDING AND TAobao CHINA

Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司) is a company incorporated under the laws of the PRC and ultimately Controlled by Alibaba Holding, which is primarily involved in the operation of Tmall.

Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司) is a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding, which is primarily involved in the operation of Tmall.

Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding, which is the holding company of certain PRC Subsidiaries of Alibaba Holding relating to Taobao Marketplace and Tmall.

Taobao Holding Limited, a limited liability company incorporated in the Cayman Islands and a wholly-owned Subsidiary of Alibaba Holding. Taobao Holding is the indirect holding company of certain PRC Subsidiaries of Alibaba Holding relating to Taobao Marketplace and Tmall.

Tmall was launched by Alibaba Group in 2008 as an online platform featuring brands and retailers. Tmall caters to consumers looking for high-quality products and a premium shopping experience. It is a trusted platform for consumers to buy both homegrown and international branded products and products not available in traditional retail outlets. Brands and retailers operate their own stores on the Tmall platform with unique brand identities and look and feel, accompanied by full control over their own branding and merchandising. A large number of

international and Chinese brands and retailers have established storefronts on Tmall.

Tmall Global was launched by Alibaba Group in 2014 to address increasing Chinese consumer demand for international products and brands. Tmall Global serves as the premier platform through which overseas brands and retailers reach Chinese consumers, build brand awareness and gain valuable consumer insights in forming their overall China strategy, without the need for physical operations in China.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND THE FRAMEWORK TECHNICAL SERVICES AGREEMENT

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market, so as to provide users with better medical and healthcare services, to gradually realize Alibaba Group's "Double H" strategy. As always, Alibaba Holding will continue to support the Company's development as its healthcare flagship platform and will continue to explore various cooperation models, to help the Company achieve its goals.

The Company believes that its acquisition of the Target Business will enable it to: (a) further develop into Alibaba Group's only healthcare flagship platform; (b) bring in an even broader set of Merchants into the online healthcare community to enrich the ecosystem, and to organically complement and supplement the Company's four main businesses: pharmaceutical e-commerce, Internet healthcare, intelligent medicine and product tracking platform services; and (c) obtain more stable and sustainable revenue growth. The Proposed Acquisition represents an important step in the Company's ongoing development of its healthcare related e-commerce platform business. The Target Business, like many technology companies and the Company's own businesses, is an "asset-light" business. In the Board's view, the Consideration is fair and reasonable notwithstanding the low asset value of the Target Business.

Before the Proposed Acquisition, Taobao Holding (through its Subsidiaries, including the Tmall Entities and Taobao China) incurred costs to service the Target Merchants and provide the technical services and platforms where they sold Target Products and Services. Following Completion, Taobao Holding and its Subsidiaries will continue to incur operating costs for the provision of these technical services and provision of the platforms. Therefore, the Tmall Software Service Fees will be payable to Taobao Holding and its Subsidiaries. The Company considers the Framework Technical Services Agreement is necessary as a result of the Merchant relationships in respect of Target Products and Services being assigned to the Company from Alibaba Holding and because the technical support and services from Taobao Holding and its Subsidiaries to the Company are crucial to allow the Target Merchants to operate on these platforms.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement and the Framework Technical Services Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Share Purchase Agreement (including the alternative size test referred to in Rule 14.20) exceed 5% but are below 25%, the

Share Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Perfect Advance is a Substantial Shareholder and a connected person of the Company. Alibaba Holding is the ultimate shareholder of Perfect Advance and the Vendor. Accordingly, the Vendor is a connected person of the Company and therefore the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders at the SGM.

In addition, Taobao Holding is a Subsidiary of Alibaba Holding and therefore a connected person of the Company. The transactions contemplated under the Framework Technical Services Agreement will constitute continuing connected transactions for the Company under the Listing Rules. It is expected that the highest of the applicable percentage ratios in respect of the Framework Technical Services Agreement will be more than 5%. Accordingly, the transactions contemplated under the Framework Technical Services Agreement will constitute non-exempt continuing connected transactions subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. WU Yongming, Mr. WANG Lei, and Mr. XU Hong are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions contemplated under the Proposed Acquisition and the Framework Technical Services Agreement. Accordingly, they have abstained from voting on the board resolutions in connection with the Proposed Acquisition and the continuing connected transactions under the Framework Technical Services Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the Proposed Acquisition or the continuing connected transactions under the Framework Technical Services Agreement and are not required to abstain from voting on the board resolutions approving the same.

The SGM will be convened by the Company to propose ordinary resolutions seeking approval from the Independent Shareholders by way of poll for: (i) the Share Purchase Agreement and the connected transaction contemplated thereunder, (ii) the issue of the Consideration Shares under specific mandate and, (iii) the Framework Technical Services Agreement and the non-exempt continuing connected transactions contemplated thereunder. To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, as at the date of this announcement, each of Perfect Advance, the Vendor and Antfin (Hong Kong) Holding Limited holds 3,103,816,661 Shares, 3,699,911,207 Shares and 60,576,000 Shares respectively, representing approximately 25.80%, 30.76% and 0.50%, of the issued share capital of the Company. This in aggregate represents a total of 6,864,303,868 Shares and approximately 57.06% of the issued share capital of the Company. Each of Perfect Advance, the Vendor, Antfin (Hong Kong) Holding Limited and their associates, will abstain from voting in relation to the ordinary resolutions to be put forward at the SGM. Save as disclosed above, no other Shareholder is required to abstain from voting on the above ordinary resolutions.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising of all the independent non-executive Directors to advise the Independent Shareholders in connection with the approval of the Share Purchase Agreement, the Framework Technical Services Agreement and the connected transactions contemplated thereunder. Platinum has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing, among other things:

- further details of the Share Purchase Agreement;
- further details of the Framework Technical Services Agreement;
- the advice and recommendations of the Independent Board Committee;
- the advice and recommendations of the Independent Financial Adviser; and
- notice of the SGM,

will be despatched to the Shareholders on or before February 27, 2020 in accordance with the requirements of the Listing Rules.

WARNING

The completion of the Proposed Acquisition and commencement of the Framework Technical Services Agreement are subject to the satisfaction and/or waiver (where applicable) of conditions precedent of the Share Purchase Agreement including but not limited to Independent Shareholders' approval, which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“2020 Outsourced Services Framework Agreement”	the agreement dated January 30, 2019 between Alibaba Health Beijing and Taobao Holding in relation to the provision of Merchant Services
“Adult Products”	appliances and non-ingestible products that primarily enhance human sexual pleasure, and being appliances and non-ingestible products which are primarily sold under the primary category “Adult Products/Sexual Health Products” (“成人用品/情趣用品”) under the business category “Healthcare Products and Medicine” (“保健品及醫藥”) on Tmall, but excluding (a) any general perfume products; (b) any general underwear, apparel and accessory products; and (c) any general furniture products
“Affiliates”	(a) for any person that is an individual, his or her Immediate Family Members, and (b) for any person that is not an individual, any other person that directly or indirectly through one or more intermediaries, Controls,

or is Controlled by, or is under common Control with, such person; provided, however, that for the purposes of this announcement, the Vendor and its Affiliates (other than the Company and its Subsidiaries), on the one hand, and the Company and its Subsidiaries, on the other hand, shall not be deemed to be Affiliates of each other

“Alibaba Group”	a group of companies comprising Alibaba Holding and its Subsidiaries, but, for the purpose of this announcement, excluding the Group
“Alibaba Health Beijing”	Alibaba Health Information Technology (Beijing) Co., Ltd.* (阿里健康信息技術(北京)有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate controlling shareholder of the Company, 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)
“Alipay”	Alipay.com Co., Ltd.* (支付寶(中國)網絡技術有限公司), a company incorporated under the laws of the PRC and which is a wholly-owned subsidiary of Ant Financial
“Ant Financial”	Ant Small and Micro Financial Services Group Co., Ltd.* (浙江螞蟻小微金融服務集團股份有限公司), a company organized under the laws of the PRC; starting from September 2019, Alibaba Holding has held a 33% equity interest in Ant Financial
“Blue Cap Health Food”	food products that are registered (註冊) or filed (備案), from time to time, with the SAMR as “health food” (“保健食品”) in accordance with the Health Food Registration and Filing Administrative Rules (《保健食品註冊與備案管理辦法》) and Food Safety Law of the PRC (《中華人民共和國食品安全法》) (as such laws and regulations may be amended from time to time) and have obtained a health food label (“blue cap”) (“藍帽子”) with a unique registration or filing tracking number
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong, the PRC,

	Bermuda and the British Virgin Islands are open for the transaction of normal business
“Business Restructuring”	has the meaning given to it in the sub-section “The Share Purchase Agreement – (6) Completion and conditions precedent” of this announcement
“Company”	Alibaba Health Information Technology Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00241)
“Company Software Service Fees”	the software service fees received by the Company from the Target Merchants for transactions selling Target Products and Services on the Tmall Platforms and utilizing services provided by Taobao Holding (through the Tmall Entities and Taobao China) which is equal to up to 4% of the value of completed sales of Target Products and Services sold on the Tmall Platforms and which will be deducted from the receivables of the relevant Target Merchant and paid to the Company after a customer confirms the receipt of the products he or she purchases
“Completion”	the completion of the sale and purchase of the entire issued share capital of the Target Company under the Share Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$8.075 billion for the Proposed Acquisition
“Consideration Shares”	860,874,200 Shares in aggregate to be issued to the Vendor pursuant to the Share Purchase Agreement
“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty per cent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors (or similar governing body) of such person and the term “Controlled” shall be construed accordingly
“Director(s)”	director(s) of the Company

“DNC Restricted Products”	<p>the following products and/or services:</p> <ul style="list-style-type: none"> • Adult Products; • Healthcare Products; • Medical Devices; • Pharmaceutical Products; • Medical Purpose Food Products; and • Target Blue Cap Health Food
“DNC Restricted Services”	Medical and Healthcare Services
“DNC Target Merchant”	a Merchant who has obtained, or proposes to obtain, permission from Tmall or Tmall Global (or their respective Affiliates) to sell DNC Restricted Products and DNC Restricted Services on Tmall or Tmall Global (as applicable), regardless of whether any actual sales of DNC Restricted Products and DNC Restricted Services have been made by such Merchant on those platforms
“Ele.me”	the on-demand delivery and local services platform known as Ele.me (餓了麼) operated by Alibaba Holding’s Affiliates
“Excluded Scope”	<p>(A) the facilitation of sales transactions of Adult Products on Tmall Global; and</p> <p>(B) the facilitation of sales transactions of DNC Restricted Products or DNC Restricted Services:</p> <ul style="list-style-type: none"> (i) on Kaola; (ii) on Taobao Marketplace by Taobao Marketplace merchants; (iii) by Intime Retail (Group) Company Limited and its Affiliates on any platform other than the Tmall Platforms; (iv) on any other platform acquired by Alibaba Holding following the date of the New Deed of Non-Competition; and (v) using takeaway delivery model (外賣模式) on Ele.me, Koubei and other platforms Controlled or to be Controlled by Alibaba Holding
“Existing Target Merchant”	a Target Merchant which is party to an Existing Target Merchant Contract as of the date of the Share Purchase

Agreement

“Existing Target Merchant Contract”

in respect of a Target Merchant, (a) the existing services agreement between the Tmall Entities and such Target Merchant that permits the sale of Target Products and Services by such Target Merchant on Tmall or (b) the existing services agreement between Taobao China (and/or its applicable Affiliate(s)) and such Target Merchant that permits the sale of Target Products and Services by such Target Merchant on Tmall Global

“Framework Technical Services Agreement”

the framework technical services agreement dated February 6, 2020 between the Company and Taobao Holding

“GMV”

the value of confirmed orders of products and services on Alibaba Group’s relevant marketplaces or specifically on the Tmall Platforms with respect to the Target Merchants, as applicable, regardless of how, or whether, the buyer and seller settle the transaction. Unless otherwise stated, GMV in reference to Alibaba Group’s market places includes only GMV transacted on its China retail marketplaces. GMV generated from traffic through Juhuasuan is recorded as either Taobao Marketplace GMV or Tmall GMV depending on which of these two marketplaces the transaction is completed. The calculation of GMV for Alibaba Group’s China retail marketplaces or specifically on Tmall with respect to Target Merchants, as applicable, includes shipping charges paid by buyers to sellers. As a prudential matter aimed at eliminating any influence on the GMV of potentially fraudulent transactions, Alibaba Group excludes from its calculation of GMV transactions in certain product categories over certain amounts and transactions by buyers in certain product categories over a certain amount per day

“Group”

the Company and its Subsidiaries (after Completion, including the Target Group)

“Healthcare Products”

non-ingestible products which are used in the lives of people and that have specific functions such as regulating the functions of the human body and promoting health, and being non-ingestible products which are primarily sold on the secondary category “Healthcare Products” (“保健用品”) under the primary category “Internet-based Medical/Health Products” (“互聯網醫療/保健用品”) under the business category of “Healthcare Products and Medicine” (“保健品及醫藥”) on Tmall

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HK Subsidiary”	Ali JK ZNS (HK) Limited, a company duly established and existing under the laws of Hong Kong and a wholly-owned Subsidiary of the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Immediate Family Members”	for any natural person, (a) such person’s spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and siblings-in-law (in each case whether adoptive or biological), (b) spouses of such person’s children, grandchildren and siblings (in each case whether adoptive or biological) and (c) estates, trusts, partnerships and other persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing
“Independent Board Committee”	the independent committee of the Board, comprising Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa), being the independent non-executive Directors, established to advise the Independent Shareholders on the Share Purchase Agreement, the Framework Technical Services Agreement and the connected transactions contemplated thereunder
“Independent Financial Advisor” or “Platinum”	Platinum Securities Company Limited, a corporation licensed under the Securities and Futures Ordinance to provide Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Share Purchase Agreement, the Framework Technical Services Agreement and the connected transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than (i) Alibaba Holding and its associates, including Perfect Advance and the Vendor; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Share Purchase Agreement, the Framework Technical Services Agreement and the connected transactions contemplated thereunder
“Initial Deed”	the deed of non-competition entered into between

Alibaba Holding and the Company on June 30, 2017

“Issue Price”	the per share price of HK\$9.38 for the issue of each Consideration Share
“Kaola”	the import e-commerce platform known as Kaola (考拉) operated by Alibaba Holding’s Affiliates
“Koubei”	the restaurant and local services guide platform for in-store consumption known as Koubei (口碑) operated by Alibaba Holding’s Affiliates
“Last Trading Day”	February 6, 2020, being the last full trading day for the Shares before the date of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medical and Healthcare Services”	services that have the aim of maintaining and promoting human health, primarily including medical services and services related to health management and promotion, and being services which are primarily sold on the primary category “Medical and Health Services” (“醫療及健康服務”) under the business category “Service Categories” (“服務大類”) on Tmall, but excluding such services that do not require industry certification on Tmall
“Medical Devices”	instruments, equipment, appliances, materials or other items that are used, alone or in combination, on the human body, as defined from time to time by the Regulations for the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and which are registered (註冊) or filed (備案) or, if sold in the PRC, are required to be registered or filed with the local departments of the NMPA as a “medical device” (“醫療器械”) in accordance with the Regulations for the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) (as such laws and regulations may be amended from time to time)
“Medical Purpose Food Products”	formulated food products that are specially processed and formulated for the purposes of addressing the special nutrient and supplement requirements of people suffering from limited food intake, digestion absorption difficulties, metabolic disorders or certain other diseases, as defined from time to time by the Food Safety Law of the PRC (《中華人民共和國食品安全法》) and the

	Rules for the Review of Food Production Licensing for Special Medical Purpose Food (《特殊醫學用途配方食品生產許可審查細則》) and which are registered or, if sold in the PRC, are required to be registered
“Merchant”	a legal entity which conducts the sale of products or provision of services on Tmall
“Merchant Assignment”	has the meaning given to it in the sub-section “The Share Purchase Agreement – (7) Business Restructuring” in this announcement
“Merchant Services”	the services to be provided by the Group to Taobao Holding and its Subsidiaries under the 2020 Outsourced Services Framework Agreement
“New Deed of Non-competition”	the deed of non-competition to be entered into between Alibaba Holding and the Company on or before the Completion
“NMPA”	National Medical Products Administration (國家藥品監督管理局)
“Non-assigned Target Merchant”	has the meaning given to it in the sub-section “The Share Purchase Agreement – (8) Transition Period” in this announcement
“Non-competition Period”	the period commencing on Completion and ending on the earliest of: (i) the Shares ceasing to be listed on the Stock Exchange; (ii) Alibaba Holding ceasing to beneficially own an aggregate of 30% or more of the voting securities of the Company; (iii) the Company ceasing to be a subsidiary (as defined in the Listing Rules) of Alibaba Holding; or (iv) Alibaba Holding no longer being the single largest Shareholder (aggregated with the Shares beneficially owned by persons acting in concert with Alibaba Holding)
“Other Target Products and Services”	the Target Products and Services other than the Pharmaceutical Products
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned Subsidiary of Alibaba Holding
“Permitted Scope”	(a) the conduct of Restricted Business pursuant to any then-effective Existing Target Merchant Contract until the earlier of: (x) the expiration of such Existing Target Merchant Contract in accordance with its terms; and (y) entering into

a Tripartite Agreement in respect of such Existing Target Merchant Contract among (i) the DNC Target Merchant, (ii) the WFOE or the HK Subsidiary (as the case may be) and (iii) the Tmall Entities or Taobao China (as the case may be);

(b) the conduct of activities pursuant to the terms of the Tripartite Agreements to be entered into among (i) the DNC Target Merchant, (ii) the WFOE or the HK Subsidiary (as the case may be) and (iii) the Tmall Entities or Taobao China (as the case may be);

(c) the conduct of business activities pursuant to the terms of any framework technical services agreement entered into between Alibaba Holding (or its Affiliates) and the Company (or its Affiliates) relating to the DNC Restricted Products and DNC Restricted Services, including the collection of service fees thereunder; and

(d) the conduct of any business with the Company's prior written consent

“Pharmaceutical Products”

substances that are used for the prevention, treatment or diagnosis of human diseases or that purposefully regulate people's physiological functions, with the indications for specific symptom or functions, usages and dosage, as defined by the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》), and which are registered or, if sold in the PRC, are required to be registered with the NMPA in accordance with the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》)

“PRC” or “China”

the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan

“Prior Deeds”

the Initial Deed and the Second Deed

“Proposed Acquisition”

the sale and purchase of the entire issued share capital of the Target Company as contemplated under the Share Purchase Agreement

“Restricted Business”

facilitating sales transactions of:

(i) DNC Restricted Products using a business-to-consumer (B2C) transaction model in the PRC;

and

- (ii) DNC Restricted Services on Tmall (including through Tmall Supermarket) and Tmall Global

“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	the State Administration for Market Regulation (國家市場監督管理總局)
“Second Deed”	the deed of non-competition entered into between Alibaba Holding and the Company on August 2, 2018
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider, and vote, on the Share Purchase Agreement, the Framework Technical Services Agreement and the connected transactions contemplated thereunder
“Share Purchase Agreement”	the share purchase agreement dated February 6, 2020 entered into between the Company and the Vendor in respect of the Proposed Acquisition
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of par value HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	an entity or entities which are Controlled
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Taobao China”	Taobao China Holding Limited (淘寶中國控股有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of Alibaba Holding
“Taobao Holding”	Taobao Holding Limited, a limited liability company incorporated in the Cayman Islands and a wholly-owned Subsidiary of Alibaba Holding
“Taobao Marketplace”	the online and mobile commerce platform or destination known as Taobao (淘寶) operated by Alibaba Holding’s Affiliates

“Target Blue Cap Health Food”	the Blue Cap Health Food products sold on Tmall, but excluding (i) any medicated liquor sold under the secondary category “health food alcohol” (“保健食品酒”) under the primary category “alcohol” (“酒類”) category on Tmall, (ii) any energy drinks sold under the secondary category “drinks” (“飲料”) under the primary category “coffee/oatmeal/instant drinks” (“咖啡/麥片/沖飲”) category on Tmall, (iii) any maternity health food sold under the secondary category “maternity nutritional products” (“孕產婦營養品”) under the primary category “maternity wear/maternity products/nutritional products” (“孕產裝/孕產婦用品/營養品”) category on Tmall, and (iv) any infant and toddler health food sold under the secondary category “infant and toddler nutritional products” (“嬰幼兒營養品”) under the primary category “milk powder/supplemental food/nutritional products/snacks” (“奶粉/輔食/營養品/零食”) on Tmall
“Target Business”	the business to be directly or indirectly injected into the Company pursuant to the terms of the Share Purchase Agreement
“Target Company”	Ali JK ZNS Limited, a company incorporated under the laws of British Virgin Islands and a direct wholly-owned Subsidiary of the Vendor
“Target Group”	the Target Company and its Subsidiaries
“Target Merchant”	a merchant who has obtained, or proposes to obtain, permission from Tmall or Tmall Global to sell Target Products and Services on Tmall or Tmall Global (as applicable), regardless of whether any actual sales of Target Products and Services have been made by such merchant on those platforms
“Target Products and Services”	the Tmall Products and Services and the Tmall Global Products and Services
“Tmall”	Tmall.com, the third party online and mobile commerce platform known as Tmall (天貓) operated by Alibaba Holding’s Affiliates
“Tmall Entities”	Tmall Technology and 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
“Tmall Global Products and Services”	the following products and/or services sold on Tmall Global: <ul style="list-style-type: none"> • the Pharmaceutical Products; • the Medical Devices; • the Healthcare Products; • the Medical Purpose Food Products; and • the Medical and Healthcare Services
“Tmall Global Tripartite Agreements”	each of the tripartite agreements to be entered into among (i) each of the Target Merchants, (ii) the HK Subsidiary and (iii) Taobao China
“Tmall Network”	Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司), a company incorporated under the laws of the PRC and ultimately Controlled by Alibaba Holding
“Tmall Platforms”	the following platforms: <ol style="list-style-type: none"> (a) Tmall (which for the avoidance of doubt, includes the channel Tmall Supermarket); and (b) Tmall Global
“Tmall Products and Services”	the following products and/or services: <ul style="list-style-type: none"> • the Pharmaceutical Products sold on Tmall (including through Tmall Supermarket); • the Medical Purpose Food Products sold on Tmall (including through Tmall Supermarket); and • the Medical Devices, the Adult Products, the Healthcare Products, the Medical Purpose Food Products, the Medical and Healthcare Services and the Target Blue Cap Health Food sold through Tmall Supermarket only
“Tmall Software Service Fees”	the software service fees received by Taobao Holding and its Subsidiaries from the Company pursuant to the Framework Technical Services Agreement
“Tmall Supermarket”	the e-commerce retail channel known as Tmall Supermarket (天貓超市) operated by Alibaba Holding’s Affiliates and featured on Tmall
“Tmall Technology”	Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned Subsidiary of Alibaba Holding

“Tmall Tripartite Agreements”	each of the tripartite agreements to be entered into among (i) each of the Target Merchants, (ii) the WFOE and (iii) the Tmall Entities
“Transition Period”	the period commencing on the date of Completion and ending on the earliest of (i) completion of the Merchant Assignment of the Non-assigned Target Merchant; and (ii) the termination or expiration of the Existing Target Merchant Contract
“Tripartite Agreements”	the Tmall Tripartite Agreements and the Tmall Global Tripartite Agreements
“Vendor”	Ali JK Nutritional Products Holding Limited, a company incorporated under the laws of British Virgin Islands and a direct wholly-owned Subsidiary of Alibaba Holding
“VWAP”	in respect of the Shares, volume-weighted average price, being the ratio of the value traded to total volume traded over a trading day as quoted on the Stock Exchange
“WFOE”	Hangzhou Defu Health Management Co., Ltd.* (杭州得賦健康管理有限公司), a company incorporated under the laws of the PRC and a wholly-owned Subsidiary of the HK Subsidiary
“%”	per cent

* *English name for identification purpose only.*

By Order of the Board
**ALIBABA HEALTH INFORMATION TECHNOLOGY
LIMITED**
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, February 6, 2020

As at the date of this announcement, the Board comprises eight Directors, of whom (i) two are executive Directors, namely, Mr. SHEN Difan and Mr. WANG Qiang; (ii) three are non-executive Directors, namely Mr. WU Yongming, Mr. WANG Lei and Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa).