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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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.

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

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**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)**

**CONNECTED TRANSACTIONS**  
**ENTRY INTO OF SUBSCRIPTION AGREEMENT AND**  
**ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

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



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A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 13 to 14 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 15 to 31 of this circular.

A notice convening the SGM to be held at Units 2302–2305, 23/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Thursday, January 4, 2018 at 10:30 a.m. is set out on pages 38 to 40 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

December 15, 2017

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## DEFINITIONS

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

“Alibaba Group”	a group of companies comprising Alibaba Holding and its subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, the ultimate majority shareholder of the Company, and the American depository shares of which are listed on the New York Stock Exchange
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or holiday) on which banks in Hong Kong, the PRC, Bermuda and the British Virgin Islands are open for the transaction of normal business
“Company”	Alibaba Health Information Technology Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00241)
“Completion”	the completion of the subscription of the Subscription Shares under the Subscription Agreement
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“GMV”	gross merchandise volume
“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”	the independent committee of the Board, comprising Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel, being the independent non-executive Directors, established to advise the Independent Shareholders on the Subscription

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## DEFINITIONS

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“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription
“Independent Shareholders”	the Shareholders of the Company, other than (i) the Subscriber and its associates, including Perfect Advance; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Subscription
“Last Trading Day”	November 17, 2017, being the last full trading day for the Shares immediately before the entry into of the Subscription Agreement
“Latest Practicable Date”	December 12, 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Perfect Advance”	Perfect Advance Holding Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly owned subsidiary of Alibaba Holding
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held and convened to consider and approve the Subscription and the grant of the Specific Mandate
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of par value HK\$0.01 each in the share capital of the Company
“Specific Mandate”	the specific mandate to be sought at the SGM to allot and issue the Subscription Shares to the Subscriber as contemplated under the Subscription Agreement

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ali JK Nutritional Products Holding Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Alibaba Holding
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated November 17, 2017 entered into between the Company and the Subscriber
“Subscription Price”	the price of HK\$4.00 per share for the issue of each Subscription Share
“Subscription Shares”	442,425,000 new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent



**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 Director:*

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

December 15, 2017

*To the Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTIONS**  
**ENTRY INTO OF SUBSCRIPTION AGREEMENT AND**  
**ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

**1 INTRODUCTION**

On November 17, 2017, the Board announced that the Company and the Subscriber entered into the Subscription Agreement in relation to the subscription of an aggregate of 442,425,000 Subscription Shares at the Subscription Price of HK\$4.00 per Subscription Share.

The purpose of this circular is to provide you with, among other things, (i) further details of the Subscription Agreement; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice convening the SGM and a proxy form.

## **2 THE SUBSCRIPTION AGREEMENT**

### **2.1 Principal terms of the Subscription Agreement**

**(1) *Date***

November 17, 2017

**(2) *Parties***

- (a) the Company as the issuer; and
- (b) the Subscriber as the subscriber.

**(3) *The Subscription***

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 442,425,000 Subscription Shares at the total subscription price of US\$226,597,011.49 (representing a total subscription price of HK\$1,769,700,000 based on a US\$ to HK\$ exchange rate of US\$1 to HK\$7.8099, equivalent to the Subscription Price of HK\$4.00 per Subscription Share). The total subscription price shall be payable in cash by the Subscriber to the Company at Completion.

**(4) *The Subscription Shares***

The Subscription Shares represent approximately: (i) 4.71% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 4.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following the issue of the Subscription Shares.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

**(5) *Ranking***

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of allotment and issue of the Subscription Shares.

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## LETTER FROM THE BOARD

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### *(6) Lock-up*

For a period of 18 months from Completion, the Subscriber has agreed that it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or other third party rights in respect of the Subscription Shares, except for a disposal to a Subscriber's affiliate or otherwise with the prior written consent of the Company.

### *(7) The Subscription Price*

The Subscription Price represents:

- (a) a premium of approximately 7.82% to the closing price of the Shares of HK\$3.710 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 4.31% to the closing price of the Shares of HK\$4.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 6.80% to the average closing price for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$4.292 per Share;
- (d) a discount of approximately 5.12% to the average closing price for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.216 per Share;
- (e) a discount of approximately 3.45% to the average closing price for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.143 per Share; and
- (f) a premium of approximately 2,678% over the net asset value per Share attributable to the Shareholders as at September 30, 2017 of approximately HK\$0.144 per Share (equivalent to RMB0.120 based on the exchange rate of RMB1:HK\$1.20).

The net Subscription Price, after the deduction of the related expenses, is estimated to be approximately HK\$3.998 per Subscription Share.

The aggregate nominal value of the Subscription Shares will be HK\$4,424,250.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, having taken into account the share price performance of the Company in the 30 trading days up to and including the Last Trading Day.



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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors who have taken into account the advice from the Independent Financial Adviser) consider that the Subscription Price and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

***(8) Conditions precedent***

Completion will take place on the Business Day immediately following the satisfaction of the following conditions:

- (a) the passing by the Independent Shareholders at a duly convened Shareholders' meeting of the Company of resolution(s) approving the issue of the Subscription Shares pursuant to the Subscription Agreement;
- (b) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares; and
- (c) no governmental authority in any relevant jurisdiction having enacted any laws, rules or regulations which might render Completion or any part thereof unlawful.

If any of the conditions precedent set out above has not been fulfilled on or before March 31, 2018 (or such other date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall automatically terminate with immediate effect pursuant to its terms.

As at the Latest Practicable Date, none of the conditions has been satisfied.

### **2.2 Application for listing of the Subscription Shares**

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

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## LETTER FROM THE BOARD

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### 2.3 Effect of the Subscription on the shareholding structure of the Company

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

	<b>As at the Latest Practicable Date</b>		<b>Immediately after Completion</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Perfect Advance <i>(Note 1)</i>	4,420,628,008	47.09	4,420,628,008	44.98
The Subscriber <i>(Note 2)</i>	1,187,500,000	12.65	1,629,925,000	16.58
Directors of the Company or its subsidiaries	783,607,785	8.35	783,607,785	7.97
Other shareholders	<u>2,995,060,705</u>	<u>31.91</u>	<u>2,995,060,705</u>	<u>30.47</u>
<b>Total</b>	<b><u>9,386,796,498</u></b>	<b><u>100.00</u></b>	<b><u>9,829,221,498</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Perfect Advance is an indirect non-wholly owned subsidiary of Alibaba Holding.
2. The Subscriber is itself a substantial Shareholder and a wholly-owned subsidiary of Alibaba Holding.

### 2.4 Equity fund raising activities in the past 12 months

The Company has not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

### 2.5 Information on the Company

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

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## LETTER FROM THE BOARD

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### **2.6 Information on the Subscriber and Alibaba Group**

The Subscriber is an offshore holding vehicle incorporated in the British Virgin Islands and it is wholly-owned by Alibaba Holding.

Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of GMV in the twelve months ended March 31, 2017 on the basis of publicly available comparable transaction value data for the most recent fiscal year. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of the Internet to engage with their users and customers.

Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

### **2.7 Reasons for and benefits of the Subscription and use of proceeds**

As previously disclosed by the Company, the Company's mission is to build an online community where it will connect participants in China's healthcare market, so as to provide users with better medical and healthcare services, to realize Alibaba Group's "Double H" (Health and Happiness) strategic direction.

In the past year, the Company has continued to actively expand its business through further sales and marketing efforts and acquisitions. Some of these activities were funded by internal cash while others by loans, for which a significant interest expense was incurred. As disclosed in the annual report of the Company published on June 25, 2017, the interest expense for the year ended March 31, 2017 was approximately RMB6.9 million and as disclosed in the interim results of the Company published on November 15, 2017, the interest expense for the six months ended September 30, 2017 was approximately RMB5.1 million. The Subscription will enable the Group to raise funds for its expanding business operations, maintain a healthy cash position, while keeping its borrowings and hence interest expenses low, which would in turn maximize Shareholders' value. As the ultimate majority shareholder of the Company, Alibaba Holding (through the Subscriber, its wholly-owned subsidiary) is participating in the Subscription, this demonstrates its continued support for the Company's development as Alibaba Group's flagship vehicle to execute its data-driven healthcare strategy.

The Company intends to apply the net proceeds of the Subscription in the following manner:

- approximately 40% of the net proceeds of the Subscription will be used for repayment of loans which are due in January 2018 and which carry an interest rate in the range of approximately 3.15% to 3.17% per annum;

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## LETTER FROM THE BOARD

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- approximately 20% to 30% of the net proceeds of the Subscription will be used to fund ongoing business operations and expansion, including to expand the scale of the Group's healthcare product sales and services business and to develop more intelligent medicine products;
- approximately 25% of the net proceeds of the Subscription will be used for completion of the Company's previous committed investments, which includes the investment in Jiahe Meikang (Beijing) Technology Co., Ltd\* (嘉和美康(北京)科技股份有限公司) as disclosed in the Company's announcement dated May 19, 2017 and investments in companies mainly engaged in intelligent healthcare and medical informatization; and
- the remaining of approximately 5% to 15% of the net proceeds of the Subscription will be used for future strategic investment opportunities in pharmaceutical and healthcare businesses in the PRC as opportunities arise.

The Company has considered other forms of fund raising methods, namely equity financing (such as a rights issue and an open offer) and debt financing (such as bank and other borrowings). In relation to equity financing, a rights issue and an open offer would (i) incur additional costs, including but not limited to underwriting commission, documentation and other professional fees; and (ii) take a relatively longer timeframe when compared to the subscription of new Shares. In relation to debt financing, bank borrowings would create additional interest burden for the Group and the due diligence and negotiation process with the relevant banks may be lengthy. While the Company has considered placing new shares to independent third parties, the Directors consider that a placing to Alibaba Group will reinforce the Group's strategic alliance with Alibaba Group and provides an efficient means of raising capital for the Group's present needs. Accordingly, the Company has entered into the Subscription Agreement with the Subscriber to provide the Group with further capital.

The Directors (including the independent non-executive Directors who have taken into account the advice from the Independent Financial Adviser) are of the view that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **2.8 Implications under the Listing Rules**

As the Subscriber is itself a substantial Shareholder, and also a wholly-owned subsidiary of Alibaba Holding, the ultimate majority shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the entry into of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription and the issue of the Subscription Shares under the Specific Mandate)

\* For identification purpose only

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## LETTER FROM THE BOARD

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constitute connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the SGM.

As Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai are employees of Alibaba Holding or its subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions contemplated under the Subscription Agreement. Accordingly, they have abstained from voting on the board resolutions in connection with the Subscription. Other than the aforesaid Directors, no other Directors have a material interest in the Subscription or are required to abstain from voting on the relevant board resolutions.

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. The voting at the SGM will be conducted by way of a poll whereby the Subscriber and its associate, Perfect Advance, shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares. As at the Latest Practicable Date, the Subscriber and its associate, Perfect Advance, are interested in 5,608,128,008 Shares, representing approximately 59.74% of the issued share capital of the Company as at the Latest Practicable Date.

### **2.9 Independent Board Committee and Independent Financial Adviser**

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders on the Subscription. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **3 RECOMMENDATION**

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

## **4 GENERAL**

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

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## LETTER FROM THE BOARD

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### 5 SGM AND PROXY ARRANGEMENT

The notice of the SGM is set out on pages 38 to 40 of this circular. At the SGM, resolution(s) will be proposed to approve the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the proposed resolution(s) will be put to vote by way of poll at the SGM.

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

A form of proxy for use at the SGM is enclosed with this circular and is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

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)**

December 15, 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS**  
**ENTRY INTO OF SUBSCRIPTION AGREEMENT AND**  
**ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated December 15, 2017 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 Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares; whether the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and how to vote on the resolution(s) regarding the Subscription Agreement, the connected transactions contemplated thereunder, and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares, taking into account the recommendations from the Independent Financial Adviser.

Somerley 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 Subscription Agreement 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(s).

Your attention is drawn to:

- (a) the letter from the Board set out on pages 4 to 12 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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- (b) the letter from the Independent Financial Adviser set out on pages 15 to 31 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, we are of the view that while the Subscription Agreement was not entered into in the ordinary and usual course of business of the Group, it was entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) in relation to the Subscription Agreement, the connected transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares to be presented at the SGM.

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



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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**

15 December 2017

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

Dear Sirs,

### **CONNECTED TRANSACTIONS ENTRY INTO OF SUBSCRIPTION AGREEMENT AND ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the issue of new shares to the Subscriber pursuant to the Subscription Agreement entered into between the Company and the Subscriber. Details of the Subscription are set out in the circular of the Company dated 15 December 2017 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 17 November 2017, the Company and the Subscriber entered into the Subscription Agreement in relation to the subscription of an aggregate of 442,425,000 Subscription Shares at the Subscription Price of HK\$4.00 per Subscription Share. The Subscription Shares represent approximately (i) 4.71% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 4.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

As the Subscriber is a substantial shareholder of the Company, and is also a wholly-owned subsidiary of Alibaba Holding, the ultimate majority shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the entry into of the Subscription Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to, among others, the approval of the Independent Shareholders at the SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising all of the 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 Subscription and on how they should vote at the SGM. 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. The Subscriber and its associates, Perfect Advance, shall abstain from voting on the relevant resolution to be proposed at the SGM.

In formulating our advice, we have reviewed, among other things, the Subscription Agreement, the annual report of the Company for the financial year ended 31 March 2017 (the “**Annual Report**”), the interim results announcement of the Company for the six months ended 30 September 2017 (the “**Interim Results**”), and the information contained in the Circular. 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 in all material aspects at the time they were made and will remain so up to the time of the SGM. 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 or withheld 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 opinion and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group, the Subscriber and Alibaba 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 a hinderance to the independence of Somerley Capital Limited as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription. In the last two years, except for independent financial adviser engagements (in relation to (i) the connected transaction relating to the formation of a joint venture, details of which were set out in the announcement of the Company dated 21 April 2016; (ii) the continuing connected transactions regarding the provision of certain outsourced and value-added services under two services agreements, details of which were set out in the circulars of the Company dated 26 August 2016 and 14 March 2017 respectively; and (iii) the continuing connected transactions regarding the provision of online sales platform services by connected parties, details of which were set out in the circular of the Company dated 22 February 2017), there has been no other engagement between the Group and Somerley Capital Limited. 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 of the Group, the Subscriber and Alibaba Holding**

The Group is committed to providing Internet technology, service tools and platforms to industry partners, with the aim of providing accessible and affordable medical and healthcare services to the public so as to make good health achievable at the fingertips. The principal activities of the Group comprise the provision of healthcare product sales and services, tracking services, and intelligent medicine and healthcare management services.

The Subscriber is an offshore holding vehicle incorporated in the British Virgin Islands and it is wholly-owned by Alibaba Holding. As disclosed in the Circular, Alibaba Group is the largest retail commerce company in the world in terms of GMV in the 12 months ended 31 March 2017 on the basis of publicly available comparable transaction value data for the most recent fiscal year. Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses leverage the power of the Internet to engage with their users and customers.

### **2. Background to and reasons for the Subscription Agreement**

As set out in the “Letter from the Board” contained in the Circular, in the past year, the Company has been actively expanding its business through further sales and marketing efforts and acquisitions. Some of these activities were funded by internal cash while others by loans, for which a significant interest expense was incurred. According to the Annual Report and the Interim Results, finance cost of approximately RMB6.9 million was incurred for the year ended 31 March 2017 while no relevant cost was incurred in 2016. For the six months ended 30 September 2017, the Group recorded finance cost of approximately RMB5.1 million as compared to approximately RMB2.1 million for the corresponding period in 2016.

As set out in the Interim Results and the Annual Report, the cash and cash equivalents decreased by approximately 44.2% from approximately RMB1,020.6 million as at 31 March 2016 to approximately RMB569.9 million as at 31 March 2017, and further by approximately 80.8% to approximately RMB109.4 million as at 30 September 2017. The Group also recorded interest-bearing bank loans of approximately RMB200.0 million as at 31 March 2017 and 30 September 2017. Current ratio of the Group dropped from approximately 5.57 to 2.29 from 31 March 2016 to 31 March 2017. It further dropped to approximately 1.11 as at 30 September 2017.

In light of this, the Subscription will enable the Group to raise funds for its expanding business operations and maintain a healthy cash position, while keeping its borrowings and hence interest expenses low, which would in turn maximise the Shareholders’ value. As stated in the Circular, as the ultimate majority shareholder of the Company, Alibaba

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Holding (through the Subscriber, its wholly-owned subsidiary) is participating in the Subscription, this demonstrates its continued support for the Company's development as Alibaba Group's flagship vehicle to execute its data-driven healthcare strategy.

As set out in the "Letter from the Board" contained in the Circular, the gross proceeds of the Subscription will be HK\$1,769.7 million. The net proceeds of the Subscription, after the deduction of the related expenses, will be approximately HK\$1,769.0 million.

As advised by the management of the Company, the Company intends to apply the net proceeds of the Subscription for repayment of loans which are due in January 2018, to fund ongoing business operations and expansion, for completion of previous committed investments, as well as future strategic investment opportunities in pharmaceutical and healthcare businesses in the PRC as opportunities arise. For details of the allocation of the use of net proceeds, please refer to the section headed "2.7 Reasons for and benefits of the Subscription and use of proceeds" in the "Letter of the Board" contained in the Circular.

As advised by the management of the Company, they have considered other forms of fund raising methods, namely equity financing (such as a rights issue and an open offer) and debt financing (such as bank and other borrowings). In relation to equity financing, a rights issues and an open offer would (i) incur additional costs, including but not limited to underwriting commission, documentation and other professional fees; and (ii) take a relatively longer timeframe as compared to subscription of new Shares. In relation to debt financing, bank borrowings would create additional interest burden for the Group and the due diligence and negotiation process with the relevant banks may be lengthy. While the Company has considered placing new shares to independent third parties, the Directors consider that a placing to Alibaba Group will reinforce the Group's strategic alliance with Alibaba Group and provides an efficient means of raising capital for the Group's present needs. Taking into account the above, the Company entered into the Subscription Agreement with the Subscriber to provide the Group with further capital.

Given that (i) the Subscription can potentially improve the financial position of the Group upon Completion, in particular, the enhancement in working capital, cash position and net asset value of the Group; and (ii) the Subscription is the most appropriate means for the Group to raise fund among other fund raising alternatives, we concur with the Directors' view that the entry into of the Subscription Agreement is in the interests of the Company and its shareholders as a whole.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**3. Financial information of the Group**

*Financial results*

Set out below is certain unaudited financial information of the Group for the six months ended 30 September 2016 and 2017 and certain audited financial information of the Group for each of the two years ended 31 March 2016 and 2017 as extracted from the Interim Results and the Annual Report.

	For the six months ended 30 September		For the year ended 31 March	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (audited)	2016 <i>RMB'000</i> (audited)
Revenue	889,731	55,027	475,078	56,595
Gross profit	255,488	47,529	187,243	37,993
Gross profit margin	28.7%	86.4%	39.4%	67.1%
<b>Loss attributable to:</b>				
— the Shareholders	(90,911)	(102,398)	(207,626)	(191,608)
— non-controlling interests	(1,267)	(3,427)	(1,027)	(7,360)
<b>Loss for the period/year</b>	<b>(92,178)</b>	<b>(105,825)</b>	<b>(208,653)</b>	<b>(198,968)</b>
<b>Excluding (Non-HKFRS adjustment)</b>				
Share-based compensation expenses	<u>57,736</u>	<u>56,488</u>	<u>110,324</u>	<u>37,472</u>
<b>Adjusted net loss</b>	<b><u>(34,442)</u></b>	<b><u>(49,337)</u></b>	<b><u>(98,329)</u></b>	<b><u>(161,496)</u></b>

*Revenue*

The Group's revenue for the six months ended 30 September 2017 amounted to approximately RMB889.7 million, representing an increase of approximately RMB834.7 million as compared to that for the six months ended 30 September 2016. Such increase was mainly attributable to the rapid growth in revenue generated from healthcare product sales and e-commerce platform services, which were newly launched in September 2016. Revenue derived from the healthcare product sales and e-commerce platform services for the six months ended 30 September 2017 accounted for approximately 88.4% and 7.5% respectively of total revenue during the period. Since the pharmaceutical e-commerce business had just commenced in September 2016, revenue derived from this business was minimal during the corresponding period in 2016. During the six months ended 30 September 2016, approximately 89.0% of total revenue was generated from the product tracking platforms services.

The Group's revenue was approximately RMB475.1 million for the year ended 31 March 2017, representing an increase of approximately 739.4% as compared to that of 2016. Similar to the above, the increase in revenue was primarily due to the growth in pharmaceutical e-commerce business commenced in September 2016. Revenue derived from the pharmaceutical e-commerce business during the year ended 31 March 2017, in

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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effect, from September 2016 to March 2017, was approximately RMB378.8 million, while revenue generated from the product tracking platforms business was approximately RMB96.3 million.

### *Gross profit and gross profit margin*

The Group recorded a gross profit of approximately RMB255.5 million for the six months ended 30 September 2017, representing an increase of approximately 437.5% as compared to that of approximately RMB47.5 million for the six months ended 30 September 2016. Gross profit margin for the six months ended 30 September 2017 decreased to approximately 28.7%, mainly due to a change in its principal business activities from the product tracking platforms business in 2016 to healthcare product sales and e-commerce platform services in 2017. The growth of the healthcare product sales business, which generated relatively more revenue but with a lower gross profit margin, led to a decrease in the overall gross profit margin.

During the year ended 31 March 2017, gross profit amounted to approximately RMB187.2 million, representing an increase of approximately 392.8% as compared to that of approximately RMB38.0 million for the year ended 31 March 2016. Gross profit margin for the year ended 31 March 2017 decreased to approximately 39.4% from approximately 67.1% for the year ended 31 March 2016. Similar to the above, the gross profit for the year ended 31 March 2016 was mainly derived from the product tracking platforms services while gross profit for the year ended 31 March 2017 was mainly derived from the healthcare products sales business which has lower gross profit margin. As a result, the gross profit margin for the year ended 31 March 2017 decreased as compared to that in 2016.

### *Loss for the period/year*

The Group incurred a loss of approximately RMB92.2 million for the six months ended 30 September 2017 as compared to a loss of approximately RMB105.8 million for the six months ended 30 September 2016. The decrease in loss by approximately 12.9% was mainly attributable to the increase in gross profit which is in line with the revenue growth, offset by an increase in fulfillment costs (including costs of warehousing, shipping, operating and customer services), which are associated with the Group's online pharmacy business for over-the-counter drugs and other health related products.

The Group recorded a loss of approximately RMB208.7 million for the year ended 31 March 2017 as compared to a loss of approximately RMB199.0 million for the year ended 31 March 2016. The increase was mainly attributable to the rise in share-based compensation expenses.

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***Financial position***

The following is a summary of the unaudited consolidated financial position of the Group as at 30 September 2017 and the audited consolidated financial position of the Group as at 31 March 2016 and 2017 respectively, as extracted from the Interim Results and the Annual Report.

	<b>As at 30 September 2017 RMB'000 (unaudited)</b>	<b>As at 31 March 2017 RMB'000 (audited)</b>	<b>As at 31 March 2016 RMB'000 (audited)</b>
<b>Total non-current assets</b>	978,500	868,785	312,662
<b>Total current assets</b>	<u>890,363</u>	<u>810,915</u>	<u>1,035,488</u>
<b>TOTAL ASSETS</b>	1,868,863	1,679,700	1,348,150
<b>Total current liabilities</b>	798,743	353,472	185,860
<b>Total non-current liabilities</b>	<u>6,951</u>	<u>206,566</u>	<u>7,019</u>
<b>TOTAL LIABILITIES</b>	805,694	560,038	192,879
<b>NET CURRENT ASSETS</b>	91,620	457,443	849,628
<b>NET ASSETS</b>	<b>1,063,169</b>	<b>1,119,662</b>	<b>1,155,271</b>
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>1,122,579</b>	<b>1,177,836</b>	<b>1,221,360</b>
<b>Net asset value (“NAV”) per Share (RMB)</b>	<b>0.120</b>	<b>0.144</b>	<b>0.149</b>
<b>CURRENT RATIO</b>	<b>1.11</b>	<b>2.29</b>	<b>5.57</b>

As at 30 September 2017, total assets of the Group mainly comprised investment in associates, inventories, pledged deposits and cash and cash equivalents. Total assets of the Group increased from approximately RMB1,348.2 million as at 31 March 2016 to approximately RMB1,679.7 million as at 31 March 2017, and further increased to approximately RMB1,868.9 million as at 30 September 2017. The increment was mainly attributable to increase in investments in associates. The Group’s associates are mainly engaged in the healthcare sector or in the operation of platforms for electronic customs processing.

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Total liabilities of the Group as at 30 September 2017 mainly comprised trade payables, other payables and accruals and interest-bearing bank borrowing. Total liabilities of the Group increased from approximately RMB192.9 million as at 31 March 2016 to approximately RMB560.0 million as at 31 March 2017, and further increased to approximately RMB805.7 million as at 30 September 2017.

The increment as at 31 March 2017 was mainly attributable to bank loans amounted to approximately RMB200.0 million obtained during the year, which was pledged by time deposits.

The increment as at 30 September 2017 was mainly due to increase in trade payables, other payables and accruals from approximately RMB315.3 million as at 31 March 2017 to approximately RMB543.3 million as at 30 September 2017.

The Group's NAV decreased from approximately RMB1,155.3 million as at 31 March 2016 to approximately RMB1,119.7 million as at 31 March 2017, and subsequently decreased to approximately RMB1,063.2 million as at 30 September 2017. The NAV per Share as at 30 September 2017, calculated by dividing the NAV of the Group attributable to the Shareholders of approximately RMB1,122.6 million by the number of Shares in issue as at 30 September 2017, was approximately RMB0.120.

Current ratios have been decreasing since 31 March 2016, from approximately 5.57 as at 31 March 2016 to approximately 1.11 as at 30 September 2017. The decrease in ratios was mainly attributable to the significant decrease in cash and cash equivalents during the period.

### *Cash flow*

Set out below is a summary of the unaudited consolidated statements of cash flows of the Group for the six months ended 30 September 2016 and 2017 and audited consolidated statements of cash flows of the Group for each of the two years ended 31 March 2016 and 2017 as extracted from the Interim Results and the Annual Report.

	For the six months ended		For the year ended	
	30 September		31 March	
	2017	2016	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Net cash flows used in operating activities	(116,805)	(99,468)	(225,632)	(117,175)
Net cash flows used in investing activities	(320,416)	(183,344)	(159,366)	(421,033)
Net cash flows (used in)/generated from financing activities	(12,952)	100,043	192,851	—
<b>Cash and cash equivalents as at end of period/year</b>	<b>109,350</b>	<b>565,485</b>	<b>569,860</b>	<b>1,020,558</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(450,173)</b>	<b>(182,769)</b>	<b>(192,147)</b>	<b>(538,208)</b>



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There was a net decrease in cash and cash equivalents of approximately RMB450.2 million for the six months ended 30 September 2017, as compared to approximately RMB182.8 million for the corresponding period in 2016. It was partly resulted from an increase of approximately RMB17.3 million in net cash flows used in operating activities for the six months ended 30 September 2017 as compared to the corresponding period in 2016, mainly due to an increase in inventories of approximately RMB122.0 million. It was also attributable to the increase in net cash flows used in investing activities by approximately RMB137.1 million with capital injection in associates during the period. The Group recorded net cash flows used in financing activities of approximately RMB13.0 million for the six months ended 30 September 2017 as compared to net cash flows generated from financing activities of approximately RMB100.0 million for the six months ended 30 September 2016, due to bank loans of approximately RMB100.0 million obtained during the six months ended 30 September 2016, whereas no bank loan was obtained for the six months ended 30 September 2017.

There was a net decrease in cash and cash equivalents of approximately RMB192.1 million for the year ended 31 March 2017 as compared to a decrease of approximately RMB538.2 million for the year ended 31 March 2016. It was mainly attributable to the decrease in net cash flows used in investing activities by approximately RMB261.7 million with a decrease in the balance of time deposits with original maturity over three months, partially offset by subscription of new shares in associates. In addition, the Group recorded net cash flows generated from financing activities of approximately RMB192.9 million, contributed by the bank loans of approximately RMB200.0 million obtained during the year ended 31 March 2017.

#### **4. Principal terms of the Subscription Agreement**

Set out below is a summary of the principal terms of the Subscription Agreement. Further details of the Subscription Agreement are set out in the “Letter from the Board” contained in the Circular.

Date:	17 November 2017
Parties:	The Company as the issuer The Subscriber

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 442,425,000 Subscription Shares at the total subscription price of US\$226,597,011.49 (representing a total subscription price of HK\$1,769,700,000 based on a US\$ to HK\$ exchange rate of US\$1 to HK\$7.8099, equivalent to the Subscription Price of HK\$4.00 per Subscription Share). The total subscription price shall be payable in cash by the Subscriber to the Company at Completion.

*The Subscription Price*

The Subscription Price is HK\$4.00 per Subscription Share. As stated in the “Letter from the Board” contained in the Circular, the Subscription Price was arrived at after arm’s length negotiations between the Company and the Subscriber, having taken into account the share price performance of the Company in the 30 trading days prior to the Last Trading Day.

*The size of the Subscription, ranking of the Subscription Shares and lock-up*

The Subscription Shares represent approximately: (i) 4.71% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 4.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following the issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of allotment and issue of the Subscription Shares.

For a period of 18 months from Completion, the Subscriber has agreed that it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or other third party rights in respect of the Subscription Shares, except for a disposal to the Subscriber’s affiliate or otherwise with the prior written consent of the Company.

*Conditions precedent*

The Subscription is conditional upon the fulfilment of the conditions (the “**Conditions Precedent**”) as set out in the “Letter from the Board” contained in the Circular, including but not limited to:

- (a) the passing by the Independent Shareholders at a duly convened Shareholders’ meeting of the Company of resolution approving the issue of the Subscription Shares pursuant to the Subscription Agreement; and
- (b) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

If any of the Conditions Precedent set out above has not been fulfilled on or before 31 March 2018 (or such other date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall automatically terminate with immediate effect pursuant to its terms.

**5. Evaluation of the Subscription Price**

*Comparison of the Subscription Price to recent Share prices*

The Subscription Price of HK\$4.00 per Subscription Share represents:

- (a) a discount of approximately 4.31% to the closing price of the Shares of HK\$4.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 6.80% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$4.292 per Share;
- (c) a discount of approximately 5.12% to the average of the closing prices per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.216 per Share;
- (d) a discount of approximately 3.45% to the average of the closing prices per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.143 per Share;
- (e) a premium of approximately 7.82% over the closing price of the Shares of HK\$3.710 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (f) a premium of approximately 2,678% over the NAV per Share attributable to the Shareholders as at 30 September 2017 of approximately HK\$0.144 per Share (equivalent to RMB0.120 based on the exchange rate of RMB1: HK\$1.20).

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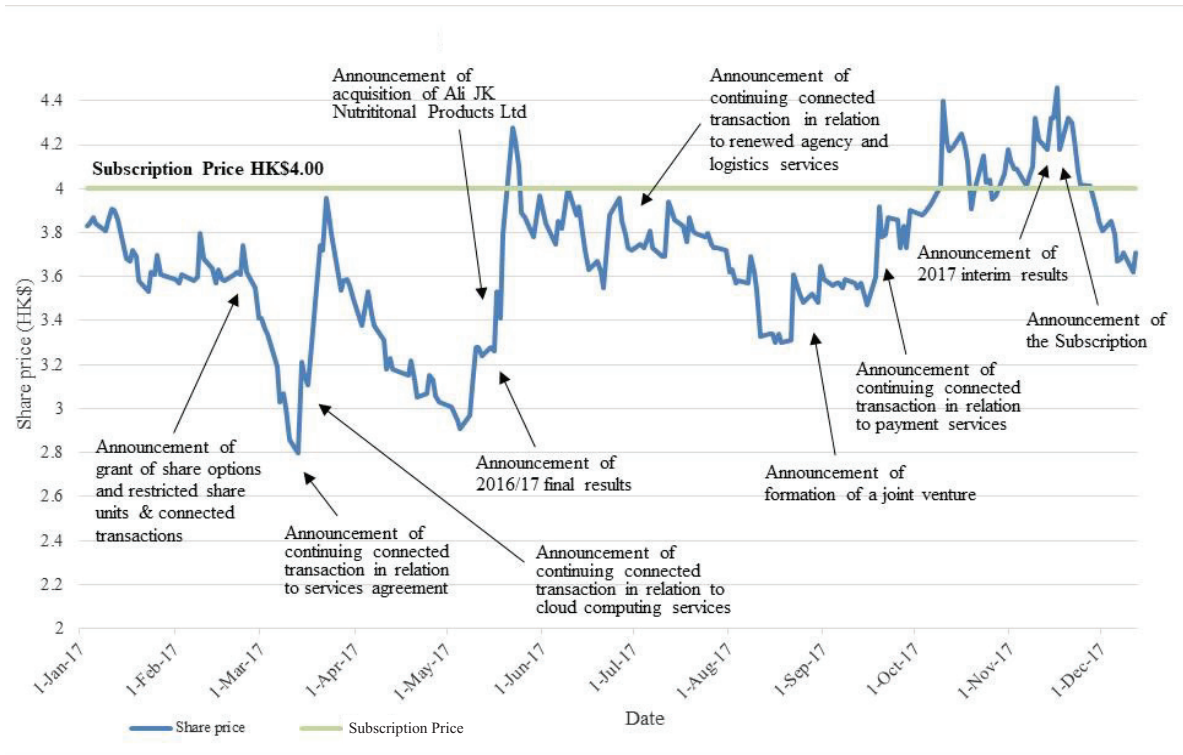
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Historical Share price performance*

The following chart sets out the daily closing prices of the Shares on the Stock Exchange for the period from 3 January 2017 (being the first trading day in 2017) up to and including the Latest Practicable Date (the “**Review Period**”).

Share price chart of the Company



As illustrated in the above, the Share price closed in a range between HK\$2.80 and HK\$4.46 during the Review Period. The Share price decreased gradually from HK\$3.83 on 3 January 2017 to the lowest level during the Review Period of HK\$2.80 on 13 March 2017. The Company announced the renewal of continuing connected transaction in relation to cloud computing services on 13 March 2017. The Share price went up to HK\$3.21 on the next day of the relevant announcement and subsequently increased to HK\$3.96 on 22 March 2017.

On 16 May 2017, the Company announced its final results for the year ended 31 March 2017. The Share price went up from HK\$3.26 to HK\$3.53 on the next day. On 19 May 2017, the Company made an announcement in relation to acquisition of the entire issued share capital of Ali JK Nutritional Products Limited and its health food and nutritional products business. The Share price surged to HK\$3.79 on the same day, representing an increase of approximately 11.1%, and reached HK\$4.28 on 22 May 2017. Subsequently, the Share price fell in a range between HK\$3.30 and HK\$4.40 from June to October 2017.

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On 15 November 2017, the Company announced its interim results for the six months ended 30 September 2017, showing a reduction in the loss as compared to the corresponding period in 2016. The Share price went up from HK\$4.32 to HK\$4.46 on 16 November 2017, the next trading day after the Interim Results announcement. The Share price closed at HK\$4.18 on the Last Trading Day, the date of signing of the Subscription Agreement.

After the publication of the announcement in relation to the Subscription on 17 November 2017 (the “**Announcement**”), the closing price of the Shares increased from HK\$4.18 on the Last Trading Day to HK\$4.32 on 20 November 2017 (the first trading day after the publication of the Announcement), representing an increase of approximately 3.3% over the closing price on the Last Trading Day. The Share price closed at HK\$3.71 on the Latest Practicable Date.

### *Comparable Issues*

We have also performed an analysis of comparable issues by searching the website of the Stock Exchange on a best effort basis for all share issues (the “**Comparable Issues**”) announced since 18 October 2017 (one month prior to the date of the Announcement) and up to the date of the Announcement by companies listed on the Stock Exchange which involve placing/subscription/issue of new shares of listed companies to parties which are independent from the respective listed companies, without involving acquisition and/or restructuring of assets and/or business of listed companies and/or whitewash waiver applications. We have excluded (i) issues announced by listed companies, which, as at the date of announcement and/or currently, were/are under prolonged suspension; (ii) issues involving only convertible securities; and (iii) open offers or rights issues of new shares, where different pricing considerations apply for these three types of issue. We consider the Comparable Issues an exhaustive list of relevant comparable issues based on the said criteria above.

We consider that a review period from 18 October 2017 (one month prior to the date of the Announcement) to the date of the Announcement is appropriate since the Comparable Issues are considered for the purpose of taking a general reference for recent market practice in relation to the setting of subscription price under similar market conditions. It is considered that comparable issues further back in time may not be indicative of the current market conditions. It should be noted that the subject companies involved in the Comparable Issues may have different principal activities, market capitalisations, profitability or financial positions as compared to those of the Company. However, as the Comparable Issues can provide a general understanding of this type of transaction in Hong Kong stock market under the current market environment, we consider them an appropriate basis in assessing the fairness and reasonableness of the Subscription Price.

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For each of the Comparable Issues identified, we compared the premium or discount of its issue/subscription price to (a) the closing price on the last trading day; and (b) average closing price for the five trading days prior to and including the last trading day before the release of the respective announcement, as summarised in the following table.

Date of announcement	Company name and stock code	Premium/(discount) of placing/ subscription/issue price over/(to) closing share price as average closing share at the last full day of price for the five full trading immediately trading days prior to the immediately prior to announcement the announcement	
		% (approximate)	% (approximate)
19 October 2017	Digital Domain Holdings Ltd (stock code: 547)	(10.0)	(19.1)
24 October 2017	Consun Pharmaceutical Group Ltd (stock code: 1681)	(7.0)	(2.9)
25 October 2017	Enviro Energy Int'l Holdings Ltd (stock code: 1102)	(18.8)	(19.3)
25 October 2017	China Goldjoy Group Ltd (stock code: 1282)	(4.9)	2.8
27 October 2017	Zhongzhi Pharmaceutical Holdings Ltd (stock code: 3737)	(14.5)	(14.4)
30 October 2017	Ronshine China Holdings Ltd (stock code: 3301)	(6.4)	(6.7)
30 October 2017	EcoGreen International Group Ltd (stock code: 2341)	4.8	3.2
31 October 2017	Feishang Non-metal Materials Technology Ltd (stock code: 8331)	(14.7)	(14.1)
1 November 2017	Royal Century Resources Holdings Ltd (stock code: 8125)	(14.3)	(17.7)
3 November 2017	Great China Holdings Ltd (stock code: 141)	(15.7)	(13.3)
3 November 2017	China Yuhua Education Corporation Ltd (stock code: 6169)	(10.4)	(9.7)
3 November 2017	Wanguo International Mining Group Limited (stock code: 3939)	(5.1)	(6.1)
8 November 2017	Luxey International (Holdings) Ltd (stock code: 8041)	(6.5)	(8.1)
8 November 2017	Ascent International Holdings Ltd (stock code: 264)	(19.9)	(18.6)
8 November 2017	Jiangsu Nandasoft Technology Company Ltd (stock code: 8045)	0	(0.5)
10 November 2017	Da Sen Holdings Group Ltd (stock code: 1580)	(9.1)	(11.2)
15 November 2017	Royal Catering Group Holdings Company Limited (stock code: 8300)	(13.2)	(14.6)

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Date of announcement	Company name and stock code	Premium/(discount) of placing/ subscription/issue price over/(to)	
		closing share price as at the last full day of trading immediately prior to the announcement %	average closing share price for the five full trading days immediately prior to the announcement %
		(approximate)	(approximate)
16 November 2017	OP Financial Investments Limited (stock code: 1140)	(1.9)	(3.6)
	Mean (simple average)	(9.3)	(9.7)
	Median	(9.5)	(10.5)
	Minimum	4.8	3.2
	Maximum	(19.9)	(19.3)
	<b>The Subscription</b>	<b>(4.3)</b>	<b>(6.8)</b>

*Source: relevant announcements published on the Stock Exchange's website*

The 18 Comparable Issues set out in the table above have generally involved a placing, subscription or issue of new shares at discounts to their respective historical trading prices. As set out in the table above, the Subscription Price represents (a) a discount of approximately 4.31% to the closing price on the Last Trading Day; and (b) a discount of approximately 6.80% to the average closing price for the five trading days up to and including the Last Trading Day. These discounts are:

- (1) within the range of discounts of the Comparable Issues for the closing share price as at the last full trading day as well as for the average closing share price for the five full trading days immediately prior to the announcement; and
- (2) lower than the mean and median of discounts of the Comparable Issues for the closing share price as at the last full trading day as well as for the average closing share price for the five full trading days immediately prior to the announcement.

***Conclusion***

Given that (i) the Subscription Price is substantially higher than the NAV per Share attributable to the Shareholders as at 30 September 2017; and (ii) the discounts of the Subscription Price are within the range of discounts of the Comparable Issues and lower than the mean and median of discounts of the Comparable Issues, we are of the view that the pricing of the Subscription is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**6. Financial effects of the Subscription**

As set out in the “Letter from the Board” contained in the Circular, the gross and net proceeds of the Subscription are estimated to be approximately HK\$1,769.7 million and HK\$1,769.0 million respectively.

Based on the unaudited financial position of the Group set out in the Interim Results, the working capital, cash and cash equivalents and consolidated net assets of the Group amounted to approximately RMB91.6 million, RMB109.4 million and RMB1,063.2 million respectively. Immediately upon Completion, it is expected that the working capital, cash position and net asset value of the Group will be enhanced with approximately HK\$1,769.0 million received by the Company. As such, the Directors expect the financial position of the Group to be strengthened after Completion.

**7. Effects of the Subscription on the Company’s shareholding structure**

The Subscription Shares represent approximately 4.71% of the issued share capital of the Company as at the Latest Practicable Date and approximately 4.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the date of the Subscription Agreement and the date of Completion).

	<b>As at the Latest Practicable Date</b>		<b>Immediately after Completion</b>	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Perfect Advance	4,420,628,008	47.09	4,420,628,008	44.98
The Subscriber	1,187,500,000	12.65	1,629,925,000	16.58
Directors of the Company or its subsidiaries	783,607,785	8.35	783,607,785	7.97
Other shareholders	<u>2,995,060,705</u>	<u>31.91</u>	<u>2,995,060,705</u>	<u>30.47</u>
<b>Total</b>	<b><u>9,386,796,498</u></b>	<b><u>100.00</u></b>	<b><u>9,829,221,498</u></b>	<b><u>100.00</u></b>

As demonstrated from the table above, the shareholdings of other Shareholders will be diluted from approximately 31.91% as at the Latest Practicable Date to approximately 30.47% immediately after Completion. We do not consider this dilution material.

Having considered (i) the benefits to be derived by the Group from the Subscription as set out in the section headed “2. Background to and reasons for the Subscription Agreement” of this letter; (ii) that the financial position of the Group will be improved immediately upon Completion as set out in the section headed “6. Financial effects of the Subscription” of this letter; and (iii) that the Subscription Price is considered to be fair and reasonable as discussed under the section headed “5. Evaluation of the Subscription Price” of this letter, we consider that the terms of the Subscription Agreement are fair and reasonable.



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**OPINION AND RECOMMENDATION**

Having taken into account the above principal factors, we consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Subscription, while not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM.

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 fifteen 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

Name of Director	Nature of interest	Total interest in Shares	% of the existing issued Shares
Mr. WANG Lei	Beneficial owner and equity derivative interest <sup>(1)</sup>	15,150,000	0.16%
Mr. KANG Kai	Equity derivative interest <sup>(2)</sup>	296,000	0.00%
Mr. WU Yongming	Beneficial owner	1,262,000	0.01%

#### Notes:

- Subject to vesting, Mr. WANG Lei is interested in 737,000 Shares and 14,413,000 shares underlying the 8,632,000 options and 5,781,000 restricted share units granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.
- Subject to vesting, Mr. KANG Kai is interested in 296,000 shares underlying the 296,000 restricted share units granted to him in accordance with the share award scheme adopted by the Company at the special general meeting held on November 24, 2014.

## Long position in shares of associated corporation

Name of Director	Number of associated corporation	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Mr. WANG Lei	Alibaba Holding	Beneficial, equity derivative interests and interests of spouse <sup>(1)</sup>	60,538	0.00%
		Beneficiary of a trust <sup>(2)</sup>	20,000	0.00%
Mr. TSAI Chung, Joseph	Alibaba Holding	Beneficial, equity derivative interests and interests of spouse <sup>(3)</sup>	1,827,964	0.07%
		Interests in controlled corporation and other interests <sup>(4)</sup>	51,729,130	2.02%
		Founder of a discretionary trust <sup>(5)</sup>	5,982,293	0.23%
Ms. HUANG Aizhu	Alibaba Holding	Beneficial and equity derivative interests <sup>(6)</sup>	94,211	0.00%
Mr. KANG Kai	Alibaba Holding	Beneficial and equity derivative interests <sup>(7)</sup>	15,423	0.00%
Mr. WU Yongming	Alibaba Holding	Beneficial interest <sup>(8)</sup>	31,017	0.00%
		Interests of spouse <sup>(9)</sup>	200,000	0.01%
		Interests in controlled corporation <sup>(10)</sup>	200,000	0.01%
		Founder of a discretionary trust <sup>(11)</sup>	6,813,690	0.27%
Mr. YAN Xuan	Alibaba Holding	Beneficial interest	3,000	0.00%

*Notes:*

1. It represents 30,560 ordinary shares or underlying ordinary shares and 26,250 restricted share units beneficially held by Mr. WANG Lei and 3,728 ordinary shares or underlying shares and restricted share units held by his spouse.
2. It represents 20,000 ordinary shares or underlying ordinary shares held by a private trust whereby Mr. WANG Lei and his family are beneficiaries.
3. It represents 1,588,797 ordinary shares and 79,167 restricted share units beneficially held by Mr. TSAI Chung, Joseph and 160,000 ordinary shares held by his spouse.
4. It represents the sum of 19,605,952 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), 17,123,178 ordinary shares held by PMH Holding Limited (of which Mr. TSAI Chung, Joseph is the sole director), and 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.).

5. It represents the 5,982,293 ordinary shares and/or options held by Joe and Clara Tsai Foundation Limited (whereby Mr. TSAI Chung, Joseph is the “founder” of the trust within the meaning of the SFO).
6. It represents 60,836 ordinary shares or underlying ordinary shares and 33,375 restricted share units beneficially held by Ms. HUANG Aizhu.
7. It represents 4,673 ordinary shares or underlying ordinary shares and 10,750 restricted share units beneficially held by Mr. KANG Kai.
8. It represents 31,017 ordinary shares held by Mr. WU Yongming.
9. It represents 200,000 ordinary shares held by the spouse of Mr. WU Yongming.
10. It represents 200,000 ordinary shares or underlying ordinary shares held by Plus Force Enterprise Ltd. (which is wholly owned by Mr. WU Yongming).
11. It represents 6,813,690 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 or any subsidiaries of a substantial shareholder**

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

- Mr. WU Yongming 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 (資深總監) of rural Taobao;
- Mr. KANG Kai was a director (總監) of Tmall and head of the Tmall Pharmaceutical and Healthcare e-Commerce Business; and
- Mr. WANG Lei was a consultant to Alibaba Group,

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

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

As at the Latest Practicable Date, none of the Directors 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, 2017, the date to which the latest published audited financial statements of the Group were made up; and, except for any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its subsidiaries, none of the Directors 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, Mr. WU Yongming, a non-executive Director, was the controlling shareholder of Hangzhou Vision Plus Capital Management Company Limited\* (杭州圓環投資管理有限公司), and Hangzhou Vision Plus Capital Management Company Limited\* (杭州圓環投資管理有限公司) and its associates were one of the substantial shareholders of Choice Technology Inc., a company which operates a medical healthcare systems and data services platform, Beijing Huifukang Information Consultancy Co., Ltd.\* (北京惠福康信息諮詢有限公司), a company which operates an online doctor referral platform, Shanghai Mudi Biological Technology Co., Ltd.\* (上海妙一生物科技有限公司), a company which operates online clinical research platform, and Yawlih Technology (Beijing) Co., Ltd.\* (曜立科技(北京)有限公司), a company which provides hospital and other medical data cleansing technology solution. Those companies, directly or through their subsidiaries or associates or by way of other forms of investments, carry out businesses which are considered to compete or likely to compete with the businesses of the Group. As at the Latest Practicable Date, Mr. WU owned 1,262,000 Shares (approximately 0.01%) in the Company.

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

\* For identification purpose only

## 6 CONSENT OF EXPERT

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

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

The letter from Somerley is given as of the date of this circular for incorporation herein. Somerley 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 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, 2017, 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, 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

## 8 DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) the Subscription Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 13 to 14 of this circular;
- (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 31 of this circular;

- (iv) the written consent referred to in the section headed “Consent of Expert” of this Appendix; and
- (v) this circular.

## **9 LANGUAGE**

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

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## NOTICE OF SPECIAL GENERAL MEETING

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

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00241)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Alibaba Health Information Technology Limited (the “**Company**”) will be held at Units 2302–2305, 23/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Thursday, January 4, 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. **“THAT**

- (a) the subscription agreement dated November 17, 2017 entered into between the Company and Ali JK Nutritional Products Holding Limited (the “**Subscriber**”) (the “**Subscription Agreement**”) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the board of directors of the Company (the “**Directors**”) be and is hereby authorized and granted a specific mandate (the “**Specific Mandate**”) to allot and issue to the Subscriber, 442,425,000 new shares of the Company at the subscription price of HK\$4.00 each in the share capital of the Company in accordance with the terms and conditions of the Subscription Agreement; and



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## NOTICE OF SPECIAL GENERAL MEETING

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- (c) any one or more of the Directors be and are hereby authorized to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary, desirable or expedient to give effect to and/or to implement the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder.”

By Order of the Board

**ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**

**WANG Lei**

*Chief Executive Officer and Executive Director*

Hong Kong, December 15, 2017

**Notes:**

1. All resolutions at the SGM will be taken by poll pursuant to the bye-laws of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the 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 Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.

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## NOTICE OF SPECIAL GENERAL MEETING

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6. As at the date of this notice, the Board comprises eight Directors, of whom (i) one is an executive Director, namely 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.