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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.

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

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ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

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

**PROPOSALS INVOLVING AMENDMENTS TO THE BYE-LAWS,
THE TERMINATION OF THE EXISTING SHARE OPTION SCHEME,
ADOPTION OF SHARE AWARD SCHEME
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting of Alibaba Health Information Technology Limited to be held at 10:30 a.m. on Monday, November 24, 2014 at Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages 21 to 23 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 Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the 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 31, 2014

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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.

DEFINITIONS

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

“Adoption Date”	the date on which the conditions to the Share Award Scheme becoming effective, as set out in paragraph 3.1 of Appendix A, are satisfied;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Award”	an award granted under the Share Award Scheme in the form of an Option or an RSU;
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda and any amending laws in force;
“Board”	the board of Directors from time to time or a duly authorised committee of the Board or such other committee as the Board may authorise;
“business day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Bye-Laws”	the bye-laws of the Company currently in force;
“Cause”	with respect to a Grantee, such event as will entitle the Company and/or any of its subsidiaries to terminate the employment or service of the Grantee with immediate notice without compensation under the relevant employment or service agreement or, if it is not otherwise provided for in the relevant employment or service agreement, (a) the commission of an act of theft, embezzlement, fraud, dishonesty, ethical breach or other similar acts or the commission of a criminal offence, (b) a material breach of any agreement, arrangement or understanding between the Grantee and the Company and/or any of its subsidiaries, including any applicable invention assignment, employment, non-competition, confidentiality or other similar agreement, (c) misrepresentation or omission of any material fact in connection with his employment agreement or service agreement, (d) a material failure to perform the customary duties of an employee of the Company and/or any of its subsidiaries, to comply with the reasonable directions of a supervisor or to abide by the policies or codes of conduct of the Group or (e) any conduct that is materially adverse to the name, reputation or interests of the Group;
“close associate”	has the meaning ascribed to it in the Listing Rules;
“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 中信21世紀有限公司*), the Shares of which are listed on the Main Board of the Stock Exchange;

* For identification purpose only

DEFINITIONS

“Competitor”	any corporation, partnership, joint venture, trust, individual proprietorship, firm, governmental unit or other enterprise (including any of their respective affiliates) that carries on activities for profit or is engaged in or is about to become engaged in any activities of any nature that compete (directly or indirectly) with a product, process, technique, procedure, device or service of the Company or any of its subsidiaries;
“connected person”	has the meaning as ascribed to it in the Listing Rules;
“core connected person”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disability”	a disability, whether temporary or permanent, partial or total as determined by the Board in its absolute discretion;
“Exercise Period”	in respect of any Option, the period to be determined by the Board and notified to the Grantee in the notice of grant or, where applicable, any period for the exercise of an Option determined under paragraph 12 of Appendix A, which period shall commence on the Vesting Date and shall expire no later than 10 years from the Offer Date;
“Exercise Price”	the price per Share at which a Grantee may subscribe for or acquire Shares upon the exercise of an Option, as determined under paragraph 5.2 of Appendix A;
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on August 29, 2013, which shall be terminated upon the adoption of the Share Award Scheme;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Share Award Scheme or, where the context so permits, a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	October 28, 2014, 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;
“New Approval Date”	has the meaning ascribed to it in paragraph 6.2 of Appendix A;
“Offer”	the offer of the grant of an Award under the Share Award Scheme;
“Offer Date”	in respect of an Award, the date on which an Offer is made to a Participant, which must be a business day;

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“Option”	an option to subscribe for or acquire Shares which is granted under the Share Award Scheme;
“Participants”	the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries, the employees of the Group or any other persons as determined by the Board who the Board considers, in its absolute discretion, have contributed or will contribute to the Group;
“RSU”	a restricted share unit, being a contingent right to receive Shares which is awarded under the Share Award Scheme;
“Scheme Mandate Limit”	the total number of Shares in respect of which Awards may be granted under the Share Award Scheme and any other share award schemes of the Company, being (a) 3 per cent. of the Shares in issue as at the Adoption Date, or (b) 3 per cent. of the Shares in issue as at the New Approval Date;
“Share Award Scheme”	the share option scheme to be adopted by the Company at the Special General Meeting, the principal terms of which are set out on pages 10 to 20 of this circular;
“Shareholder(s)”	holder(s) of Share(s);
“Shares”	fully paid ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“Special General Meeting”	a special general meeting of the Company to be held at 10:30 a.m. on Monday, November 24, 2014 at Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong, notice of which is set out on pages 21 to 23 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;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“Term”	has the meaning ascribed to it in paragraph 3.2 of Appendix A;
“Trust”	a discretionary trust established in respect of and for the purpose of the Share Award Scheme;
“Trustee”	a professional trustee from time to time of the Share Award Scheme as may be appointed by the Company under paragraph 3.3 of Appendix A;

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“vest”	(a) in respect of Shares underlying an Option, the Grantee becoming entitled to exercise the Option to subscribe for or acquire such Shares; and (b) in respect of Shares underlying a RSU, the Grantee becoming entitled to receive such Shares;
“Vesting Date”	in respect of an Award, the date to be determined by the Board and notified to the relevant Grantee in the notice of grant on which the Shares underlying such Award shall vest;
“Vesting Period”	the period commencing on the Offer Date and ending on the Vesting Date; and
“%”	per cent.

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



ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技术有限公司

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

Executive Directors:

Dr. WANG Jian (*Chairman and Chief Executive Officer*)

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

Non-executive Directors:

Mr. ZHANG Yong

Mr. CHEN Jun

Mr. CHIA Pun Kok

Mr. YU Feng

Independent Non-executive Directors:

Mr. YAN Xuan

Mr. LUO Tong

Mr. WONG King On, Samuel

Registered Office:

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

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

Units 614–616

Level 6, Core D

Cyberport 3

100 Cyberport Road

Hong Kong

October 31, 2014

To the Shareholders

Dear Sir/Madam,

**PROPOSALS INVOLVING AMENDMENTS TO THE BYE-LAWS,
TERMINATION OF THE EXISTING SHARE OPTION SCHEME,
ADOPTION OF SHARE AWARD SCHEME
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Special General Meeting relating to the termination of the Existing Share Option Scheme and the adoption of the Share Award Scheme, and to give notice of the Special General Meeting.

2. PROPOSED AMENDMENTS TO THE BYE-LAWS

To facilitate the operation of the Share Award Scheme and, in particular, to make it clear that Shares paid up from reserves may be issued other than pro rata and to non-members of the Company, including specifically for the purposes of the Share Award Scheme, it is proposed that the Bye-Laws of the Company be amended by deleting in its entirety existing bye-law 140 of the Bye-laws, which is set out below,

"140. (A) The Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any part of the Company's reserves (including any

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contributed surplus account and also including any share premium account or other undistributable reserve, but subject to the provisions of the law with regard to unrealised profits) or undivided profits not required for the payment or provision of the dividend on any shares with a preferential right to dividend, and accordingly that such part be sub-divided amongst the shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full unissued shares or debentures or other securities of the Company to be allotted and distributed credited as fully paid to and amongst such shareholders in the proportion aforesaid, or partly in one way and partly in the other provided that for the purpose of this Bye-Law, any amount standing to the credit of any share premium account may only be applied in the paying up of unissued shares to be issued to shareholders of the Company as fully paid and provided further that any sum standing to the credit of the share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.

(B) Whenever such a resolution as aforesaid shall have been passed the Board shall make all appropriations and applications of the reserves or undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures, or other securities and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Bye-Law, the Board may settle any difficulty which may arise in regard to a capitalisation issue as it thinks fit and in particular may disregard fractional entitlements or round the same up or down and may determine that cash payments shall be made to any shareholders in lieu of fractional entitlements or that fractions of such value as the Board may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned. The Board may appoint any person to sign on behalf of the persons entitled to share in a capitalisation issue a contract for allotment and such appointment shall be effective and binding upon all concerned, and the contract may provide for the acceptance by such persons of the shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised."

and replacing it with the following new Bye-law 140:

"140. (A) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.

(B) Notwithstanding any provisions in these Bye-laws, the Board may resolve to capitalise any sum for the time being standing to the credit of any of the reserve accounts or to the credit of the retained earnings or profit and loss account or funds legally available by applying such sum in paying up unissued shares to be allotted to (i) service providers and employees (including directors) of the Company or its affiliate (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company)

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that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.

(C) The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under this Bye-law 140 and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members."

3. PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND PROPOSED ADOPTION OF THE SHARE AWARD SCHEME

The Company adopted the Existing Share Option Scheme at the annual general meeting of the Company on August 29, 2013, which, according to its terms, will expire on August 28, 2023. To better attract and incentivise skilled and experienced personnel to remain with the Group and to develop the business of the Group, the Directors propose to terminate the Existing Share Option Scheme and adopt the Share Award Scheme.

Pursuant to the terms of the Existing Share Option Scheme, the Company may, with the approval in general meeting of the Shareholders, terminate the Existing Share Option Scheme at any time, following which no further grant of options shall be offered but in all other respects, the rules of the Existing Share Option Scheme shall continue in full force and effect. Any options granted prior to such termination, including options exercised or outstanding, under the Existing Share Option Scheme shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme.

As at the Latest Practicable Date, there were no outstanding options granted under the Existing Share Option Scheme.

The Share Award Scheme constitutes a share award scheme governed by Chapter 17 of the Listing Rules and the adoption of the Share Award Scheme is subject to the approval of the Shareholders in the Special General Meeting to be held on November 24, 2014.

As at the Latest Practicable Date, the number of Shares in issue was 8,172,644,639 Shares. Subject to the passing of the resolutions approving the Share Award Scheme and the annual specific mandate provided in resolution (f) set out in the notice of the Special General Meeting and on the basis of such figure (and assuming no Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing the relevant resolutions), the Directors would be authorised to grant awards in respect of a maximum number of 245,179,339 Shares, representing approximately 3 per cent. of the Company's issued share capital as at the date of the resolutions approving the Share Award Scheme.

Under the Share Award Scheme, the Board may grant Awards of Options or RSUs to Participants. The differences between RSUs and Options include:

- the holders of Options have the right to elect, at their discretion, whether to exercise their Options to subscribe for the new Shares, and they are required to pay an exercise price upon such exercise. By contrast, holders of RSUs hold contingent rights to receive Shares when the RSUs vest. Upon the vesting of an Award of RSUs, they neither elect whether to receive the Shares underlying the RSUs nor pay any consideration in order to receive those Shares; instead, the Shares will automatically be issued or transferred

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(as the case may be) to the RSU holders in accordance with the terms of the Share Award Scheme. As Participants are not required to pay for Shares upon vesting of an Award of RSUs, they can receive the same economic advantage using fewer Shares than upon exercise of an Award of Options, which means that the dilutive effect of Awards of RSUs is less than that of Awards of Options. The Board will consider this factor as well as all applicable laws, rules and regulations and the purpose of the Share Award Scheme (as described below) in determining whether to make Awards of Options or of RSUs;

- the grant of Options to any connected persons of the Company is fully exempted from compliance with the requirements of Chapter 14A of Listing Rules pursuant to Rule 14A.92 of the Listing Rules, but the grant of RSUs to any connected person of the Company will constitute a connected transaction of the Company and shall therefore be subject to compliance with the requirements of Chapter 14A of the Listing Rules unless an exemption applies; and
- subject to paragraph 6 of Appendix A, the issue and allotment of Shares upon the exercise of the Options shall be approved by Shareholders when the adoption of the Share Award Scheme is approved, and no further Shareholders' approval is required, but the issue and allotment of Shares upon the vesting of RSUs will be subject to separate independent Shareholders' approval if the relevant Participants are connected persons of the Company (unless an exemption applies), or where the relevant Participants are not connected persons of the Company, subject to approval under the mandate granted at the Special General Meeting and/or under an annual mandate provided in paragraph 6.4 of Appendix A.

The purpose of the Share Award Scheme is to replace the Existing Share Option Scheme and to enable the Company to grant Awards to eligible Participants, as incentives and/or rewards for their contribution to the Group, to better reward the personnel who have contributed to the development and success of the Group, to incentivise them to remain with the Group, to motivate them to strive for the future development and expansion of the Group, and to attract skilled and experienced personnel for the further development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. The achievement of this purpose is facilitated by the rules of the Share Award Scheme, which allow the Board to determine the participants to be granted Awards; the terms on which each Award is granted, including as to the minimum period for which it must be held and any performance targets that must be reached before it can be exercised; and the exercise price of the Award (subject to the minimum exercise price prescribed by the rules of the Share Award Scheme). This discretion enables the Board to grant Awards which are appropriate to the Participants, based on factors such as their working experience, industry knowledge and their past and/or expected contribution to the development and success of the Group.

The Directors consider that it is not appropriate or helpful to the Shareholders to state the value of all Awards that can be granted under the Share Award Scheme as if they had been granted on the Latest Practicable Date. The Directors believe that any statement regarding the value of all Awards as at the Latest Practicable Date will not be meaningful to the Shareholders, since the Awards to be granted shall not be assignable, and no holder of the Awards shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Award.

In addition, the calculation of the value of the Awards is based on a number of variables such as exercise price, exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the Awards as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

The cost attributable to the grant of any RSUs under the Share Award Scheme will be accounted for by reference to the market value of the Shares at the time of grant, adjusted to take into account the terms and conditions upon which Shares were granted. The Company will give due consideration to any financial impact arising from the grant of the Awards of RSUs under the Share Award Scheme before exercising the mandate granted at the Special General Meeting or the annual mandate provided in paragraph 6.4 of Appendix A.

An application will be made by the Company as soon as practicable to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be allotted and issued to satisfy the Awards which may be granted under the Share Award Scheme.

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As of the date hereof, no Award had been granted or agreed to be granted by the Company pursuant to the Share Award Scheme.

None of the Directors is a trustee of the Share Award Scheme or has a direct or indirect interest in the trustee of the Share Award Scheme.

As at the date hereof, to the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on this resolution in relation to the termination of the Existing Share Option Scheme and the adoption of the Share Award Scheme.

The full terms of the Share Award Scheme may be inspected at the Company's principal place of business in Hong Kong at Units 614-616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong and the Company's registered office at Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda from the date of this circular up to and including the date of the Company's Special General Meeting, and at such Special General Meeting.

A summary of the principal terms of the Share Award Scheme is set out in Appendix A to this Circular.

Details of the Share Award Scheme, including particulars and movements of the Awards granted, vested, lapsed and available for grant in the future, and the employee costs arising from the grant of the Awards during each financial year of the Company will be disclosed in the Company's annual report and interim report.

4. SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Special General Meeting is set out on pages 21 to 23 of this circular. At the Special General Meeting, resolutions will be proposed to amend the Bye-laws, terminate the Existing Share Option Scheme and approve the adoption of 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 Units 614-616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, 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.

5. RECOMMENDATION

The Directors consider that the proposed amendments to the Bye-Laws, the proposed termination of the Existing Share Option Scheme and the proposed adoption of the Share Award Scheme are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Special General Meeting.

By Order of the Board
WANG JIAN
Chairman of the Board

The following is a summary of the principal terms of the Share Award Scheme proposed to be adopted at the Special General Meeting. The Share Award Scheme is governed by, and its terms are in accordance with, the provisions of Chapter 17 of the Listing Rules.

1. PURPOSE OF THE SHARE AWARD SCHEME

The purpose of the Share Award Scheme is to replace the Existing Share Option Scheme and to enable the Company to grant Awards to eligible Participants, as incentives and/or rewards for their contribution to the Group, to better reward the personnel who have contributed to the success and development of the Group, to incentivise them to remain with the Group, to motivate them to strive for the future development and expansion of the Group and to attract skilled and experienced personnel for the further development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

2. WHO MAY PARTICIPATE IN THE SHARE AWARD SCHEME

On and subject to the terms of the Share Award Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound) at any time during the Term to make an Offer to any Participant, as the Board may in its absolute discretion select.

3. STATUS OF THE SHARE AWARD SCHEME

3.1 Conditions of the Share Award Scheme

The Share Award Scheme shall take effect subject to (a) the passing of the resolutions by the Shareholders to approve and adopt the Share Award Scheme and to authorise the Board to grant Awards under the Share Award Scheme and to allot, issue, procure the transfer of and otherwise deal with Shares in connection with the Share Award Scheme; and (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares that may be allotted and issued by the Company to satisfy the Awards which may be granted under the Share Award Scheme.

3.2 Duration of the Share Award Scheme

Subject to paragraphs 3.1 and 16, the Share Award Scheme shall be valid and effective for the period commencing on the Adoption Date and expiring on the tenth anniversary thereof or such earlier date as the Share Award Scheme is terminated in accordance with paragraph 16 (the *Term*), after which period no further Awards shall be offered or granted but the provisions of the Share Award Scheme shall remain in full force and effect in all other respects. Awards granted during the Term shall continue to be valid in accordance with their terms of grant after the end of the Term.

3.3 Appointment of Trustee

The Company may establish a Trust and appoint a Trustee to assist with the administration, exercise and vesting of Awards (either in the form of RSUs or Options) granted under the Share Award Scheme. The Company may, to the extent permitted by the Bermuda Companies Act and the Listing Rules, (a) allot and issue Shares to the Trustee and/or (b) direct and procure the Trustee to make on-market purchases of Shares, in either case to satisfy the Awards (either in the form of RSUs or Options) upon vesting or exercise. The Company shall, to the extent permitted by the Bermuda Companies Act, provide sufficient funds to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration, vesting and exercise of Awards. If a Trustee is appointed, it is expected that the terms of the trust deed will provide that the Trustee shall not exercise the voting rights attached to the Shares allotted and issued to the Trustee and/or acquired by the Trustee through on-market purchases for the purpose of the Share Award Scheme before such Shares are vested.

Unless separately approved by the Shareholders, the Company's connected persons' aggregate interest in the Trust shall be less than 30%. Where any further grant of Awards (either in the form of Options or RSUs) to the Trustee to hold in trust for any connected persons of the Company will result in the Company's connected persons' aggregate interest in the Trust being 30% or more, such further grant of Awards will be separately approved by independent Shareholders of the Company in general meeting with such connected persons and their associates abstaining from voting. The Company will, in such case, send a circular to the Shareholders and the circular will disclose the identity of such connected persons, the number and terms of the Awards to be granted to the Trustee to hold in trust for such connected persons (and Awards previously granted to the Trustee to hold in trust for such connected persons) and other information required to be disclosed under the Listing Rules (including Chapter 14A of the Listing Rules applicable to connected transactions). The number and terms of the Awards to be granted to the Trustee to hold in trust for such connected persons (including the exercise price where the Awards are in the form of Options) will be fixed before the independent shareholders' approval and where the Awards are in the form of Options, the date of board meeting for proposing such further grant will be taken as the date of grant for the purpose of calculating the exercise price of the Options.

4. GRANT OF AWARDS

4.1 Making an Offer

The Board shall, in its absolute discretion and at any time prior to the relevant Offer Date, determine whether the relevant Award shall take the form of an Option and/or an RSU.

An Offer shall be made to a Participant by a notice of grant in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Award on the terms on which it is to be granted and to be bound by the terms of the Share Award Scheme. The notice of grant shall specify the terms on which the Award is to be granted, including: (a) whether the Award is in the form of an Option and/or a RSU; (b) the number of Shares underlying the Award; (c) the Vesting Date and any performance conditions or other conditions that must be satisfied in order for the Award to vest in whole or in part; (d) in the case of an Award of an Option, the Exercise Price and the Exercise Period; and (e) any other terms which may be imposed or not imposed either on a specific Award or generally, provided such terms shall not be inconsistent with any other terms and conditions of the Share Award Scheme.

4.2 Acceptance of an Offer

An Offer is accepted when the Company receives from the Grantee the duplicate notice of grant duly executed by the Grantee. The Company may, in its discretion, require the Grantee to pay a remittance of HK\$1.00 (or such other amount in any other currency as the Board may determine) as consideration for the grant of an Option. Such remittance is not refundable in any circumstances.

The Offer shall remain open for acceptance by the Participant for such time to be determined by the Board, provided that no such Offer shall be open for acceptance after the expiry of the Term or after the Participant to whom the Offer is made has ceased to be a Participant. To the extent that the Offer is not accepted within the time period and in the manner specified in the Offer, the Offer will be deemed to have been irrevocably declined and will lapse.

4.3 Restrictions on Time of Grant

The Company may not grant any Award after inside information has come to its knowledge until it has announced the information. In particular, the Company may not grant any Award during the period commencing one month immediately before the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Where a grant of an Award is to a Director, no Award may be granted on any day on which the financial results of the Company are published and during the period of:

- (c) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (d) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

4.4 Grant to Connected Persons

Any grant of an Award (either in the form of RSUs or Options) to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding the independent non-executive Director who is the proposed Grantee of the Award in question) and all grants to connected persons shall be subject to compliance with the requirements of the Listing Rules, including where necessary the prior approval of the Shareholders.

For the avoidance of doubt, any grant of Options to any connected person of the Company and the issue and allotment of the Shares upon exercise of such Options are fully exempted from the compliance with Chapter 14A of the Listing Rules pursuant to Rule 14A.92 of the Listing Rules. Any grant of RSUs to any connected person of the Company and the issue and allotment of Shares upon vesting of such RSUs will constitute a connected transaction of the Company and shall therefore be subject to compliance with Chapter 14A of the Listing Rules (unless an exemption applies).

4.5 Grant to Substantial Shareholders and Independent Non-Executive Directors

Subject to paragraph 4.4, where any grant of an Award to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued and/or transferred and to be transferred upon the exercise and/or vesting of all awards already granted and to be granted (including options and/or restricted share units exercised, cancelled and outstanding) to such person under the Share Award Scheme and any other share award schemes of the Company in the 12-month period up to and including the Offer Date:

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue on the Offer Date; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Offer Date, in excess of HK\$5 million,

such further grant of an Award shall be subject to prior approval by the Shareholders in general meeting by way of poll. The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolutions relating to the grant of such Award at such general meeting.

Any change in the terms of an Award granted to any independent non-executive Director or substantial shareholder of the Company, or any of their respective associates, shall also be subject to the prior approval of the Shareholders in general meeting by way of poll and the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolutions relating to the change in the Award's terms.

5. VESTING AND EXERCISE PRICE**5.1 Vesting**

Subject to the terms of the Share Award Scheme and to the specific terms on which each Award is granted, the Shares underlying an Award shall vest on the Vesting Date of such Award, provided that in the case of a RSU, if the Vesting Date of the RSU falls within a period during which the Company, the Trustee (in its capacity only under its appointment in terms of paragraph 3.3 above) or the relevant Grantee is prohibited from dealing in Shares by the Stock Exchange, the Listing Rules or any applicable laws, rules or regulations, the RSU shall vest on the first business day after the expiry of such period or such later date as the Board notifies to the Grantee. If vesting is subject to the satisfaction of performance or other conditions and such conditions are not satisfied in whole or in part, the Award shall lapse automatically in respect of such proportion of underlying Shares as have not vested with effect from the date on which the conditions are not satisfied.

5.2 Exercise Price

The Exercise Price of an Option shall be determined by the Board at the Offer Date in its absolute discretion but in any event shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Offer Date, which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares.

5.3 Exercise

An Option will be deemed to be exercised when the Company receives a written notice from the Grantee accompanied by payment for the full amount of the Exercise Price multiplied by the number of Shares in respect of which the Option is exercised, save to the extent that other arrangements have been made for payment of the Exercise Price which are satisfactory to the Board.

Any amount payable by the Grantee upon exercise of an Option shall be paid by cash, cheque or any other means deemed acceptable by the Board (including, without limitation, the sale on behalf of the Grantee of a sufficient number of the Shares in respect of which the Option is exercised to satisfy the Grantee's payment liability).

6. MAXIMUM NUMBER OF SHARES AVAILABLE FOR THE SHARE AWARD SCHEME**6.1 Scheme Mandate Limit**

At any time during the Term, the maximum aggregate number of Shares in respect of which Awards may be granted under the Share Award Scheme shall be calculated in accordance with the following formula:

$$X = A - B - C$$

where:

X = the maximum aggregate number of Shares in respect of which Awards may be granted under the Share Award Scheme;

A = the Scheme Mandate Limit;

B = the maximum aggregate number of Shares which may be issued and/or transferred upon the vesting or exercise of the Awards already granted under the Share Award Scheme which in the event that there has been a New Approval Date, shall only include those Shares underlying Awards that have been granted since that most recent New Approval Date; and

C = the maximum aggregate number of Shares which may be issued and/or transferred upon the vesting or exercise of the awards already granted under any other share award schemes of the Company.

Shares in respect of awards which have lapsed in accordance with the terms of the Share Award Scheme and any other share award schemes of the Company will not be counted for the purpose of determining the maximum aggregate number of Shares which may be issued and/or transferred upon the vesting or exercise of Awards granted under the Share Award Scheme.

6.2 Renewal of Scheme Mandate Limit

The Scheme Mandate Limit may be renewed subject to prior Shareholders' approval, but in any event, the total number of Shares which may be issued and/or transferred upon the vesting or exercise of the Awards granted under the Share Award Scheme and any other share award schemes of the Company following the date of approval of the renewed limit (the *New Approval Date*) under the limit as renewed must not exceed 3 per cent. of the Shares in issue as at the New Approval Date. Shares which may be issued and/or transferred upon the vesting or exercise of awards granted under the Share Award Scheme and any other share award schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Award Scheme or any other share award schemes of the Company or vested or exercised awards) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of Shares which may be issued and/or transferred upon the vesting or exercise of Awards granted following the New Approval Date under the limit as renewed. For the avoidance of doubt, Shares issued prior to the New Approval Date pursuant to the vesting or exercise of awards granted under the Share Award Scheme and any other share award schemes of the Company will be counted for the purpose of determining the number of Shares in issue as at the New Approval Date.

6.3 Grant of Awards Beyond the Scheme Mandate Limit

Notwithstanding the foregoing, the Company may grant Awards beyond the Scheme Mandate Limit to Participants if:

- (a) separate Shareholders' approval has been obtained for granting Awards beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
- (b) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules.

6.4 Annual Mandate

If the Company proposes to grant Awards of RSUs to Participants (other than connected persons of the Company) under the Share Award Scheme during the period between one annual general meeting and the subsequent annual general meeting of the Company which may be satisfied upon vesting by allotment and issue of new Shares, the Company shall, at the Company's annual general meeting or special general meeting, obtain an ordinary resolution granting a mandate specifying:

- (a) the maximum number of new Shares that may underlie the RSUs granted to the Participants (other than the connected persons of the Company) under the Share Award Scheme during the Applicable Period (as defined below) (which, for the avoidance of doubt, shall not be greater than the maximum aggregate number of Shares in respect of which Awards may be granted under the Share Award

Scheme pursuant to paragraph 6.1 above, subject always to paragraph 6.2 and 6.3 above and to paragraph 6.5 below); and

- (b) that the Board has the power to allot, issue and otherwise deal with Shares underlying the RSUs granted under the Share Award Scheme during the Applicable Period as and when the Awards vest.

For the avoidance of doubt and subject to Shareholders' approval, the annual mandate for the issue and allotment of Shares upon the exercise of RSUs will be in addition to a general mandate to issue and allot Shares under Rule 13.36(2)(b) of the Listing Rules.

This mandate shall remain in effect from the passing of the ordinary resolution by granting the mandate until the earliest of:

- (a) the end of the next annual general meeting of the Company;
- (b) the end of the period within which the Company is required by law or by its Bye-Laws to hold its next annual general meeting; and
- (c) the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting,

(the *Applicable Period*).

For the avoidance of doubt, the Company will not grant RSUs to any connected person of the Company pursuant to the aforementioned annual mandate. Instead, the Company will seek separate independent Shareholders' approval pursuant to paragraph 4.4.

6.5 Maximum Number of Shares Issued Pursuant to the Exercise of Awards

At any time, the maximum number of Shares which may be issued and/or transferred upon the vesting or exercise of all outstanding awards which have been granted and have yet to vest or be exercised under the Share Award Scheme and any other share award schemes of the Company shall not exceed 30 per cent. of the Shares in issue from time to time.

6.6 Grantee's Maximum Holding

Subject to the paragraph below, the maximum number of Shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of the Awards granted to each Participant under the Share Award Scheme (including all vested, exercised and outstanding Awards) in any 12-month period shall not (when aggregated with any Shares underlying the awards granted during such period under any other share award schemes of the Company) exceed 1 per cent. of the Shares in issue for the time being.

Where any further grant of Awards to a Participant would result in this 1 per cent. limit being exceeded for the 12-month period up to and including the date of such further grant, such further grant must be separately approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the awards to be granted (and awards previously granted to such Participant) and such other information required under the Listing Rules.

7. RIGHTS ATTACHED TO THE AWARDS

The Awards do not carry any right to vote at general meetings of the Company, or any dividend, transfer or other rights (including those arising on the winding-up of the Company).

No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award under the Share Award Scheme, unless and until the Shares underlying the Award are actually allotted and issued or transferred (as the case may be) to the Grantee pursuant to the vesting or exercise of such Award.

8. RIGHTS ATTACHED TO THE SHARES

A Grantee shall not be entitled to any dividends or distributions in respect of any Shares underlying the Awards granted until such Shares have been allotted and issued or transferred to the Grantee. Subject to the foregoing, the Shares to be allotted and issued or transferred upon the vesting or exercise of the Awards shall be subject to all the provisions of the memorandum of association and the Bye-Laws of the Company for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights (including those rights arising on a winding-up of the Company) as, the existing fully paid Shares in issue on the date on which those Shares are allotted and issued or transferred pursuant to the vesting or exercise of the Awards and, without prejudice to the generality of the foregoing, shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which Shares are allotted and issued, or transferred, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted and issued or transferred.

9. ASSIGNMENT OF AWARDS

An Award shall be personal to the Grantee and shall not be assignable or transferable by the Grantee and the Grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Award.

10. CORPORATE EVENTS

10.1 Rights on a Takeover

If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement under paragraph 10.2 below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) by any person and such offer becomes or is declared unconditional prior to the expiry of the Exercise Period of any Option or the Vesting Date of any RSU, the Company shall as soon as practicable give notice to each Participant of such general offer and the Shares underlying the Award (to the extent not already vested) shall vest in accordance with paragraph 10.5 below and, in the case of an Option, the Grantee shall be entitled to exercise the Option (to the extent vested and not already exercised) at any time after the general offer becomes or is declared unconditional and up to the close of such offer (or, as the case may be, revised offer). The Award (to the extent not vested or, in the case of Options, not exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes.

10.2 Rights on a Scheme of Arrangement

If a general offer for Shares by way of scheme of arrangement is made by any person to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings prior to the expiry of the Exercise Period of any Option or the Vesting Date of any RSU, the Company shall as soon as practicable give notice to each Participant of such approval and the Shares underlying the Award (to the extent not already vested) shall vest in accordance with paragraph 10.5 below and, in the case of an Option, each Grantee shall be entitled to exercise the Option (to the extent vested and not already exercised) at any time after the meetings whereby the scheme is approved and up to the record date for determining entitlements under such scheme of arrangement. Subject to the scheme of arrangement becoming effective, the Award (to the extent not vested or, in the case of an Option, not exercised) will lapse automatically on the record date for determining entitlements under such scheme of arrangement.

10.3 Rights on a Compromise or Arrangement

If, under the Bermuda Companies Act, a compromise or arrangement (other than a scheme of arrangement contemplated in paragraph 10.2 above) between the Company and the Shareholders and/or the creditors of the Company is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies prior to the expiry of the Exercise Period of any Option or the Vesting Date of any RSU, the Company shall give notice thereof to all the Grantees on the same day as it despatches to the Shareholders and/or its creditors a notice summoning the meeting to consider such a compromise or arrangement and the Shares underlying the Award (to the extent not already vested) shall vest in accordance with paragraph 10.5 below and, in the case of an Option, each Grantee shall be entitled to exercise the Option (to the extent vested and not already exercised) provided that such exercise is not later than three business days prior to the date of the proposed meeting. The Company shall as soon as possible and at least one business day before the date of the proposed meeting, allot and issue or procure the transfer (as the case may be) of such number of Shares to the Grantee which falls to be issued or transferred on such vesting or exercise of the Award, credited as fully paid, and shall register such Shares in the Grantee's name and issue to the Grantee (or his custodian agent) share certificates in respect of such Shares. With effect from the date two business days before the date of such meeting, the rights of all Grantees to exercise their Options shall be suspended. The Board shall endeavour to procure that the Shares issued or transferred (as the case may be) upon the vesting or exercise of the Awards in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If, for any reason, such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court), the rights of the Grantees to exercise their Options shall, with effect from the date of the court's order and to the extent they had not been exercised at the date such rights were suspended, be restored in full as if such compromise or arrangement had not been proposed by the Company and neither the Company nor the Directors shall be liable for any loss or damage suffered or sustained by any Grantee as a result of the aforesaid suspension of rights.

10.4 Rights on a Voluntary Winding-up

If a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the expiry of the Exercise Period of any Option or the Vesting Date of any RSU, the Company shall give notice thereof to all the Grantees on the same day as it despatches to the Shareholders the notice convening the meeting. Notwithstanding any other terms on which the Award was granted, the Shares underlying the Award (to the extent not already vested) shall vest in accordance with paragraph 10.5 below and, in the case of an Option, each Grantee shall be entitled to exercise the Option (to the extent vested and not already exercised) provided such exercise is not later than three business days prior to the date of the proposed meeting. The Company shall as soon as possible and in any event at least one business day before the date of the proposed general meeting, allot and issue or procure the transfer of (as the case may be) such number of Shares to the Grantee which falls to be issued or transferred on such vesting or exercise of the Award, credited as fully paid and shall register such Shares in the Grantee's name and issue to the Grantee (or his custodian agent) share certificates in respect of such Shares. With effect from the date two business days prior to the date of such meeting, the rights of all Grantees to exercise their Options shall be suspended. If, for any reason, the resolution for the voluntary winding-up of the Company is not approved by the Shareholders, the rights of the Grantees to exercise their Options shall be restored in full, to the extent that they had not been exercised at the date such rights were suspended, as if such resolution for the voluntary winding-up of the Company had not been proposed by the Company and neither the Company nor the Directors shall be liable for any loss or damage suffered or sustained by any Grantee as a result of the aforesaid suspension of rights.

10.5 Upon the occurrence of any of the events referred to in paragraphs 10.1 to 10.4 above, the number of underlying Shares (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied and (b) the proportion of the Vesting Period that has expired, in each case as at the relevant event, and the Company shall notify the Grantee of the date on which and the extent to which his Award will vest and, in the case of an Option, the period during which it may be exercised (which period shall not expire after the expiry of the periods for exercising the Options referred to in paragraphs 10.1 to 10.4 above). If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse.

11. LAPSE OF AWARDS

An Award or any part thereof which has not yet vested or which, in the case of an Option, has vested but not yet been exercised shall lapse automatically and not be exercisable on the earliest of:

- (a) in the case of an Option, the expiry of the Exercise Period (subject to the provisions of the Share Award Scheme);
- (b) the date of termination of the Grantee's employment or service by the Company or any of its subsidiaries for Cause;
- (c) the date on which the Grantee:
 - (i) becomes an officer, director, employee, consultant, adviser, partner of, or a shareholder or other proprietor owning an interest of 5 per cent. or more in, any Competitor; or
 - (ii) knowingly performs any act that may confer any competitive benefit or advantage upon any Competitor;
- (d) subject to paragraph 10.1 above, the date on which the offer (or, as the case may be, revised offer) closes;
- (e) subject to paragraph 10.2 above, the record date for determining entitlements under a scheme of arrangement;
- (f) the date on which the compromise or arrangement referred to in paragraph 10.3 above becomes effective;
- (g) the date of the commencement of the winding-up of the Company;
- (h) the expiry of the period for exercising the Option referred to in paragraph 12 below;
- (i) the date on which the Grantee (whether intentionally or otherwise) commits a breach of paragraph 9 above;
- (j) the date on which the Grantee is declared bankrupt or enters into any arrangement or compromise with his creditors generally; and
- (k) (in respect of Shares underlying an Award which are subject to performance or other vesting condition(s)) the date on which the condition(s) to vesting are not capable of being satisfied.

The Board shall have the right to determine whether the Grantee's employment or service has been terminated for Cause, the effective date of such termination for Cause, whether someone is a Competitor and whether the condition(s) to vesting are not capable of being satisfied, and such determination by the Board shall be final and conclusive.

12. RIGHTS ON CESSATION OF EMPLOYMENT OR SERVICE

If the Grantee's employment or service with the Company or any of its subsidiaries is terminated for any reason other than for Cause (including by reason of resignation, retirement, death, Disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for Cause) prior to the expiry of the Exercise Period of any Option or the vesting of any RSU, then notwithstanding any other terms on which the Award was granted, the Board shall determine at its absolute discretion and shall notify the Grantee whether following such termination of employment or service the Award (to the extent not already vested) shall vest, the date on which any such vesting will occur and, in the case of an Option, the period within which the Grantee will be entitled to exercise the Option (to the extent not already exercised). To the extent that (a) the Board determines that any Award shall not vest in respect of some or all of the underlying Shares following such termination of employment or service or (b) in the case of an Option, the Option has vested but has not been exercised by the expiry of the period for exercise of Options determined by the Board under this paragraph 12, such Award shall automatically lapse in respect of those underlying Shares with effect from the date on which the Grantee's employment or service is terminated or the expiry of such period for the exercise of Options (as the case may be).

13. CANCELLATION OF AWARDS

The Board may at any time with the consent of and on such terms as may be agreed with the relevant Grantee cancel Awards previously granted but which have not yet vested. Where the Company cancels Awards and offers new Awards to the same Grantee, the offer of such new Awards may only be made with available Awards to the extent not yet granted (excluding the cancelled Awards) within the limits prescribed by paragraph 6 above.

14. REORGANISATION OF CAPITAL STRUCTURE

In the event of an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company or any of its subsidiaries is a party or in connection with any share award schemes of the Company) during the Term, such corresponding adjustments (if any) shall be made to:

- (a) the Scheme Mandate Limit;
- (b) the number and/or nominal value of Shares underlying any RSU or part thereof which has not yet vested and/or been satisfied; and/or
- (c) the number and/or nominal value of underlying Shares and the Exercise Price of any Option which has not yet vested or has vested but not yet been exercised and/or satisfied,

or any combination thereof, provided that:

- (d) any such adjustments give a Grantee the same proportion of the share capital of the Company as that to which that Grantee was previously entitled; and
- (e) notwithstanding sub-paragraph (d) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, the Auditors or an independent financial adviser to the Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable.

The Company shall engage the Auditors or an independent financial adviser to the Company to certify in writing, either generally or as regards any particular Grantee, that the adjustments made by the Company under this paragraph 14 satisfy the requirements set out in sub-paragraphs (d) and (e) above.

15. ALTERATION OF THE SHARE AWARD SCHEME

Save as provided in this paragraph 15, the Board may alter any of the terms of the Share Award Scheme at any time.

Those specific provisions of the Share Award Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants and changes to the authority of the Board in relation to any alteration of the terms of the Share Award Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting.

Any alterations to the terms and conditions of the Share Award Scheme which are of a material nature or any changes to the terms of the Awards granted must be approved by the Shareholders in general meeting, except where the alterations or changes take effect automatically under the existing terms of the Share Award Scheme. The Board's determination as to whether any proposed alteration to the terms and conditions of the Share Award Scheme is material shall be conclusive. The Share Award Scheme so altered must comply with the requirements of the Listing Rules.

16. TERMINATION OF THE SHARE AWARD SCHEME

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Share Award Scheme and in such event, no further Awards may be offered or granted but in all other respects the terms of the Share Award Scheme shall remain in full force and effect in respect of Awards which are granted during the Term and which remain unvested or which have vested but not yet been exercised immediately prior to the termination of the Share Award Scheme.

17. ADMINISTRATION OF THE SHARE AWARD SCHEME

The Share Award Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Award Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to (a) interpret and construe the provisions of the Share Award Scheme; (b) determine the persons (if any) who shall be offered Awards under the Share Award Scheme; (c) determine the terms on which Awards are granted; (d) determine the number of Shares underlying the Awards; (e) subject to paragraphs 14 and 15 above, make such adjustments to the terms of the Share Award Scheme and of Awards granted under the Share Award Scheme as the Board deems necessary and shall notify the relevant Grantee(s) of such adjustment(s) by written notice; and (f) make such other decisions or determination as it shall deem appropriate provided that the same are not inconsistent with the provisions of the Share Award Scheme and the Listing Rules. The Board shall have the power from time to time to make or vary regulations for the administration and operation of the Share Award Scheme, provided that the same are not inconsistent with the other provisions of the Share Award Scheme. The Board shall also have the power to delegate its powers to grant Awards and to determine the terms on which such Awards are granted to any of the Directors or any duly authorised committee of the Board from time to time.

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 10:30 a.m. on Monday, November 24, 2014 at Units 614–616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions and special resolutions, as the case may be:

SPECIAL RESOLUTION

- (a) That existing bye-law 140 of the Bye-Laws be and is hereby deleted in its entirety and replaced with the following new Bye-law 140:

“140. (A) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.

(B) Notwithstanding any provisions in these Bye-laws, the Board may resolve to capitalise any sum for the time being standing to the credit of any of the reserve accounts or to the credit of the retained earnings or profit and loss account or funds legally available by applying such sum in paying up unissued shares to be allotted to (i) service providers and employees (including directors) of the Company or its affiliate (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.

NOTICE OF SPECIAL GENERAL MEETING

(C) The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under this Bye-law 140 and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members."

ORDINARY RESOLUTIONS

- (b) Subject to the passing of the above special resolution, any one Director or the company secretary of the Company be and is hereby authorised to make all such filings as may be required with the Registrar of Companies in Bermuda and the Stock Exchange of Hong Kong Limited accordingly and do all such things and undertake all such matters as may be required to give effect to, or as a consequence of passing, such Special Resolution;
- (c) Approval of the termination of the existing share option scheme of the Company adopted on 29 August 2013 (the "**Existing Share Option Scheme**"), subject to and conditional upon the approval and adoption of the rules of the Share Award Scheme (as defined below) and that the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of and permission to deal in the shares of the Company to be issued pursuant to the vesting or exercise of any awards granted under the Share Award Scheme (as defined below);
- (d) Approval and adoption of the rules of the new share award scheme pursuant to which the Company intends to reward the personnel who have contributed to the success and development of the Group, to incentivise them to remain with the Company's group, to motivate them to strive for the future development and expansion of the Company's group and to attract skilled and experienced personnel for the further development and expansion of the Company's group by providing them with the opportunity to acquire shares in the Company, a copy of which marked "A" is produced to the meeting and for the purpose of identification signed by the Chairman thereof (the "**Share Award Scheme**"), subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares of the Company to be issued pursuant to the vesting or exercise of any awards granted under the Share Award Scheme;
- (e) Authorization of the board of directors of the Company (the "**Board**") to grant awards of options or restricted share units ("**RSUs**") pursuant to the Share Award Scheme and to allot and issue shares, direct and procure any professional trustee as may be appointed by the Company to assist with the administration, exercise and vesting of options and RSUs to transfer shares and otherwise deal with shares underlying the options and/or RSUs granted pursuant to the Share Award Scheme as and when they vest or are exercised (as the case may be); and

NOTICE OF SPECIAL GENERAL MEETING

- (f) Approval of the grant of a mandate authorising the Board to grant awards of options and/or RSUs pursuant to the Share Award Scheme in respect of a maximum number of the underlying new shares equal to 3 per cent. of the shares in issue as at the date of adoption of the Share Award Scheme during the period from the date of adoption until 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 such authorization is varied or revoked by ordinary resolution of the Shareholders in general meeting (the "**Applicable Period**") and to allot, issue and deal with shares underlying the options and/or RSUs granted pursuant to the Share Award Scheme during the Applicable Period as and when such options and/or RSUs vest."

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
Wang Jian
Chairman of the Board

Hong Kong, October 31, 2014

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 Units 614-616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from November 20, 2014 to November 24, 2014 both dates inclusive, during which period no transfer of shares will be registered. The record date for determining which shareholders will be eligible to attend and vote at the Special General Meeting will be November 24, 2014. In order to be eligible to attend and vote at the Special General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's head office and principal place of business in Hong Kong at Units 614-616, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong for registration not later than 4:30 p.m. on November 19, 2014.
6. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.
7. As at the date of this notice, the Board comprises nine Directors, of which (i) two are executive Directors, namely, Dr. WANG Jian and Ms. CHEN Xiao Ying; (ii) four are non-executive Directors, namely, Mr. ZHANG Yong, Mr. CHEN Jun, Mr. CHIA Pun Kok and Mr. YU Feng; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. Samuel King On WONG.