

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
阿里健康信息技术有限公司

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

**NON-EXEMPT CONNECTED TRANSACTION —
CONDITIONAL GRANT OF RESTRICTED SHARE UNITS
TO CONNECTED PERSONS
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 11 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 12 to 23 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, November 6, 2015 at 10:30 a.m. is set out on pages 28 to 29 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.

October 20, 2015

CONTENTS

	<i>Page</i>
Contents	i
Definitions	1
Letter from the Board	
1. Introduction	4
2. Conditional RSU Grant	4
3. Recommendation	10
4. General	10
5. Special General Meeting and Proxy Arrangement	10
Letter from the Independent Board Committee	11
Letter from the Independent Financial Adviser	12
Appendix — General Information	24
Notice of Special General Meeting	28

DEFINITIONS

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

“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
“Alibaba Group”	Alibaba Holding and its subsidiaries
“Alibaba Health Technology (Beijing)”	Alibaba Health Technology (Beijing) Company Limited* (阿里健康科技(北京)有限公司), a subsidiary of the Company
“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
“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
“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
“Conditional RSU Grant”	the conditional grant of a total of 3,462,000 RSUs to the Connected Grantees pursuant to the Share Award Scheme as approved by the Board on September 7, 2015
“Connected Grantees”	Mr. WANG Lei, the Chief Executive Officer of the Company, an executive Director, and a director of Alibaba Health Technology (Beijing) and CITIC 21CN (China), Mr. MENG Changan, a director of Alibaba Health Technology (Beijing) and CITIC 21CN (China), Ms. MA Li, a director of Alibaba Health Technology (Beijing), and Mr. WANG Peiyu, a director of CITIC 21CN (China), all of whom are connected persons of the Company under Chapter 14A of the Listing Rules
“connected person”	has the meaning as ascribed to it in the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Grant Entitlement Date”	the date on which the Grantee’s employment commenced with the Group or on which the Grantee became eligible as a participant of the Share Award Scheme, whichever is later
“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 transactions relating to the Conditional RSU Grant
“Independent Financial Adviser” or “Somerville Capital”	Somerville 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 transactions relating to the Conditional 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”	October 16, 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
“Non-connected Grantees”	the 96 employees of the Company having been granted with Options and RSUs on September 7, 2015 and who are independent of the Company and its connected persons
“Option”	an option to subscribe for or acquire Ordinary 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
“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
“Quarterly Reference Date”	January 31, April 30, July 31, October 10 of every calendar year
“Related Transactions”	all the transactions contemplated under the Conditional RSU Grant (including the allotment and issue of any new Ordinary Shares thereunder)

DEFINITIONS

“RMB”	Renminbi, being the lawful currency of the PRC
“RSU”	restricted share unit, being a contingent right to receive Ordinary 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 held 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)
“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, November 6, 2015 at 10:30 a.m., notice of which is set out on pages 28 to 29 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
“%”	per cent.

* *For identification purpose only.*

LETTER FROM THE BOARD



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

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

Executive Directors:

Ms. CHEN Xiao Ying (*Executive Vice Chairman*)
Mr. WANG Lei (*Chief Executive Officer*)

Non-executive Directors:

Mr. WU Yongming (*Chairman*)
Mr. TSAI Chung, Joseph
Ms. HUANG Aizhu
Mr. KANG Kai

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

October 20, 2015

To the Shareholders

Dear Sir/Madam,

NON-EXEMPT CONNECTED TRANSACTION — CONDITIONAL GRANT OF RESTRICTED SHARE UNITS TO CONNECTED PERSONS

1. INTRODUCTION

Reference is made to the announcement of the Company dated September 8, 2015, in which the Company announced, among other things, that on September 7, 2015, the Board resolved to conditionally grant a total of 3,462,000 RSUs to Mr. WANG Lei (the Chief Executive Officer of the Company, an executive Director and a director of certain subsidiaries of the Company), Mr. MENG Changan, Ms. MA Li and Mr. WANG Peiyu (each a director of a subsidiary or certain subsidiaries of the Company) under the Share Award Scheme subject to the Independent Shareholders' approval.

The purpose of this circular is to provide you with, among other things, (i) details of the Conditional RSU Grant; (ii) the advice of the Independent Financial Adviser regarding the Conditional RSU Grant and the Related Transactions; (iii) the recommendation of the Independent Board Committee regarding the Conditional RSU Grant and the Related Transactions; and (iv) a notice of the Special General Meeting.

2. CONDITIONAL RSU GRANT

On September 7, 2015, the Board resolved to, subject to the Independent Shareholders' approval, conditionally grant a total of 3,462,000 RSUs to four connected persons of the Company under the Share Award Scheme. Such RSUs were conditionally granted as follows:

- (i) 1,284,000 RSUs to Mr. WANG Lei, the Chief Executive Officer of the Company, an executive Director and a director of Alibaba Health Technology (Beijing) and CITIC 21CN (China), both a subsidiary of the Company;

LETTER FROM THE BOARD

- (ii) 758,000 RSUs to Mr. MENG Changan, a director of Alibaba Health Technology (Beijing) and CITIC 21CN (China), both a subsidiary of the Company;
- (iii) 852,000 RSUs to Ms. MA Li, a director of Alibaba Health Technology (Beijing), a subsidiary of the Company; and
- (iv) 568,000 RSUs to Mr. WANG Peiyu, a director of CITIC 21CN (China), a subsidiary of the Company.

The RSUs were conditionally granted to the Connected Grantees under the following terms:

- each of the Connected Grantees is required to pay a nominal consideration of RMB1.00 to accept their respective grant of RSUs but no further consideration is required from them to be allotted and issued with the Shares underlying the respective RSUs upon vesting;
- each of these RSUs to be granted to the Connected Grantees represents the right to receive an Ordinary Share on the date it vests;
- any Ordinary Share to be issued upon vesting and settlement of the RSUs will rank pari passu in all respects among themselves and with all the Ordinary Shares in issue from time to time;
- the RSUs granted are not subject to performance targets; and
- the RSUs granted to him/her shall vest over a four-year period commencing from the Quarterly Reference Date closest to the respective Connected Grantee's Grant Entitlement Date, of which:
 - o 50% of the RSUs granted shall vest on the 2nd anniversary of the Quarterly Reference Date closest to such Connected Grantee's Grant Entitlement Date;
 - o 25% of the RSUs granted shall vest on the 3rd anniversary of the Quarterly Reference Date closest to such Connected Grantee's Grant Entitlement Date; and
 - o 25% of the RSUs granted shall vest on the 4th anniversary of the Quarterly Reference Date closest to such Connected Grantee's Grant Entitlement Date.

Vesting Schedule

The following table sets out the vesting schedule of the RSUs conditionally granted to the Connected Grantees on September 7, 2015:

Name of Connected Grantee	Position	Vesting Dates and Number of RSUs Vesting									
		October 10, 2015	January 31, 2016	April 30, 2016	July 31, 2016	October 10, 2016	January 31, 2017	April 30, 2017	July 31, 2017	October 10, 2017	
Mr. WANG Lei	Chief Executive Officer, executive Director and director of Alibaba Health Technology (Beijing) and CITIC 21CN (China)	-	-	-	-	-	-	642,000	-	-	
Mr. MENG Changan	Director of Alibaba Health Technology (Beijing) and CITIC 21CN (China)	-	-	379,000	-	-	-	189,500	-	-	
Ms. MA Li	Director of Alibaba Health Technology (Beijing)	-	-	-	-	426,000	-	-	-	213,000	
Mr. WANG Peiyu	Director of CITIC 21CN (China)	-	-	-	-	284,000	-	-	-	142,000	
Total		-	-	379,000	-	710,000	-	831,500	-	355,000	

LETTER FROM THE BOARD

Name of Connected Grantee	Position	Vesting Dates and Number of RSUs Vesting								Total
		January 31, 2018	April 30, 2018	July 31, 2018	October 10, 2018	January 31, 2019	April 30, 2019	July 31, 2019	October 10, 2019	
Mr. WANG Lei	Chief Executive Officer, executive Director and director of Alibaba Health Technology (Beijing) and CITIC 21CN (China)	-	321,000	-	-	-	321,000	-	-	1,284,000
Mr. MENG Changan	Director of Alibaba Health Technology (Beijing) and CITIC 21CN (China)	-	189,500	-	-	-	-	-	-	758,000
Ms. MA Li	Director of Alibaba Health Technology (Beijing)	-	-	-	213,000	-	-	-	-	852,000
Mr. WANG Peiyu	Director of CITIC 21CN (China)	-	-	-	142,000	-	-	-	-	568,000
Total		-	510,500	-	355,000	-	321,000	-	-	3,462,000

Interests of the Connected Grantees in the Securities of the Company

As at the Latest Practicable Date, the interests of the Connected Grantees in the securities are set out below:

Name of Connected Grantee	Interests in Ordinary Shares/in underlying shares of the Company (if any)		Number of RSUs conditionally granted under Conditional RSU Grant		Total interests in Ordinary Shares/in underlying shares of the Company		
	Number of Ordinary Shares/underlying shares involved	Percentage of the Company's total issued share capital	Number of underlying shares involved	Percentage of the Company's total issued share capital	Number of Ordinary Shares/underlying shares involved	Percentage of the Company's total issued share capital	Percentage of the Company's enlarged issued share capital
Mr. WANG Lei	7,491,000*	0.09%	1,284,000	0.02%	8,775,000	0.11%	0.11%
Mr. MENG Changan	1,894,000*	0.02%	758,000	0.01%	2,652,000	0.03%	0.03%
Ms. MA Li	2,131,000*	0.03%	852,000	0.01%	2,983,000	0.04%	0.04%
Mr. WANG Peiyu	1,420,000*	0.02%	568,000	0.01%	1,988,000	0.02%	0.02%

Notes:

* Each of the above Connected Grantees does not hold any Ordinary Shares as at the Latest Practicable Date. All interests set forth herein refer to their respective interests in the underlying shares of the Company pursuant to the outstanding Options they hold as of the Latest Practicable Date.

Subject to the Independent Shareholders' approval of the Conditional RSU Grant and assuming that no further Ordinary 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 the Connected Grantees in accordance with and subject to the terms of the Conditional RSU Grant would be 3,462,000, representing approximately (i) 0.04% of the total issued share capital of the Company as at the Latest Practicable Date, (ii) 0.04% of the total issued share capital of the Company as enlarged by the vesting of the RSUs to be granted under the Conditional RSU Grant (but prior to the exercise of any of the 32,497,000 Options and the vesting of the 15,243,000 RSUs granted pursuant to the Share Award Scheme and outstanding as at the Latest Practicable Date⁽¹⁾), and (iii) 0.04% of the total issued share capital of the Company as enlarged by the vesting of the RSUs to be granted under the Conditional RSU Grant and the full exercise of the 32,497,000 Options and the vesting of the 15,243,000 RSUs granted pursuant to the Share Award Scheme and outstanding as at the Latest Practicable Date. Except for the 32,497,000 Options and the 15,243,000 RSUs granted pursuant to the Share Award Scheme and outstanding as at the Latest Practicable Date, the Company does not have any other outstanding options or restricted share units.

⁽¹⁾ Due to the lapse of certain Options and RSUs granted to grantees who have resigned from the Group during the period between September 17, 2015 and the Latest Practicable Date, the number of the outstanding Options and RSUs as at the Latest Practicable Date is smaller than that disclosed in the announcement of the Company dated September 17, 2015.

LETTER FROM THE BOARD

Market Value

Based on the closing price of HK\$5.83 per Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date, the market value of the RSUs under the Conditional RSU Grant amounts to approximately HK\$20.2 million.

Reasons and Benefits of the Conditional RSU Grant

Purpose of the Conditional RSU Grant

The purpose of the Conditional RSU Grant is to recognize the contribution to the success and development of the Group by each of the Connected Grantees and to incentivise and motivate them to remain with, and to strive for the future development and expansion of, the Group by providing them an opportunity to acquire equity interests in the Company.

Rationale of the Conditional RSU Grant

The Board proposed to remunerate the Connected Grantees with the Conditional RSU Grant after considering their respective background:

Background of the Connected Grantees

Mr. WANG Lei, aged 35, was appointed as an executive Director and the Chief Executive Officer of the Company in April 2015. Prior to his current position, Mr. Wang was the general manager of Alibaba Group's Taobao Diandian business from September 2013. Mr. Wang also held various positions within Alibaba Group since he joined in 2003, including customer relationship management product manager and Alibaba call center project manager from September 2003 to December 2005, P4P (Pay for Performance) 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 (Business-to-Business) advertising product and operations department director from January 2009 to May 2011, senior director of B2B advertising department and commercial product department from June 2011 to July 2012 and O2O (Online-to-Offline) workshop senior director of Alibaba Group's mobile internet business department from August 2012 to August 2013. Mr. WANG Lei obtained a bachelor's degree in engineering from China Jiliang University in June 2001.

Mr. MENG Changan, aged 37, joined the Company in September 2014 and is the vice president of finance and legal department of the Company. Prior to joining the Company in 2014, Mr. Meng was the chief financial officer of babytree.com and a finance director of Alibaba.com. Mr. Meng started his career in KPMG and he is a member of the Chinese Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Meng obtained a bachelor's degree in banking and a master's degree in finance from Central University of Finance and Economics in 1999 and 2002 respectively.

Ms. MA Li, aged 44, was appointed as the vice president of the strategic and investment department of the Company in June 2014. Ms. Ma has over 7 years working experience with McKinsey China specializing in the healthcare industry and was one of the core members of the healthcare practice at McKinsey China. Prior to joining the Company in 2014, Ms. Ma was the leader of medical consulting team in McKinsey China. Ms. Ma also worked as the project manager of software development and system engineer at Oracle Corporation. Ms. Ma obtained a bachelor's degree in medicine from Peking University in 1995, a master's degree in computer science from Oregon Health and Science University in 1999, and a master's degree in business administration from University of Chicago in 2007.

Mr. WANG Peiyu, aged 37, was appointed as the vice president of business operations of the Company in September 2015. Previously, he was the vice general manager of Beijing Jawa Huicheng Technology Company Ltd., focusing on integrated solutions for tracking systems. Mr. Wang also previously worked at CITIC 21CN (China) for six years in various senior positions mainly specializing in PIATS. Mr. Wang also served as one of the independent service vendors of PIATS platform. Mr. Wang obtained his bachelor's degree from Wuhan University.

LETTER FROM THE BOARD

The Group's expansion plans

The Group expects to continue to work closely with the relevant PRC regulators to further expand the scope and depth of the drugs PIATS application. It also expects the proposed acquisition of the operations of the online transaction platform for the sale of products by online pharmacies in the PRC from Alibaba Group, as announced by the Company on April 15, 2015, will increase synergies and the Group's competitive advantages to expand further into e-commerce in the pharmaceutical and healthcare sectors, and to expand its offerings to healthcare industry participants across the PRC.

Retention of talent and continuity of the experienced senior management team

The Board considered that each of the Connected Grantees possesses expertise and experience in his/her own area and that the retention of the Connected Grantees as a vital part of the experienced senior management team of the Group is beneficial for the development and expansion of the Group, and can avoid any potential disruption to the existing operation of the Group resulting from the lack of continuity of an experienced senior management team. In addition, the Directors believe that the stability of the senior management team is an important ingredient for success in the information technology and healthcare industry, especially during the period of further expansion of the Group's business into e-commerce in the healthcare industry.

The Board proposed to remunerate each of the Connected Grantees 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, 2014 and March 31, 2015, respectively), the price of the Ordinary Shares has increased significantly since January 23, 2014;
- the grant of Options as part of the Connected Grantees' remuneration package can, on one hand, effectively incentivize Connected Grantees by enabling him to enjoy potential unlimited upside when the share price goes up, with no downside risk to the Connected Grantees. However, the grant of the Options on its own may fail to provide sufficient incentive as the price of the Ordinary Shares may drop significantly after the date of grant; and
- the Conditional RSU Grant as part of the Connected Grantees' remuneration package will, on the other hand, provide the Connected Grantees 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 number of Options granted and RSUs to be granted to the Connected Grantees was determined by the Company and the Connected Grantees upon arm's length negotiation with each of them taking into account all of the aforementioned factors and the average monetary values of the Options and RSUs granted to directors and/or senior management of other companies in the industry with comparable size.

Dilution effect

Assuming the Connected Grantees become fully entitled to all RSUs after the vesting period, the number of Ordinary Shares to be issued during the four-year period would be limited to 3,462,000, or approximately 0.04% of the total issued share capital of the Company as at the Latest Practicable Date. The Directors believe that this is relatively immaterial in percentage terms and acceptable in view of the expected economic benefits to the Group.

Cash flows

For the year ended March 31, 2015, the Group generated negative cash flows from operations. The Group's priority is to retain cash for the future development of the Group. Consequently, from a cash flow point of view, the Group prefers to conditionally grant RSUs to each of the Connected Grantees, as part of his/her new remuneration package, rather than to pay a higher salary in cash.

LETTER FROM THE BOARD

Directors' Views

Given that the Directors believe that Conditional RSU Grant will incentivize the Connected Grantees and help in retaining talent for the long term and contribute to the sustainable development of the Group without having a negative impact on the Group's cashflow, the Directors (including independent non-executive Directors but excluding Mr. WANG Lei) consider that the terms of the Conditional RSU Grant are fair and reasonable and in the interests of the Shareholders as a whole.

Specific Mandate to Issue New Ordinary Shares

The new Ordinary Shares to be issued under the Conditional 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 in the Company 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 Lei is the Chief Executive Officer of the Company and an executive Director, and each of Ms. MA Li, Mr. MENG Changan and Mr. WANG Peiyu is a director of a subsidiary or certain subsidiaries of the Company, and therefore each is a connected person of the Company, the Conditional 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 the Independent Shareholders' approval requirements.

Pursuant to Chapter 14A of the Listing Rules, each of the Connected Grantees and their associates are required to abstain from voting on the resolutions at the Special General Meeting to approve the Conditional RSU Grant and the Related Transactions. To the best of the Directors' knowledge, information and belief, each of the Connected Grantees and their associates is not interested in any Ordinary Share except for the unvested Options they hold in respect of a total of 12,936,000 underlying shares in the Company as disclosed herein, and there are no Shareholders having any material interest in the Conditional RSU Grant and the Related Transactions. Accordingly, no Shareholders are required to abstain from voting at the Special General Meeting on the resolutions approving the Conditional RSU Grant and the Related Transactions under the Listing Rules.

Save for Mr. WANG Lei, no other Director is considered to be interested in the Conditional RSU Grant and therefore none of them other than Mr. WANG Lei 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 Conditional 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.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of Somerley Capital, considers that the terms of the Conditional 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 resolutions to be proposed at the Special General Meeting.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 11 of this circular. The letter from Somerley Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 23 of this circular.

Information about the Company

The Company is an investment holding company. The Group is a technology enabled solution provider and the principal activities of the Group comprise the operation of PIATS principally for the drug industry in the PRC and the provision of solutions for the internet healthcare sector.

3. RECOMMENDATION

The Directors (including the Independent non-executive Directors but excluding Mr. WANG Lei) 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.

4. GENERAL

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

5. SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Special General Meeting is set out on pages 28 to 29 of this circular. At the Special General Meeting, resolutions will be proposed to approve the Conditional RSU Grant and the Related Transactions 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)

October 20, 2015

To the Independent Shareholders

Dear Sir or Madam,

**NON-EXEMPT CONNECTED TRANSACTION —
CONDITIONAL GRANT OF RESTRICTED SHARE UNITS
TO CONNECTED PERSONS**

We refer to the circular of the Company dated October 20, 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 3,462,000 RSUs to the Connected Grantees (or the Conditional RSU Grant) and the Related Transactions; whether such Conditional 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 resolutions regarding the Conditional 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 Conditional RSU Grant to the Connected Grantees are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote on the relevant resolutions.

Your attention is drawn to:

- (a) the letter from the Board set out on pages 4 to 10 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 12 to 23 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 Conditional 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 resolutions (1)(a) and (1)(b) in relation to the Conditional 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

20 October 2015

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

Dear Sirs,

CONDITIONAL GRANT OF RSUs TO CONNECTED PERSONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the conditional grant of RSUs in respect of 1,284,000 Ordinary Shares, 758,000 Ordinary Shares, 852,000 Ordinary Shares and 568,000 Ordinary Shares to Mr. Wang Lei (the chief executive officer and an executive director of the Company), Mr. Meng Changan, Ms. Ma Li and Mr. Wang Peiyu (each a director of a subsidiary or certain subsidiaries of the Company) and all the transactions contemplated thereunder (including the allotment and issue of any new Ordinary Shares thereunder) (the "**Connected RSU Grant**"), respectively. Details of the Connected RSU Grant are set out in the circular of the Company dated 20 October 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 Lei is the chief executive officer of the Company and an executive Director, and each of Mr. Meng Changan, Ms. Ma Li, and Mr. Wang Peiyu is a director of a subsidiary or certain subsidiaries of the Company, and therefore each is a connected person of the Company, the Connected RSU Grant are connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to Independent Shareholders' approval at the Special General Meeting. Accordingly, the 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 established to advise the Independent Shareholders in respect of the Connected RSU Grant 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 two independent financial adviser engagements (in relation to (i) the proposed grant of restricted share units to a director of a subsidiary of the Company, details of which have been set out in the circular of the Company dated 21 May 2015; and (ii) 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), there was no other engagement between the Group and Somerley Capital Limited. Accordingly, we do not consider the past and existing engagements give rise to any conflict for Somerley Capital Limited acting as the independent financial adviser of the Connected RSU Grant. 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.

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 the operation of PIATS principally for the healthcare industry in the PRC and the provision of solutions for the internet healthcare sector. PIATS business involves (i) the provision of product tracking, recalling, and enforcing information services to relevant PRC regulators; (ii) the provision of product tracking and logistics information services to manufacturers; and (iii) the provision of product information and authentication services to consumers.

It is also developing healthcare industry related businesses, including its cloud hospital platform and online to offline (“O2O”) pharmacy platform. The Group established the Alibaba Health cloud hospital platform to connect doctors, patients, pharmacies and third-party medical service providers. It aims to provide support and resources sharing for medical service providers to offer more comprehensive services to patients. A new mobile application was launched to connect consumers with offline retail pharmacies by allowing both parties to exchange relevant information online.

Following completion of subscription of new shares (the “**Subscription**”) of the Company by Perfect Advance Holding Limited, an indirect non-wholly-owned subsidiary of Alibaba Holding on 30 April 2014, the Group intends to further develop and expand its domestic pharmaceutical PIATS platform as well as to develop a data standard for medical and healthcare products.

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 only nominal consideration is required to be paid by the grantees for obtaining their RSUs and upon vesting, no further consideration is required for holders of RSUs to obtain the Ordinary 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 Ordinary 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(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 the Connected Grantees**

Mr. Wang Lei, aged 35, was appointed as an executive Director and the chief executive officer of the Company in April 2015 (the “**CEO**”). Prior to his current position, Mr. Wang was the general manager of Alibaba Group’s Taobao Diantian business from September 2013. Mr. Wang also held various positions within Alibaba Group since he joined in 2003, including customer relationship management product manager and Alibaba call center project manager from September 2003 to December 2005, P4P (Pay for Performance) 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, business-to-business (“**B2B**”) advertising product and operations department director from January 2009 to May 2011, senior director of B2B advertising 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. Mr. Wang Lei obtained a bachelor’s degree in engineering from China Jiliang University in June 2001.

Mr. Meng Changan (“**Mr. Meng**”), aged 37, joined the Company in September 2014 and is the vice president of finance and legal department of the Company. Prior to joining the Company in 2014, Mr. Meng was the chief financial officer of babytree.com and a finance director of Alibaba.com. Mr. Meng started his career in KPMG and he is a member of the Chinese Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Meng obtained a bachelor’s degree in banking and a master’s degree in finance from Central University of Finance and Economics in 1999 and 2002 respectively.

Ms. Ma Li (“**Ms. Ma**”), aged 44, was appointed as the vice president of the strategic and investment department of the Company in June 2014. Ms. Ma has over seven years working experience with McKinsey China specialising in the healthcare industry and was one of the core members of the healthcare practice at McKinsey China. Prior to joining the Company in 2014, Ms. Ma was the leader of the medical consulting team at McKinsey China. Ms. Ma also worked as the project manager of software development and system engineer at Oracle Corporation. Ms. Ma obtained a bachelor’s degree in medicine from Peking University in 1995, a master’s degree in computer science from Oregon Health and Science University in 1999, and a master’s degree in business administration from University of Chicago in 2007.

Mr. Wang Peiyu (“**Mr. Wang**”), aged 37, was appointed as the vice president of business operations of the Company in September 2015. Previously, he was the vice general manager of Beijing Jawa Huicheng Technology Company Ltd., focusing on integrated solutions for tracking systems. Mr. Wang also previously worked at CITIC 21CN (China), a subsidiary of the Company, for six years in various senior positions mainly specialising in PIATS. Mr. Wang also served as one of the independent service vendors of PIATS platform. Mr. Wang obtained his bachelor’s degree from Wuhan University.

3. **Connected RSU Grant to Connected Grantees**

Subject to approval of Independent Shareholders, the Directors propose to conditionally grant RSUs in respect of a total of 3,462,000 Ordinary Shares to the Connected Grantees, pursuant to the Share Award Scheme. Also, the Connected Grantees has been granted a total of 12,936,000 Options.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Wang Lei, the CEO of the Company, an executive director, and a director of Alibaba Health Technology (Beijing) and CITIC 21CN (China), Mr. Meng Changan, a director of Alibaba Health Technology (Beijing) and CITIC 21CN (China), Ms. Ma Li, a director of Alibaba Health Technology (Beijing), and Mr. Wang Peiyu, a director of CITIC 21CN (China), are connected persons of the Company under Chapter 14A of the Listing Rules, and accordingly, the Connected RSU Grant 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 Ordinary Shares to satisfy the vesting and exercise of such Options granted to the Connected Grantees are fully exempt connected transactions of the Company.

The RSUs granted to each of the Connected Grantees shall vest over a four-year period. The 50% shall vest on the 2nd anniversary of the Quarterly Reference Date closest to such Connected Grantee's Grant Entitlement Date and the remaining 50% shall vest equally on the 3rd and the 4th anniversary of the Quarterly Reference Date closest to such Connected Grantee's Grant Entitlement Date.

Each of the Connected Grantees is entitled to a specific monetary amount of RSUs as part of his/her remuneration package. The grant of RSUs to each of the Connected Grantees, being part of his/her remuneration package, has been negotiated on an arm's length basis with each of the Connected Grantees.

As disclosed in the "letter from the Board" of the Circular, the Board proposed to remunerate each of the Connected Grantees by granting a combination of both RSUs and Options after considering and balancing the factors including certainty of monetary benefits provided by the RSUs to the Connected Grantees regardless of the share price performance of the Company; and incentivising the Connected Grantees in light of the features of the Options in the fluctuating market environment.

In view of the above, we concur with the Directors' view that granting a combination of both RSUs and Options can balance the characteristics of each of them.

4. Benefits for and rationale of the Connected RSU Grant

The purpose of the Connected RSU Grant is to recognise the contribution to the success and development of the Group by each of the Connected Grantees and to incentivise and motivate them to remain with, and to strive for the future development and expansion of, the Group by providing them an opportunity to acquire equity interests in the Company.

i. retention of talent and continuity of the experienced senior management team

As disclosed in the annual report for the year ended 31 March 2015, the use of an electronic tracking system is an important means for the PRC regulators to strengthen its supervision of retail pharmaceutical distribution channels. The Group will continue to work closely with the relevant regulators and further expand the scope and depth of the pharmaceutical PIATS application. The Group expects that the combined platform as a result of the VSA will increase synergies and the Group's competitive advantages to expand further into e-commerce in the pharmaceutical and healthcare categories and to expand its offerings to healthcare industry participants across the PRC.

Each of the Connected Grantees, with his/her expertise in different areas, is playing a significant role in driving the success and the business expansion of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The CEO has a deep understanding of the technology and will help to promote the Group's business expansion in terms of understanding the practicalities of whether specific projects can be implemented and formulating and implementing strategies as the Group continues to work towards its goal of creating an ecosystem for the medical industry. Mr. Meng, having worked as a finance director at Alibaba.com, one of the world's largest online business-to-business trading platform, oversees the Group's financial, legal and compliance issues, to develop financial strategies and to monitor the implementation of strategic business plans in financial aspects. Ms. Ma's rich experience in the medical industry and software development plays an important role to the strategic plans and investments of the Group. Mr. Wang specialises in PIATS platform development which is a key business of the Group, and his expertise is important to the ongoing development of the PIATS platform and the migration of PIATS to the cloud computing platform of the Alibaba Group.

Having looked into the background and working experience of each of the Connected Grantees, we note that each of the Connected Grantees possesses expertise and experience in his/her own area. We are of the view that, the retention of the Connected Grantees as a vital part of the experienced senior management team of the Group is beneficial for the development and expansion of the Group, and can avoid any potential disruption to the existing operations of the Group resulting from lack of continuity of an experienced senior management team.

We believe that the stability of the senior management team is an important ingredient for success in the information technology and healthcare industry, especially during the period of further expansion of the Group's business into e-commerce and healthcare industry. In particular, it is noted that e-commerce industry is expanding rapidly and participants are facing fierce competition, and experience of the senior management team in managing the business within such industry is, in our opinion, a critical factor in implementing sound long-term strategies.

We also noted that the Connected RSU Grant are not subject to any performance targets. However, having considered the potential change of business of the Company as a result of the VSA, we understood from the management that it would not be an easy task to set up performance targets which are neither too aggressive nor too conservative during this transition period. In reality, as we mentioned above, it is more important to retain the experienced senior management team at this stage.

ii. dilution effect to the Shareholders

Assuming the Connected Grantees become fully entitled to all RSUs after the vesting period, the number of Ordinary Shares to be issued during the four-year period would be limited to 3,462,000 Ordinary 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.

iii. cash flows

For the year ended 31 March 2015, 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 conditionally grant RSUs to each of the Connected Grantees, as part of his/her new remuneration package, rather than to pay a higher salary in cash.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

iv. effective cost of the Connected RSU Grant

The Connected RSU Grant will vest over a four-year period. Based on the closing price of HK\$5.83 per Share on the Latest Practicable Date, the market value of the RSUs under the Connected RSU Grant amounted to approximately HK\$20.2 million.

v. restricted share units granted by other comparable companies

In order to assess the reasonableness and fairness of the Connected RSU Grant, we have compared the value and vesting period of (1) RSUs granted to the Connected Grantees with (2) restricted share units granted to directors and/or senior management of other companies as disclosed in their annual reports of the most recent financial year or their prospectus which:

- (i) (a) are listed on the Stock Exchange and are principally engaged in the provision of technology and software services as classified by Bloomberg Industry Classification System, and have operated an e-commerce platform or use of cloud computing and big data technologies, having considered the current business model of the Group, i.e. the operation of PIATS and developing healthcare industry related businesses, including its cloud hospital platform and O2O pharmacy platform; or
- (b) are listed on the Stock Exchange and under the industry of "E-Commerce Discretionary" as classified by the Bloomberg Industry Classification System; and are principally engaged in online merchants business and/or have operated an e-commerce platform, having considered the business model of the Group would further develop upon completion of the VSA, i.e. a business of operating an online transaction platform for the sale of products by online pharmacies in the PRC;
- (ii) have a share award scheme to grant restricted share units and have granted such restricted share units to directors and/or senior management; and
- (iii) have a market capitalisation between HK\$10 billion and HK\$50 billion as at the Latest Practicable Date (the "**Comparable RSUs Grants**").

The above adopted criteria can enable a sufficient sample size for a meaningful comparison with other listed companies in the same industry with comparable size of the Connected RSU Grant. 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 Connected RSU Grant.

The 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. However, in our opinion, the nature of business of listed companies and the role of the senior management in those companies are more relevant criteria for comparison purpose. Therefore, the Comparable RSUs Grants are considered to be reasonable references for the common market practice in granting restricted share units to directors and/or senior management of other listed companies within the same industry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 award	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 awarded 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 vested (HK\$)	Name and position of the grantee
Cogobuy Group [†] (400)	12.0	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%	2.09 (Notes 1 and 3)	1,256,000 (Note 3)	Kang Jingwei, Jeffrey, executive director and chief executive officer
Cogobuy Group [†] (400)	12.0	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%	2.09 (Notes 1 and 3)	1,256,000 (Note 3)	Wu Lun Cheung, Allen, executive director and chief financial officer
Kingsoft Corporation Limited [‡] (3888)	24.1	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)	3.30 (Note 1)	7,698,000	Zhang Hongjiang, executive director and chief executive officer
Kingsoft Corporation Limited [‡] (3888)	24.1	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%	5.19 (Note 1)	207,000	Ng Yuk Keung, executive director and chief financial officer

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 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)	[B] Theoretical vesting for each year	[C] Fair value of the restricted share units per unit or 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 vested (HK\$)	Name and position of the grantee
Kingsoft Corporation Limited ^y (3888)	24.1	Online game, mobile game and casual game services, software publisher, big data services and cloud computing	1 June 2012	500,000/ (0.04%)	20%	4.41 (Note 1)	441,000	Zou Tao, executive director and senior vice president
				Maximum		Maximum	7,698,000	
				Minimum		Minimum	207,000	
						Average	2,172,000	

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	[A] Number of the RSUs/ (percentage of the total issued share capital)	[B] Theoretical vesting for each year	[C] Value of the RSUs per unit as at the date of grant (HK\$)	[D = A x B x C] Annualised value of the RSUs vested (HK\$)	Name and position of the grantee
The Company (241)	47.6	Provision of PIATS principally for the healthcare industry in the PRC and the provision of solutions for the internet healthcare sector	7 September 2015	1,284,000/ (0.02%)	25%	4.96	1,592,000	Wang Lei, CEO and executive Director, director of Alibaba Health Technology (Beijing) and CITIC 21CN (China)
The Company (241)	47.6	Provision of PIATS principally for the healthcare industry in the PRC and the provision of solutions for the internet healthcare sector	7 September 2015	758,000/ (0.01%)	25%	4.96	940,000	Meng Changan, vice president of the finance and legal department of the Company and director of Alibaba Health Technology (Beijing) and CITIC 21CN (China)

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	[A] Number of the RSUs/ (percentage of the total issued share capital)	[A] Vesting status	[B] Theoretical vesting for each year	[C] Value of the RSUs per unit of grant (HK\$)	[D = A x B x C] Annualised value of the RSUs vested (HK\$)	Name and position of the grantee
The Company (241)	47.6	Provision of PIATS principally for the healthcare industry in the PRC and the provision of solutions for the internet healthcare sector	7 September 2015	852,000/ (0.01%)	Vesting over a four-year period, where 50% shall vest on 10 October 2016 and the remaining 50% shall vest equally on 10 October 2017 and 10 October 2018	25%	4.96	1,056,000	Ma Li, vice president of the strategic and investment department of the Company, director of Alibaba Health Technology (Beijing)
The Company (241)	47.6	Provision of PIATS principally for the healthcare industry in the PRC and the provision of solutions for the internet healthcare sector	7 September 2015	568,000/ (0.01%)	Vesting over a four-year period, where 50% shall vest on 10 October 2016 and the remaining 50% shall vest equally on 10 October 2017 and 10 October 2018	25%	4.96	704,000	Wang Peiyu, vice president of the business operations of the Company and director of CTTIC 21CN (China)

⁰ Financial information was extracted from the prospectus and annual report for the year ended 31 December 2014 of the company

^y Financial information was extracted from the annual reports for the years ended 31 December 2011, 2012 and 2013

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The exchange rate of RMB1:HK\$1.2175 as at 7 September 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 interim report for the six months ended 30 June 2014 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.

The vesting period of the RSUs granted to each of the Connected Grantees is four years, which falls within the range shown by the Comparable RSUs Grants. On this basis, we considered the vesting period of the Connected RSU Grant is acceptable.

The annualised value of the RSUs granted to each of the Connected Grantees ranging from approximately HK\$0.7 million to approximately HK\$1.6 million falls within the range shown by the Comparable RSUs Grants and is below the average of approximately HK\$2.2 million. On this basis, we considered the monetary value of the Connected RSU Grant is acceptable.

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 Connected RSU Grant, as compared with grant of Options, would provide the grantees 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 have considered the expertise and experience of the Connected Grantees, their potential contribution to the business to be acquired by the Company in the future, and consider that the Connected RSU Grant are not significant in terms of their dilution effect to the Shareholders but that the Connected RSU Grant have substantial economic benefits to the Connected Grantees. As such, we are of the view that the effect of the Connected RSU Grant is acceptable. Also, we have considered the purpose of the Connected RSU Grant is maintaining the stability of the senior management team as an important ingredient for success in the information technology and healthcare industry. Finally, based on the closing price of the shares of the Company on the Date of Grant, the annualised fair value of the RSUs granted to each of the Connected Grantees is within the range of Comparable RSUs Grants, and we consider such value acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that the Connected RSU Grants 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 resolutions in relation to the Connected RSU Grant 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

Name of Director	Nature of interest	Number of shares held	
		Total interest in shares	% of the existing issued share of the Company
Ms. CHEN Xiao Ying	Interest in a controlled corporation ⁽¹⁾	777,484,030	9.51%
Mr. WANG Lei	Equity derivative interest ⁽²⁾	8,775,000	0.11%

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 Ordinary Shares. Accordingly, Ms. Chen is interested in the Ordinary Shares held by Uni-Tech International Group Limited.
- Mr. WANG Lei is interested in 7,491,000 Options granted to him in accordance with the Share Award Scheme as resolved by the Board on September 7, 2015 subject to vesting. Mr. WANG Lei is also interested in 1,284,000 RSUs conditionally granted to him subject to the Independent Shareholders' approval.

Long position in shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Mr. WANG Lei	Alibaba Holding	Beneficial and equity derivative interests ⁽¹⁾	128,016	0.01%
Mr. TSAI Chung, Joseph	Alibaba Holding	Beneficial and interests of spouse ⁽²⁾	1,727,964	0.07%
		Interests in controlled corporation and other interests ⁽³⁾	62,793,644	2.50%
		Founder of a discretionary trust ⁽⁴⁾	15,000,000	0.60%
Ms. HUANG Aizhu	Alibaba Holding	Beneficial and equity derivative interests ⁽⁵⁾	146,582	0.01%
Mr. KANG Kai	Alibaba Holding	Equity derivative interest	12,000	0.00%
Mr. WU Yongming	Alibaba Holding	Beneficial and equity derivative interests ⁽⁶⁾	105,000	0.00%
		Interests in controlled corporation ⁽⁷⁾	844,922	0.03%
		Founder of a discretionary trust ⁽⁸⁾	7,676,044	0.31%
Mr. YAN Xuan	Alibaba Holding	Beneficial	3,000	0.00%

Notes:

1. It represents 61,266 ordinary shares or underlying ordinary shares and 66,750 restricted share units beneficially held by Mr. WANG Lei.
2. It represents 1,437,964 ordinary shares and 130,000 restricted share units beneficially held by Mr. TSAI Chung, Joseph and 160,000 ordinary shares held by his spouse.
3. It represents the sum of 2,868,198 shares held by or deemed to be held by MFG Limited (of which Mr. TSAI Chung, Joseph is the sole director), 23,105,952 ordinary shares or underlying ordinary shares directly or indirectly held by Parufam Limited (of which Mr. TSAI Chung, Joseph is a director and has been delegated sole voting and disposition power), 21,000,000 ordinary shares held by PMH Holding Limited (of which Mr. TSAI Chung, Joseph is the sole director), 15,000,000 ordinary shares held by APN Ltd. (in which Mr. TSAI Chung, Joseph holds 30% equity interest and has been granted a revocable proxy to vote 15,000,000 ordinary shares owned by APN Ltd.), 819,494 underlying ordinary shares held by MFG II Ltd. (which is wholly owned by Mr. TSAI Chung, Joseph).
4. It represents the 5,000,000 options held by Joe and Clara Tsai Foundation (whereby Mr. TSAI Chung, Joseph is the "founder" of the trust within the meaning of the SFO) and 10,000,000 options held by SymAsia Foundation Limited, the transfer of which options Mr. TSAI Chung, Joseph is entitled to direct to a charitable trust he has established.
5. It represents 95,957 ordinary shares or underlying ordinary shares and 50,625 restricted share units beneficially held by Ms. HUANG Aizhu.
6. It represents 75,000 ordinary shares and 30,000 restricted share units beneficially held by Mr. WU Yongming.
7. It represents 844,922 ordinary shares or underlying ordinary shares held by Plus Force Enterprise Ltd. (which is wholly owned by Mr. WU Yongming).
8. It represents 7,676,044 ordinary shares or underlying ordinary shares held by Mr. WU Yongming through two private trusts whereby he is the founder of the discretionary trusts.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Interests of Directors as Director or Employee of a Substantial Shareholder

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. TSAI Chung, Joseph was a director and an executive vice chairman of Alibaba Holding;
- Ms. HUANG Aizhu was a senior director of Tmall, an online platform for brands and retailers operated by subsidiaries of Alibaba Holding under the domain name Tmall.com; and
- Mr. KANG Kai was a director of Tmall and head of Tmall's medical and healthcare business.

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

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

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, 2015, 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, 2015, 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, 2015, 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, November 6, 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 approve and confirm the conditional grant of restricted share units (“**RSUs**”) to the following persons 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 “**Conditional RSU Grant**”):
 - (i) 1,284,000 RSUs to Mr. WANG Lei, the Chief Executive Officer and an executive director of the Company, and a director of Alibaba Health Technology (Beijing) Company Limited and CITIC 21CN (China) Technology Company Limited, both a subsidiary of the Company;
 - (ii) 758,000 RSUs to Mr. MENG Changan, a director of Alibaba Health Technology (Beijing) Company Limited and CITIC 21CN (China) Technology Company Limited, both a subsidiary of the Company;
 - (iii) 852,000 RSUs to Ms. MA Li, a director of Alibaba Health Technology (Beijing) Company Limited, a subsidiary of the Company;
 - (iv) 568,000 RSUs to Mr. WANG Peiyu, a director of CITIC 21CN (China) Technology Company Limited, a subsidiary of the Company;
- (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 Conditional 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 1.

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
WANG Lei

Chief Executive Officer and Executive Director

Hong Kong, October 20, 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. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.
6. 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. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.