

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**RE-ELECTION OF DIRECTORS
AND
NON-EXEMPT CONNECTED TRANSACTION —
PROPOSED GRANT OF RESTRICTED SHARE UNITS
TO A DIRECTOR OF A SUBSIDIARY
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 page 12 of this circular. A letter from Somerley Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 19 of this circular.

A notice convening the Special General Meeting to be held at Prestige & Leadership Meeting Room, Regus Business Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, June 12, 2015 at 10:30 a.m. is set out on pages 23 to 24 of this circular. A form of proxy for use at the Special General Meeting 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 Special General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's head office and principal place of business in Hong Kong at 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting if you so wish.

May 22, 2015

CONTENTS

	<i>Page</i>
Contents	i
Definitions	1
Letter from the Board	
1. Introduction	4
2. Re-election of Directors	5
3. Proposed RSU Grant	6
4. Recommendation	11
5. General	11
6. Special General Meeting and Proxy Arrangement	11
Letter from the Independent Board Committee	12
Letter from the Independent Financial Adviser	13
Appendix — General Information	20
Notice of Special General Meeting	23

DEFINITIONS

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

“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, and the shares of which are listed on the New York Stock Exchange
“Ali JK Investment”	Ali JK Investment Holding Limited, a company incorporated under the laws of the British Virgin Islands, whose registered office is at Trident Chambers, P.O. Box 146 Road Town, Tortola, British Virgin Islands, a wholly owned subsidiary of Alibaba Holding
“Applicable Period”	the period from the date of adoption of the Share Award Scheme, being November 24, 2014, to the earlier of (a) conclusion of the Company’s next annual general meeting, (b) the end of the period within which the Company is required by any applicable law or its bye-laws to hold its next annual general meeting, and (c) the date on which the resolution granting the special mandate to the Board to allot and issue Ordinary Shares upon the exercise and/or vesting of the Options and/or RSUs granted under the Share Award Scheme is varied or revoked by ordinary resolution of the Shareholders in general meeting
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors from time to time or a duly authorized committee of the Board or such other committee as the Board may authorize
“Bye-Laws”	the bye-laws of the Company currently in force
“CITIC 21CN (China)”	CITIC 21CN (China) Technology Company Limited* (中信21世紀(中國)科技有限公司), a subsidiary 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 with limited liability (formerly known as CITIC 21CN Company Limited), the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed RSU Grant

DEFINITIONS

“Independent Financial Adviser” or “Somerley Capital”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed RSU Grant
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the Special General Meeting
“Latest Practicable Date”	May 19, 2015 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
“Mr. Chen”	Mr. CHEN Wen Xin, a Chinese national and brother of Ms. CHEN Xiao Ying
“Mr. Wang”	Mr. WANG Yaqing, the Company’s president and a director of CITIC 21CN (China)
“Option”	an option to subscribe for or acquire Shares which is granted under the Share Award Scheme
“Ordinary Shares”	ordinary Shares in the issued capital of the Company with a nominal value of HK\$0.01
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an (indirect) non-wholly owned subsidiary of Alibaba Holding
“PIATS”	product identification, authentication and tracking system
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed RSU Grant”	the proposed conditional grant of 3,300,000 Restricted Share Units to Mr. Wang pursuant to the Share Award Scheme as approved by the Board and the remuneration committee of the Company on April 6, 2015
“Related Transactions”	all the transactions contemplated under the Proposed RSU Grant (including the allotment and issue of any new Ordinary Shares thereunder)
“RMB”	Renminbi, being the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is awarded under the Share Award Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“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 on pages 10 to 20 of the Company’s circular dated October 31, 2014
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Shares”	shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares of the Company
“Special General Meeting”	a special general meeting of the Company to be held at Prestige & Leadership Meeting Room, Regus Business Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, June 12, 2015 at 10:30 a.m., notice of which is set out on pages 23 to 24 of this circular, or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

* *For identification purpose only.*



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技术有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

Executive Directors:

Ms. CHEN Xiao Ying (*Executive Vice Chairman*)

Mr. WANG Lei (*Chief Executive Officer*)

Non-executive Directors:

Mr. WU Yongming (*Chairman*)

Mr. ZHANG Yong

Mr. CHEN Jun

Mr. YU Feng

Independent Non-executive Directors:

Mr. YAN Xuan

Mr. LUO Tong

Mr. WONG King On, Samuel

Registered Office:

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

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

26/F Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

May 22, 2015

To the Shareholders

Dear Sir/Madam,

**PROPOSALS INVOLVING
RE-ELECTION OF DIRECTORS
AND
NON-EXEMPT CONNECTED TRANSACTION —
PROPOSED GRANT OF RESTRICTED SHARE UNITS
TO A DIRECTOR OF A SUBSIDIARY**

1. INTRODUCTION

Reference is made to the announcement of the Company dated April 17, 2015, in which the Company announced, among other things, that (i) Mr. WU Yongming has been appointed as a non-executive Director and the chairman of the Board with effect from April 17, 2015; and (ii) Mr. WANG Lei has been appointed as an executive Director and the chief executive officer of the Company with effect from April 17, 2015.

Reference is also made to the announcement of the Company dated April 21, 2015, in which the Company announced, among other things, that on April 6, 2015, the Board resolved to conditionally grant 3,300,000 RSUs to Mr. Wang under the Share Award Scheme.

The purpose of this circular is to provide you with, among other things, (i) information regarding the proposed re-election of Mr. WU Yongming as non-executive Director and Mr. WANG Lei as executive Director; (ii) details of the Proposed RSU Grant; (iii) the advice of the Independent Financial Adviser regarding the Proposed RSU Grant and the Related Transactions; (iv) the recommendation of the Independent Board Committee regarding the Proposed RSU Grant and the Related Transactions; and (v) a notice of the Special General Meeting.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

Reference is made to the announcement of the Company dated April 17, 2015, in which the Company announced, among other things, that (i) Mr. WU Yongming has been appointed as a non-executive Director and the chairman of the Board with effect from April 17, 2015; and (ii) Mr. WANG Lei has been appointed as an executive Director and the chief executive officer of the Company with effect from April 17, 2015. Pursuant to code provision A.4.2 of Corporate Governance Code as set out in Appendix 14 of the Listing Rules, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. The biographical details of Mr. WU Yongming and Mr. WANG Lei are as follows:

Mr. WU Yongming

Mr. WU Yongming, aged 40, is currently a senior vice president of Alibaba Group. Prior to his current position, Mr. Wu had been responsible for various major businesses within Alibaba Group, including Alibaba Group's search business, advertising business and mobile business. Mr. Wu is also currently serving as special assistant to the chairman of the board of directors of Alibaba Holding. Since Mr. Wu joined Alibaba Group, he had served as technology director of Alibaba (China) Technology Co., Ltd.* (阿里巴巴(中國)網絡信息技術有限公司) from 1999 to 2004, technology director of Alipay (China) Information Technology Co., Ltd.* (支付寶(中國)網絡信息技術有限公司) from 2004 to 2005, P4P business department director of Beijing Yahoo! Information Technology Co., Ltd.* (北京雅虎信息技術有限公司) from 2005 to 2007, general manager of Hangzhou Alimama Technology Co., Ltd.* (杭州阿里媽媽網絡技術有限公司) from 2007 to 2008, chief technology officer of Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件公司) from 2008 to 2011, and had been responsible for Alibaba Group's search business, advertising business and mobile business from 2011 to 2014. Before joining Alibaba Group, Mr. Wu was an engineer at Beijing Cofortune Information Technology Co., Ltd.* (北京國富通信息技術有限公司) from 1998 to 1999, and an engineer at China Yellow Pages Information Technology Co., Ltd.* (中國黃頁信息技術有限公司) from 1997 to 1998. Mr. Wu was previously a director of AutoNavi Holdings Limited, a then NASDAQ-listed company, from May 2013 to July 2014. Mr. Wu graduated from Zhejiang University of Technology.

Mr. Wu is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. As at the Latest Practicable Date, Mr. Wu does not have any interests in the shares of the Company within the meaning of the SFO. Save as disclosed above, Mr. Wu has not held any other directorships within any public listed companies in the past three years and does not hold any other position within the Group. Mr. Wu is not connected with any directors, senior management or substantial or controlling shareholders of the Company, and has confirmed that there is no other information to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no matters that need to be brought to the attention of the Shareholders.

As at the Latest Practicable Date, Mr. Wu has entered into an appointment letter with the Company for a term of one year commencing from April 17, 2015, which is renewable for a one-year period upon expiry of each term. Except for the annual fee of HK\$20,000 with respect to his appointment as the chairman of the nomination committee of the Board, the appointment letter of Mr. Wu with respect to his appointment as a non-executive Director and the chairman of the Board does not specify his remuneration. The remuneration of Mr. Wu is expected to be determined by the Board as soon as practicable with reference to his experience and prevailing market levels. The Company will disclose details regarding Mr. Wu's remuneration as soon as practicable.

LETTER FROM THE BOARD

Mr. WANG Lei

Mr. WANG Lei, aged 35, was, prior to his current position, the general manager of Alibaba Group's Taobao Diandian business from September 2013. Mr. WANG Lei had held various positions within Alibaba Group since he joined Alibaba Group in 2003, including customer relationship management product manager and Alibaba call center project manager from September 2003 to December 2005, P4P project manager of Yahoo! China from January 2006 to May 2007, senior manager of Alimama product and operations department from June 2007 to December 2008, B2B advertising product and operations department director from January 2009 to May 2011, senior director of B2B advertising service department and commercial product department from June 2011 to July 2012 and O2O workshop senior director of Alibaba Group's mobile Internet business department from August 2012 to August 2013. Before Mr. WANG Lei joined Alibaba Group, he was a software engineer and project manager at Dongxin Yitai Computer Information Technology, Co., Ltd.* (東信億泰計算機信息技術有限公司) from July 2001 to August 2003. Mr. WANG Lei holds a bachelor's degree in precision instruments from China Jiliang University.

Mr. WANG Lei is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. As at the Latest Practicable Date, Mr. WANG Lei does not have any interests in the shares of the Company within the meaning of the SFO. Save as disclosed above, Mr. WANG Lei has not held any other directorships within any public listed companies in the past three years and does not hold any other position within the Group. Mr. Wang Lei is not connected with any directors, senior management or substantial or controlling shareholders of the Company, and has confirmed that there is no other information to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no matters that need to be brought to the attention of the Shareholders.

As at the Latest Practicable Date, Mr. WANG Lei has entered into an appointment letter with the Company for a term of one year commencing from April 17, 2015, which is renewable for a one-year period upon expiry of each term. The appointment letter of Mr. WANG Lei with respect to his appointment as an executive Director and the chief executive officer of the Company does not specify his remuneration. The remuneration of Mr. WANG Lei is expected to be determined by the Board as soon as practicable with reference to his experience and prevailing market levels. The Company will disclose details regarding Mr. WANG Lei's remuneration as soon as practicable.

3. PROPOSED RSU GRANT

On April 6, 2015, the Board resolved to conditionally grant 3,300,000 RSUs to Mr. Wang under the Share Award Scheme. The Proposed RSU Grant was conditional upon the release of inside information as set out in the Company's announcement dated April 15, 2015 and the resumption of trading in the Shares, and is subject to the Independent Shareholders' approval at the Special General Meeting. As at the Latest Practicable Date, the 3,300,000 RSUs have not been granted to Mr. Wang and no notice of grant with respect to such RSUs has been issued to Mr. Wang in the manner set forth in the paragraph headed "Appendix A – Summary of the Principal Terms of the Share Award Scheme – 4. Grant of Awards – 4.1 Making an Offer" in the Company's circular dated October 31, 2014, or otherwise. The 3,300,000 RSUs will only be granted, and the relevant notice of grant will only be issued to Mr. Wang, only (i) if the Independent Shareholders approve such grant in accordance with the requirements of Chapter 14A of the Listing Rules, and (ii) at a later date after such Independent Shareholders' approval has been obtained.

Each of these RSUs to be granted to Mr. Wang represents the right to receive an Ordinary Share on the date it vests. The Proposed RSU Grant is not subject to performance targets and has been approved by the Remuneration Committee and the Board. The Proposed RSU Grant will be made for no consideration. The RSUs to be granted to Mr. Wang shall vest over a four-year period, of which:

- 1,650,000 (representing 50% of the RSUs granted) shall vest on April 30, 2016;
- 825,000 (representing 25% of the RSUs granted) shall vest on April 30, 2017; and
- 825,000 (representing 25% of the RSUs granted) shall vest on April 30, 2018.

The RSUs shall be settled in Ordinary Shares. All Ordinary Shares to be issued to Mr. Wang upon vesting and settlement of the Restricted Share Units will rank *pari passu* in all respects among themselves and with all the Ordinary Shares in issue from time to time.

LETTER FROM THE BOARD

Mr Wang's Interests in the Securities of the Company

Subject to the Independent Shareholders' approval of the Proposed RSU Grant at the Special General Meeting, and assuming that no further Shares will be issued or repurchased by the Company prior to the date of the Special General Meeting, the maximum number of Ordinary Shares that may be issued to Mr. Wang in accordance with and subject to the terms of the Proposed RSU Grant would be 3,300,000, representing approximately 0.04% of the total issued share capital of the Company as at the Latest Practicable Date and 0.04% of the enlarged total issued share capital of the Company (but prior to the exercising of his 8,700,000 Options).

As at the Latest Practicable Date, Mr. Wang also held 8,700,000 Options, representing approximately 0.11% of the total issued share capital of the Company. Mr. Wang's total interests in the underlying shares of the Company under the Share Award Scheme, which include those underlying the 8,700,000 Options and those underlying the 3,300,000 RSUs, would represent approximately 0.15% of the total issued share capital of the Company as at the Latest Practicable Date and 0.15% of the enlarged total issued share capital of the Company.

In addition, as at the Latest Practicable Date, Mr. Wang held 3,000,000 Ordinary Shares in the issued capital of the Company, representing 0.04% of the total issued capital of the Company. Mr. Wang's total interests in the Shares, which include the 3,000,000 Ordinary Shares he holds, the Shares underlying the 8,700,000 Options and the Shares underlying the 3,300,000 RSUs, would represent approximately 0.18% of the total issued share capital of the Company as at the Latest Practicable Date and 0.18% of the enlarged total issued share capital of the Company.

	As at the Latest Practicable Date		Upon vesting in full of the RSUs granted to Mr. Wang (assuming the 8,700,000 Options granted to Mr. Wang are not exercised)		Upon vesting in full of the RSUs and exercise in full of the 8,700,000 Options granted to Mr. Wang	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Perfect Advance	4,420,628,008	54.09	4,420,628,008	54.07	4,420,628,008	54.01
Uni-Tech International Group Limited	777,484,030	9.51	777,484,030	9.51	777,484,030	9.50
Mr. Wang	3,000,000	0.04	6,300,000	0.08	15,000,000	0.18
Other Shareholders	2,971,532,601	36.36	2,971,532,601	36.34	2,971,532,601	36.31
Total	8,172,644,639	100.00	8,175,944,639	100.00	8,184,644,639	100.00

Notes: Perfect Advance is an indirect non-wholly owned subsidiary of Alibaba Holding. Innovare Tech Limited, an investment vehicle which is a 100% controlled subsidiary of Yunfeng Fund II, L.P., holds over 20% of the voting rights in Perfect Advance. As Innovare Tech Limited and a subsidiary of Alibaba Holding each holds above 20% of the voting rights in Perfect Advance and both were parties in a consortium that participated in a whitewashed share subscription transaction to take control of the Company which was completed on April 30, 2014, they are parties presumed to be acting in concert under the Takeovers Code. In addition, as Ali JK Investment is also a wholly-owned subsidiary of Alibaba Holding, it will be presumed to be acting in concert with Perfect Advance and Innovare Tech Limited under the Takeovers Code.

Uni-Tech International Group Limited is an investment holding company incorporated in the British Virgin Islands which is wholly owned by Ms. Chen Xiao Ying, an executive Director.

Certain percentage figures set out in this table have been subject to rounding adjustments. Accordingly, figures shown as totals in this table may not be an arithmetic sum of such figures.

Market Value

Based on the closing price of HK\$12.12 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of the RSUs under the Proposed RSUs Grant amounts to approximately HK\$40.0 million.

LETTER FROM THE BOARD

Reasons and Benefits of the Proposed RSU Grant

The purpose of the Proposed RSU Grant is to recognize Mr. Wang's contribution to the success and development of the Group and to incentivize and motivate him to remain with, and to strive for the future development and expansion of, the Group by providing him an opportunity to acquire equity interests in the Company.

Background of Mr. Wang

Mr. Wang, aged 48, obtained a bachelor degree from Tongji University and a master degree from Shanghai Jiao Tong University. He also holds a master in science degree from the University of Connecticut. Prior to joining the Company, Mr. Wang was chief technology officer of Beijing Jingdong Century Trading Co. Ltd., a Chinese electronic commerce company, which operates JD.com or Jingdong Mall (京東商城) and was mainly responsible for establishing a unified technical direction and data structure, so as to improve the stability of the overall structure of Jingdong Mall. Before that, Mr. Wang was a global vice president of Oracle Corporation, where he was mainly responsible for research of database, middleware and cloud computing technology.

Mr. Wang joined the Group as Chief Technical Officer in March 2013 and had been responsible for overseeing the Group's technology strategy and developing and optimizing the overall systems of the Group, in relation to, among other things, the use of the Group's PIATS. He has concurrently served as a director of CITIC 21CN (China), a subsidiary of the Company, since September 2014, and as the Company's president since April 2015. In his new role, Mr. Wang will assist the chief executive officer of the Company with the implementation of the Group's policies and day-to-day management of the Group's business.

Mr. Wang's original service contract as Chief Technical Officer

Under his original service contract as Chief Technical Officer, Mr. Wang was entitled to receive an annual salary of RMB2.5 million with an annual performance bonus of RMB750,000, as well as to be granted up to 15 million share options with a floor exercise price of HK\$0.9 per Share. Given the completion of the subscription of 4,423,175,008 Shares in aggregate by Perfect Advance on April 30, 2014 and the subsequent changes of management of the Company, the Company had been in ongoing discussions with Mr. Wang on a possible expansion of his role, and a revised compensation package. During the period, the Company also decided to terminate its previous share option scheme and adopted the Share Award Scheme. Therefore, the Company had not granted Mr. Wang any share options pursuant to his original service contract as Chief Technical Officer, although Mr. Wang was transferred 3 million Shares at the price of HK\$0.9 per Share by the Perfect Advance and Ms. Chen Xiao Ying, an executive director of the Company, as compensation in respect of his original entitlement. The Proposed RSU Grant is therefore also intended to recognize Mr. Wang's efforts in the past given his previous entitlement to share options which he effectively forfeited as agreed with the Company.

Recognition of his past services

The grant of RSUs is also partly intended to recognize Mr. Wang's past services, in particular, the successful of migration of PIATS to the cloud computing platform of the Alibaba Group. This implementation has improved the manageability, scalability and data processing and analysis power of the system. As the PIATS platform is a major area of development of the Group, it is desirable to retain Mr. Wang in order to achieve the long-term aim to utilize PIATS platform to promote product safety in the drugs and healthcare industries in China.

The Group's plans

As disclosed in the interim report for the six months ended September 30, 2014, the Group plans to expand the adoption of PIATS to provide integrated product tracking and data processing and management solutions, including pioneering cloud-based information management and sharing platform for healthcare enterprises, for an expanded customer base in the entire healthcare sector, including hospitals, community health centers and pharmacies. The Board is of the view that existing technology personnel of the Group, headed

LETTER FROM THE BOARD

by Mr. Wang, is key to success of the Group, taking into account Mr. Wang's extensive experience in the technology sector and proven track record in the industry, in particular, his expertise in cloud computing and big data technologies.

In addition, given the Company's intention as disclosed in the announcement of the Company dated April 15, 2015 to further expand into e-commerce in the pharmaceutical and healthcare categories and to expand its offerings to healthcare industry participants across China, and the proposed acquisition of a business of operating an online transaction platform for the sale of products by online pharmacies in the PRC from the Alibaba Holding and its subsidiaries, the Board is of the view that Mr. Wang's experience and expertise in e-commerce will help to drive the future success of the Group.

Reasons and basis for granting the Options and RSUs to Mr. Wang

The number of Options granted and RSUs to be granted to Mr. Wang was determined by the Company and Mr. Wang upon arm's length negotiation taking into account all of the aforementioned factors.

In addition, for the six months ended September 30, 2014, the Group generated negative cash flows from operations. The Group's priority is to maintain sufficient cash flows for the future development of the Group. Consequently, from a cash flow point of view, the Group prefers to grant Options and RSUs to Mr. Wang as part of his new remuneration package rather than to pay a higher salary in cash. Furthermore, the dilutive effect of Proposed RSU Grant is less than that of a grant of an equivalent number of Options to achieve the same economic advantage as less new Shares are required to be issued. Accordingly, under his current service contract as the president of the Company, Mr. Wang is entitled to the same annual salary of RMB2.5 million and the same annual performance bonus of RMB750,000, in addition to the Options in respect of a total of 8,700,000 Shares with an exercise price of HK\$12.3 and RSUs in respect of a total of 3,300,000 Shares.

The Board proposed to remunerate Mr. Wang by granting such combination of RSUs and Options after considering and balancing the factors below:

- despite the Group having incurred losses for consecutive years (including the years ended March 31, 2010 and March 31, 2014, respectively), the price of the Shares has increased significantly since January 23, 2014, which may be attributable to an expectation of an acquisition of new business by the Company;
- the grant of Options as part of Mr. Wang's remuneration package can, on one hand, effectively incentivize Mr. Wang by enabling him to enjoy potential unlimited upside when the Share price goes up with no downside risk. However, the grant of the Options on its own may fail to provide sufficient incentives as the price of the Shares may drop significantly after the date of grant; and
- the Proposed RSU Grant as part of Mr. Wang's remuneration package will, on the other hand, provide Mr. Wang with certainty of monetary benefits regardless of the Share price performance. Such benefit, which can be realized and is readily available at the end of the vesting period, is similar to paying a deferred bonus, and hence, is an effective complementary incentive in addition to the grant of Options.

The Directors (including independent non-executive Directors) consider that the terms of the Proposed RSU Grant are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

Specific Mandate to Issue New Ordinary Shares

The new Ordinary Shares to be issued under the Proposed RSU Grant will be issued under the specific mandate granted by the Shareholders on November 24, 2014 to the Board which authorized it to grant awards of Options and/or RSUs pursuant to the Share Award Scheme during the Applicable Period, and to allot, issue and deal with Shares underlying the Options and/or RSUs granted pursuant to the Share Award Scheme as and when such Options are exercised and/or RSUs vest during the Applicable Period. The maximum number of new Ordinary Shares underlying the Options and/or the RSUs to be granted by the Board under the Share Award Scheme pursuant to such mandate shall not exceed 245,179,339, which represents 3% of the Ordinary Shares in issue as at November 24, 2014, being the date on which the Share Award Scheme was adopted.

The Listing Committee of the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, Ordinary Shares to be issued pursuant to the vesting or exercise of any awards granted under the Share Award Scheme.

Listing Rules Implications

As Mr. Wang is a director of CITIC 21CN (China), he is therefore a connected person of the Company under the Listing Rules. The Proposed RSU Grant and the Related Transactions constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements.

Pursuant to Chapter 14A of the Listing Rules, Mr. Wang and his associates are required to abstain from voting on the resolution at the Special General Meeting to approve the Proposed RSU Grant and the Related Transactions. Accordingly, Mr. Wang shall abstain from voting at the Special General Meeting on the resolution approving the Proposed RSU Grant and the Related Transactions with respect to all the Ordinary Shares he holds. As at the Latest Practicable Date, Mr. Wang holds 3,000,000 Ordinary Shares, representing approximately 0.04% of the total issued capital of the Company. To the best of the Directors' knowledge, information and belief, Mr. Wang and his associates are not interested in any other Ordinary Shares except for the 8,700,000 unvested Options he holds as disclosed herein, and there are no Shareholders having any material interest in the Proposed RSU Grant and the Related Transactions. Accordingly, no Shareholders other than Mr. Wang are required to abstain from voting at the Special General Meeting on the resolution approving the Proposed RSU Grant and the Related Transactions under the Listing Rules.

No Director is considered to be interested in the Proposed RSU Grant and therefore none of them abstained from voting on the relevant Board resolution.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Proposed RSU Grant. Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of Somerley Capital, considers that the terms of the Proposed RSU Grant are fair and reasonable and in the interests of the Company so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 12 of this circular. The letter from Somerley Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 24 of this circular.

Information about the Company

The Company is an investment holding company. The Group is an integrated information and content service provider and the principal activities of the Group comprise the provision of PIATS principally for the drug industry in the PRC and system integration and software development.

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 the Special General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the proposed resolutions.

5. GENERAL

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

6. SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Special General Meeting is set out on pages 23 to 24 of this circular. At the Special General Meeting, resolutions will be proposed to approve the re-election of two Directors and the Proposed RSU Grant under the Share Award Scheme.

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 Special General Meeting.

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

A form of proxy for use at the Special General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's head office and principal place of business in Hong Kong at 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Special General Meeting if you so wish.

By Order of the Board
WANG Lei
Chief Executive Officer and Executive Director



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

May 22, 2015

To the Independent Shareholders

Dear Sir or Madam,

**NON-EXEMPT CONNECTED TRANSACTION —
PROPOSED GRANT OF RESTRICTED SHARE UNITS
TO A DIRECTOR OF A SUBSIDIARY**

We refer to the circular of the Company dated May 22, 2015 (the “Circular”) to its Shareholders of which this letter forms part. Terms defined in the circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you in relation to the proposed grant of 3,300,000 RSUs to Mr. Wang (or the Proposed RSU Grant) and the Related Transactions; whether such Proposed RSU Grant and the Related Transactions are fair and reasonable and in the interests of the Company and the Shareholder as a whole; and how to vote on the resolution regarding the Proposed RSU Grant and the Related Transactions, taking into account the recommendations from Somerley Capital.

Somerley Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Proposed RSU Grant to Mr. Wang are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote on the relevant resolution.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 4 to 11 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and
- (b) the letter from the Independent Financial Adviser set out on pages 13 to 19 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

Having considered the advice from Somerley Capital, we are of the view that the Proposed RSU Grant and the Related Transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution (2) in relation to the Proposed RSU Grant and the Related Transactions to be presented at the Special General Meeting.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central Hong Kong

22 May 2015

To: *the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

PROPOSED GRANT OF RSUs TO A DIRECTOR OF A SUBSIDIARY

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of RSUs in respect of 3,300,000 Shares to Mr. Wang, the Company's president and director of a subsidiary of the Company and the Related Transactions (the "**Transactions**"). Details of the Transactions are set out in the circular of the Company dated 22 May 2015 (the "**Circular**"), of which this letter forms a part. Unless otherwise defined, capitalised terms used in this letter shall have the same meaning as those defined in the Circular.

As Mr. Wang is a connected person of the Company, the Proposed RSU Grant and the Related Transactions are connected transactions of the Company under the Listing Rules and are subject to Independent Shareholders' approval at the Special General Meeting. Accordingly, Independent Board Committee comprising all three independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel has been formed to advise the Independent Shareholders in respect of the Transactions and on how they should vote at the Special General Meeting. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

In formulating our advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that they are true, accurate and complete at the time they were made and will remain so up to the time of the Special General Meeting. We have also sought and received confirmation from the Directors, that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group.

As at the Latest Practicable Date, Somerley Capital Limited does not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Somerley Capital Limited. In the last two years, except for another independent financial adviser engagement (in relation to the very substantial acquisition, connected transaction and reverse takeover for the Company, details of which have been set out in the announcement of the Company dated 15 April 2015) which was confirmed after the present engagement and pending for the release of the circular, there was no other engagement between the Group and Somerley Capital Limited. Accordingly, we do not consider the existing engagement gives rise to any conflict for Somerley Capital Limited acting as the independent financial adviser of the Transactions. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background, recent developments of the Group and the Share Award Scheme

(i) *background of the Group*

The Group is principally engaged in (i) the provision of product identification, authentication and tracking system principally for the drug industry in the PRC; and (ii) system integration and software development.

Following completion of subscription of new Shares of the Company by Perfect Advance on 30 April 2014 (the "**Subscription**"), the Group intends to further develop and expand its domestic drug PIATS platform as well as to develop a data standard for medical and healthcare products. The intention is to increase the coverage and utilization of the Group's drug PIATS platform within the PRC aiming to reach nationwide coverage in the long-term, which can promote product safety in the drugs and healthcare industries.

The Company adopted the Share Award Scheme on 24 November 2014. The previous share option scheme ceased to be effective on the same date.

According to the Share Award Scheme, the Board may grant Options or RSUs to the participants of the Share Award Scheme. The grant of RSUs, in view of the Board, is an effective way to reward, retain and incentivise personnel as no consideration is required for holders of RSUs to obtain the Shares. In addition, the dilutive effect of granting RSUs is less than that of Options as the same economic advantage could be achieved by issuing less new Shares. On this basis, the Board considers the Share Award Scheme to be beneficial, since it is believed that the Company's future success is critically dependent on its ability to retain able personnel.

(ii) *recent developments of the Group*

On 8 April 2015, the Company entered into an agreement to acquire from the Alibaba Holding and its subsidiaries (the "**Alibaba Group**") a business of operating an online transaction platform for the sale of products by online pharmacies in the PRC (the "**VSA**"). Through the VSA, the Company believes that it will create a technology enabled solution provider to consumers and participants in China's healthcare industry.

2. Background of Mr. Wang

Mr. Wang Yaqing, aged 48, obtained a bachelor degree from Tongji University and a master degree from Shanghai Jiao Tong University. He also holds a master in science degree from the University of Connecticut. Prior to joining the Company, Mr. Wang was chief technology officer of Beijing Jingdong Century Trading Co. Ltd., a Chinese electronic commerce company, which operates JD.com or Jingdong Mall (京東商城) and was mainly responsible for establishing a unified technical direction and data structure, so as to improve the stability of the overall structure of Jingdong Mall. Before that, Mr. Wang was a global vice president of Oracle Corporation, where he was mainly responsible for research of database, middleware and cloud computing technology. He joined the Group in March 2013 as the chief technical officer ("**CTO**") of the Company, overseeing the Group's technology strategy and developing and optimising the overall systems of the Group, including in relation to the use of the Group's PIATS.

Mr. Wang was appointed as president of the Company in April 2015 and in his new role, will assist the chief executive officer of the Company with the implementation of the Group's policies and day-to-day management of the Group's business.

3. Proposed RSU Grant to Mr. Wang

Subject to approval of Independent Shareholders, the Directors propose to grant RSUs in respect of a total of 3,300,000 Shares to Mr. Wang, pursuant to the Share Award Scheme. Also, Mr. Wang has been granted 8,700,000 Options.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As Mr. Wang is a director of CITIC 21CN (China), he is a connected person of the Company, and accordingly, the Proposed RSU Grant and the Related Transactions will constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The grant of Options pursuant to the Share Award Scheme and the issue and allotment of Shares to satisfy the vesting and exercise of such Options granted to Mr. Wang are fully exempt connected transactions of the Company.

The Proposed RSU Grant will vest over a period of approximately four years until 30 April 2018, and 50% shall vest on 30 April 2016 and the remaining 50% shall vest equally on 30 April 2017 and 30 April 2018.

4. Benefits for and rationale of the Proposed RSU Grant

As disclosed in the circular of the Company dated 21 March 2014, the controlling shareholder (the "**Controlling Shareholder**") of the Company intends to continue the existing business of the Group and to leverage on the experience and expertise of the Controlling Shareholder and its affiliates to diversify the Group's business. Building on the Controlling Shareholder's experience and service offerings in the areas of big data, cloud computing, data processing, data analysis and e-business platforms, the intention is for the Group to further develop and expand its domestic drug PIATS platform as well as to develop a data standard for medical and healthcare products. As disclosed in the interim report for the six months ended 30 September 2014, the Group plans to expand the adoption of PIATS to provide integrated product tracking and data processing and management solutions, including pioneering cloud-based information management and sharing platform for healthcare enterprises, for an expanded customer base in the entire healthcare sector, including hospitals, community health centers and pharmacies. As a result, existing technology personnel of the Group, headed by Mr. Wang, are key to success of the Group. Mr. Wang has extensive experience in the technology sector and has a proven track record in the industry, in particular, his expertise in cloud computing and big data technologies. As such, the Company proposes to grant 3,300,000 RSUs, as part of his remuneration package, to Mr. Wang, so as to incentivise him to remain with the Group, to motivate him to strive for the future development and expansion of the Group and to provide him with the opportunity to obtain further equity interests in the Company.

i. appointment as president and recognition of his past services

Upon the appointment of Mr. Wang as the president of the Company, Mr. Wang will take up wider duties and responsibilities as compared with his role as CTO. Mr. Wang joined the Company as CTO in March 2013 and the grant of RSUs is partly in recognition of his past services, in particular, the successful of migration of PIATS to the cloud computing platform of the Alibaba Group. This implementation has improved the manageability, scalability and data processing and analysis power of the system. As the PIATS platform is a major area of development of the Group, it is desirable to retain Mr. Wang in order to achieve the long-term aim by utilizing PIATS platform to promote product safety in the drugs and healthcare industries. In addition, given the Company's intention as disclosed in the announcement of the Company dated 15 April 2015 to further expand into e-commerce in the pharmaceutical and healthcare categories and to expand its offerings to healthcare industry participants across China, and the proposed VSA, the Company is of the view that Mr. Wang's experience and expertise in e-commerce will help to drive the future success of the Group.

ii. dilution effect to the Shareholders

Assuming Mr. Wang becomes fully entitled to all RSUs after the vesting period, the number of Shares to be issued during the four-year period would be limited to 3,300,000 Shares, or approximately 0.04% of the total issued share capital of the Company as at the Latest Practicable Date. This is relatively immaterial in percentage terms and, in our view, acceptable in view of the expected economic benefits to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

iii. cash flows

For the six months ended 30 September 2014, the Group generated negative cash flows from operations. The Group's priority is to retain sufficient proceeds from the Subscription by the Controlling Shareholder in 2014 for the future development of the Group. Consequently, from a cash flow point of view, the Group prefers to grant RSUs to Mr. Wang, as part of his new remuneration package, rather than to pay a higher salary in cash.

iv. effective cost of the Proposed RSU Grant

The Proposed RSU Grant will vest over a four-year period. Based on the closing price of HK\$12.12 per Share on the Latest Practicable Date, the market value of the RSUs under the Proposed RSU Grant amounted to approximately HK\$40.0 million.

v. recognition of Mr. Wang's efforts

Under his original service contract as CTO, Mr. Wang was entitled to receive an annual salary of RMB2.5 million with an annual performance bonus of RMB750,000, as well as to be granted up to 15 million share options with a floor exercise price of HK\$0.9 per Share.

Since the completion of the Subscription, given the change of management of the Company, the Company had been in ongoing discussions with Mr. Wang on a possible expansion of his role, and a revised compensation package. During the period, the Company also decided to terminate its previous share option scheme and adopted the Share Award Scheme. Therefore, the Company had not granted Mr. Wang any share options pursuant to his original service contract as CTO though Mr. Wang was transferred 3 million Shares at the price of HK\$0.9 per Share by the Controlling Shareholder and Ms. Chen Xiao Ying, an executive director of the Company, as compensation in respect of his original entitlement. The Proposed RSU Grant is therefore also intended to recognise Mr. Wang's efforts in the past, given his previous entitlement to share options which he effectively forfeited as agreed with the Company.

Under his current service contract as the president of the Company, Mr. Wang is entitled to the same annual salary of RMB2.5 million and an annual performance bonus of RMB750,000. Mr. Wang would also be entitled to Options in respect of a total of 8,700,000 Shares with an exercise price of HK\$12.3 and RSUs in respect of a total of 3,300,000 Shares.

vi. RSUs granted by other comparable companies

In order to assess the reasonableness and fairness of the Proposed RSU Grant, we have compared the value of RSUs granted to Mr. Wang with the value of restricted share units granted to directors and/or senior management of other companies in the most recent financial year which (i) are listed on the Stock Exchange and principally engaged in the provision of technology and software services as classified by Bloomberg Industry Classification System; (ii) have operated an e-commerce platform or use of cloud computing and big data technologies; (iii) have a share award scheme to grant restricted share units and have granted such restricted share units to directors and/or senior management; and (iv) have a market capitalisation as at the Latest Practicable Date of not less than HK\$10 billion (the "**Comparable RSUs Grants**").

Based on such criteria, we have on a best endeavours basis identified 5 Comparable RSUs Grants, which provide a relevant benchmark for the purpose of assessing the value of the Proposed RSU Grant.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The comparison with the Comparable RSUs Grants is for illustrative purposes only as the roles and responsibilities, the performance targets, the service terms, the business scale of each company, the date of grant and other relevant criteria with respect to each grantee may vary. The following table sets out the details of the Comparable RSUs Grants:

Company name and stock code	Market capitalisation as at the Latest Practicable Date (HK\$' billion)	Principal activities	Date of grant of the restricted share units or share award	[A] Number of the restricted share units or share award/ (percentage of the total issued share capital) (Note 4)	Vesting status	[B] Theoretical vesting for each year	[C] Fair value of the restricted share units per unit or shares per share as at the date of grant (HK\$)	[D = A x B x C] Annualised fair value of the restricted share units or share award (HK\$)	Name and position of the grantee(s)
Cogobuy Group ¹ (400)	19.0	Operation of a transaction-based e-commerce platform for integrated circuits	1 March 2014	1,800,000/ (0.13%)	1/3 vest for the year ended 31 December 2014, 1/3 vest for the year ending 31 December 2015 and 1/3 vest for the year ending 31 December 2016	33.33%	2.15 (Note 1 and 3)	1,290,000 (Note 3)	Kang Jingwei, Jeffrey, executive director and chief executive officer
Cogobuy Group ¹ (400)	19.0	Operation of a transaction-based e-commerce platform for integrated circuits	1 March 2014	1,800,000/ (0.13%)	1/3 vest for the year ended 31 December 2014, 1/3 vest for the year ending 31 December 2015 and 1/3 vest for the year ending 31 December 2016	33.33%	2.15 (Note 1 and 3)	1,290,000 (Note 3)	Wu Lun Cheung, Allen, executive director and chief financial officer
Kingsoft Corporation Limited ² (3888)	39.1	Online game, mobile game and casual game services, software publisher, big data services and cloud computing	29 November 2011	7,000,000/ (0.6%)	Vesting period of three years from the date of grant in 2011	33.33% (Note 2)	3.39 (Note 1)	7,910,000	Zhang Hongjiang, executive director and chief executive officer
Kingsoft Corporation Limited ² (3888)	39.1	Online game, mobile game and casual game services, software publisher, big data services and cloud computing	29 November 2013	200,000/ (0.02%)	Vesting period of five years from the date of grant in 2013	20%	5.32 (Note 1)	212,800	Ng Yuk Keung, executive director and chief financial officer
Kingsoft Corporation Limited ² (3888)	39.1	Online game, mobile game and casual game services, software publisher, big data services and cloud computing	1 June 2012	500,000/ (0.04%)	Vesting period of five years from the date of grant in 2012	20%	4.52 (Note 1)	452,000	Zou Tao, executive director and senior vice president
							Maximum Minimum	7,910,000 212,800	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name and stock code	Market capitalisation as at the Latest Practicable Date (HK\$ billion)	Principal activities	Date of grant of the RSUs	Number of the RSUs/ (percentage of the total issued share capital)	Vesting status	Vesting	Value of the RSUs per unit (HK\$)	Value of the RSUs vested (HK\$)	Name and position of the grantee
The Company (241)	99.1	Provision of PIATS and principally for the drug industry in the PRC and system integration and software development	6 April 2015	3,300,000/ (0.04%)	Vesting over a four-year period, where 50% shall vest on 30 April 2016 and the remaining 50% shall vest equally on 30 April 2017 and 30 April 2018	25%	6.78	5,593,500	Wang Yaqing, president of the Company and director of a subsidiary of the Company

⁰ Financial information was extracted from the prospectus and 2014 annual report of the company

¹ Financial information was extracted from the annual reports for 2011, 2012 and 2013

Notes:

1. The exchange rate of RMB1: HK\$1.2497 as at 21 April 2015 was extracted from Bloomberg and used in the above calculation.
2. The fair value of the awarded shares was calculated based on the assumption that the awarded shares are evenly vested over the vesting period.
3. The fair value was extracted from 2014 annual report of the company as the restricted share units were granted before the date of listing of the company. The fair value of the restricted share units granted was determined using the discounted cash flow method and adopting an equity allocation method to determine the fair value of restricted share units as at the date of grant.
4. For Cogobuy Group, the percentage was calculated based on the total issued share capital upon listing, i.e. July 2014. For Kingsoft Corporation Limited, it was calculated based on the total issued share capital as at the end of the month of the relevant grant.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The annualised fair value of the Proposed RSU Grant falls within the range shown by the Comparable RSUs Grants, although it is on the high side of the range. Considering that Kingsoft Corporation Limited (“**Kingsoft**”) has a market capitalisation closer to that of the Company and is also currently operating and planning to expand further on the big data services and cloud computing services, we believe that Kingsoft is therefore a more relevant peer for the Company to be compared against with respect to the Proposed RSU Grant.

The Board conditionally resolved to grant 3,300,000 RSUs to Mr. Wang under the Share Award Scheme on 6 April 2015, the trading of Shares was suspended and the closing share price before suspension was HK\$6.78. As such, we consider it is more appropriate to determine the value of the Proposed RSU Grant based on the closing share price before suspension, i.e., HK\$6.78. We note that the price of shares of the Company increased significantly after resumption on 15 April 2015. However, such increase in the share price could not be foreseen on the date when the Board conditionally resolved to grant the RSUs to Mr. Wang and should therefore, in our view, not be taken into account in assessing the Proposed RSU Grant. Besides, it would be unfair to Mr. Wang for the Company not to proceed to grant the RSUs to him simply because of the subsequent increase in the price of the shares of the Company.

DISCUSSION AND ANALYSIS

While the Share Award Scheme has a somewhat different structure from a typical share option scheme in that the Board may grant Options or RSUs to the participants of the Share Award Scheme, it has similar structure to other share award schemes adopted by listed companies in Hong Kong which feature share options as well as restricted share units. The Proposed RSU Grant, as compared with grant of Options, would provide the grantee with certainty of monetary benefit regardless of the Share price performance of the Company. Such benefit can be realised and readily available upon the end of the vesting period.

We note, despite the Group having incurred losses for consecutive years (in the years ended 31 March 2010 to 31 March 2014), the share price of the Company increased significantly from HK\$0.83 on 15 January 2014 to HK\$3.92 on 24 January 2014, being the first trading day after the announcement of the Subscription, and to HK\$12.26 on 15 April 2015, being the date of announcement of the VSA. The recent surge in Share price might be attributable to an expectation of an acquisition of new business by the Company.

We have considered the expertise and experience of Mr. Wang, his potential contribution to the business to be acquired by the Company in the future, and consider that the Proposed RSU Grant is not significant in terms of its dilution effect to the Shareholders but that the Proposed RSU Grant has substantial economic benefits to the grantee. As such, we are of the view that the effect of the Proposed RSU Grant is acceptable. Also, we have also considered that the Proposed RSU Grant is recognition for his previous contributions to the Group given his entitlement to share options under his original service contract as CTO being forfeited as agreed with the Company. Finally, based on the closing price of the shares of the Company before the Board conditionally resolved to grant RSUs to Mr. Wang, the annualised fair value of the Proposed RSU Grant is within the range of Comparable RSUs Grants, and we consider such value acceptable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that the Proposed RSU Grant and the Related Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
David Ching
Director

Mr. David Ching is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' INTERESTS OR SHORT POSITIONS IN EQUITY SECURITIES

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

Long Position in Shares of the Company

	Nature of interest	Number of Shares held	
		Total interest in Shares	% of the existing issued share of the Company
Ms. CHEN Xiao Ying	Corporate	777,484,030 ⁽¹⁾	9.51%
Mr. YU Feng	Corporate ⁽²⁾	5,198,112,038 ⁽²⁾	63.60%

Notes:

- Pollon Internet Corporation, a company wholly-owned by Ms. CHEN Xiao Ying, owns 100% interest in 21CN Corporation. Uni-Tech International Group Limited, a wholly owned subsidiary of 21CN Corporation, holds 777,484,030 shares in the Company. Accordingly, Ms. Chen is interested in the shares held by Uni-Tech International Group Limited.
- Mr. YU Feng is deemed to have an interest in the Shares held by Perfect Advance pursuant to Part XV of the SFO for the following reasons: (i) Perfect Advance holds 4,420,628,008 Shares. In addition, as a security for her obligations under the subscription agreement entered into by the Company with Perfect Advance dated January 23, 2014 in relation to the subscription of 4,423,175,008 Shares in aggregate by Perfect Advance, Ms. CHEN Xiao Ying provided to Perfect Advance a share charge over all the Shares indirectly held by her for a period of 18 months from April 30, 2014. Perfect Advance is therefore deemed to have an interest in an aggregate of 5,198,112,038 Shares; (ii) Perfect Advance is owned by Alibaba Investment Limited ("AIL") as to 70.21% and Innovare Tech Limited ("Innovare") as to 29.79%. Perfect Advance is a party to the shareholders agreement dated April 30, 2014 entered into with AIL and Innovare, which constitutes a concert party agreement for the purpose of section 317(1)(a) of the SFO. (Please refer to the circular of the Company dated March 21, 2014 for the details of the said shareholders agreement.) AIL is wholly owned by Alibaba Holding. Innovare is deemed to have an interest in an aggregate of 5,198,112,038 Shares in which Perfect Advance is deemed to be interested in; (iii) Innovare is wholly controlled by Yunfeng Fund II, L.P., which is a direct wholly-owned subsidiary of Yunfeng Investment II, L.P. and an indirect wholly-owned subsidiary of Yunfeng Investment GP II, Ltd. Yunfeng Investment GP II, Ltd. is owned by Mr. Yu as to 60%. Accordingly, Mr. Yu is deemed to have an interest in an aggregate of 5,198,112,038 Shares via Perfect Advance within the meaning of Part XV of the SFO.

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

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

- Ms. CHEN Xiao Ying, an executive Director, was a director of each of Pollon Internet Corporation, Uni-Tech International Group Limited and 21CN Corporation;
- Mr. WU Yongming, a non-executive Director, was a senior vice president of Alibaba Group and a special assistant to the chairman of the board of directors of Alibaba Holding;
- Mr. ZHANG Yong, a non-executive Director, was a director and the chief executive officer of Alibaba Holding;
- Mr. CHEN Jun, a non-executive director, was a vice president of Alibaba Group; and
- Mr. YU Feng, a non-executive Director, was a founder of Yunfeng Fund, which comprises, among others, Innovare, Yunfeng Fund II, L.P., Yunfeng Investment II, L.P. and Yunfeng Investment GP II, Ltd.,

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 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

On April 8, 2015, the Company (as the purchaser) and Ali JK Investment (a wholly owned subsidiary of Alibaba Holding) and Mr. Chen (as the sellers) entered into a share purchase agreement pursuant to which the Company has conditionally agreed to acquire, and Ali JK Investment and Mr. Chen have conditionally agreed to sell, the entire issued share capital of the Beijing Chuanyun Logistics Investment Limited in consideration for (i) the issue by the Company of (a) 2,961,291,148 Ordinary Shares and (b) redeemable convertible bonds that are convertible into 409,090,909 Ordinary Shares upon full conversion at a conversion price of HK\$5.808 per conversion Share, subject to customary anti-dilution adjustment, to Ali JK Investment; and (ii) the issue by the Company of 313,038,008 Ordinary Shares to Mr. Chen. Mr. Chen is a brother, and hence an associate, of Ms. Chen Xiao Ying, one of the Directors. For details relating to the aforesaid share purchase agreement, please refer to the announcement of the Company dated April 15, 2015.

Save as disclosed above:

- none of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2014, the date to which the latest published audited financial statements of the Group were made up; and
- none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

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

5. COMPETING INTERESTS

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

6. CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Somerley Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley Capital 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, Somerley Capital did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2014, 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, 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Share Award Scheme will be available for inspection at the head office and principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the date of the Special General Meeting.

9. LANGUAGE

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

NOTICE OF SPECIAL GENERAL MEETING



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED 阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 00241)

Notice is hereby given that a special general meeting (the “Special General Meeting”) of Alibaba Health Information Technology Limited (the “Company”) will be held at Prestige & Leadership Meeting Room, Regus Business Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, June 12, 2015 at 10:30 a.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. (a) To re-elect:
 - (i) Mr. WU Yongming (“Mr. Wu”) as a non-executive director of the Company; and
 - (ii) Mr. WANG Lei as an executive director of the Company.
- (b) To authorize the board of directors of the Company to fix the remuneration for Mr. Wu and Mr. WANG Lei, respectively.
2. (a) To approve and confirm the proposed grant of 3,300,000 restricted share units to Mr. WANG Yaqing (“Mr. Wang”), being a director of CITIC 21CN (China), a subsidiary of the Company, in accordance with the terms of the share award scheme adopted by the Company on November 24, 2014 (the “Share Award Scheme”), subject to all applicable laws, rules, regulations and the applicable award document(s) (the “Proposed RSU Grant”).
- (b) To authorize any one or more of the directors of the Company (the “Directors”) to exercise the powers of the Company to allot and issue the ordinary shares of the Company pursuant to the Proposed RSU Grant (the “Award Shares”) under the specific mandate granted to the Directors by the shareholders of the Company at the special general meeting of the Company held on November 24, 2014 in accordance with the terms the Share Award Scheme, such that the Award Shares shall rank *pari passu* in all respects among themselves and with the existing ordinary shares in issue at the date of the allotment and issuance of the Award Shares, and that he/she/they, be and is/are hereby authorized to take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in this Resolution 2.

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

Hong Kong, May 22, 2015

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. All resolutions at the Special General Meeting will be taken by poll pursuant to the Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (CCASS) or maintained with a licensed securities dealer (i.e. not directly recorded in his own name in the Register of Members of the Company) shall only be entitled to vote by providing its instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through its licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the meeting, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him.
4. In order to be valid, the form of proxy must be deposited at the Company’s head office and principal place of business in Hong Kong at 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from June 10, 2015 to June 12, 2015 both dates inclusive, during which period no transfer of shares will be registered. The record date for determining which shareholders will be eligible to attend and vote at the Special General Meeting will be June 12, 2015. In order to be eligible to attend and vote at the Special General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s head office and principal place of business in Hong Kong at 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong for registration not later than 4:30 p.m. on June 9, 2015.
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 nine directors, of which (i) two are executive Directors, namely Ms. CHEN Xiao Ying and Mr. WANG Lei; (ii) four are non-executive Directors, namely Mr. WU Yongming, Mr. ZHANG Yong, Mr. CHEN Jun and Mr. YU Feng; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.