
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Alibaba Health Information Technology Limited** (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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 GRANTING OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, A SPECIFIC MANDATE TO GRANT SHARE AWARDS, RE-ELECTION OF RETIRING DIRECTORS, INCREASE IN AUTHORIZED SHARE CAPITAL AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of the Company to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Friday, July 30, 2021 at 10:30 a.m. (the “Annual General Meeting”) is set out on pages 27 to 32 of this circular.

A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/alihealth>).

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company’s Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, 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 holding the Annual 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 Annual General Meeting or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In compliance with the Hong Kong Government’s directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (“COVID-19”), the Company will implement the following precautionary measures at the Annual General Meeting including, without limitation:

- compulsory body temperature checks;
- wearing of surgical face masks;
- no distribution of corporate gift or refreshment;
- mandatory health declaration — anyone subject to the Hong Kong Government’s prescribed quarantine measures will be denied entry into the Annual General Meeting venue; and
- appropriate seating arrangement in line with the guidance promulgated by the Hong Kong Government will be made.

The Company strongly advises the Shareholders to appoint the chairman of the Annual General Meeting as their proxy to vote on the resolutions as an alternative to attending the Annual General Meeting in person. The Shareholders are advised to read page 5 to page 6 of this circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

June 30, 2021

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DEFINITIONS

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

“2020 Share Award Mandate”	specific mandate granted at the annual general meeting of the Company held on July 30, 2020 to the Directors to exercise all the powers of the Company to grant Share Awards, which shall lapse at the conclusion of the Annual General Meeting
“2020 Share Award Mandate Applicable Period”	period from the granting of the 2020 Share Award Mandate and up to the Latest Practicable Date
“2021 Share Award Mandate”	a specific and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company 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 that is equivalent to 3% of the Shares in issue as at the date of passing the resolution granting such mandate during the Applicable Period
“Affiliate(s)”	any entity that directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with the Company
“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 controlling shareholder of the Company, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
“Annual General Meeting”	the annual general meeting of the Company to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Friday, July 30, 2021 at 10:30 a.m., the notice of which is set out on pages 27 to 32 of this circular

DEFINITIONS

“Applicable Period”	the period from the date of passing the resolution granting the 2021 Share Award Mandate, to the earlier of (a) the 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 the next annual general meeting, and (c) the date on which the resolution granting the 2021 Share Award Mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting
“Board”	the board of Directors
“Bye-Laws”	the existing bye-laws of the Company adopted on July 30, 2020
“close associates”	has the same meaning as defined in the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda
“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, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00241)
“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of a person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty per cent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors (or similar governing body) of such person and the terms “Controls” and “Controlled” shall be construed accordingly
“core connected persons”	has the same meaning as defined in the Listing Rules
“CP Trustee”	TMF Trust (HK) Limited, an independent professional trustee of the Share Award Scheme appointed by the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares as set out in ordinary resolution no. 5 in the notice of the Annual General Meeting
“Latest Practicable Date”	June 21, 2021, 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
“Member”	has the same meaning as defined in the Bye-Laws
“NCP Trustee”	Computershare Hong Kong Trustees Limited, an independent professional trustee of the Share Award Scheme appointed by the Company
“Option(s)”	option(s) to subscribe for or acquire Shares which is granted under the Share Award Scheme
“Participant”	any Director, director of the Company’s subsidiaries, employee of the Group or any other person as determined by the Board, who the Board considers, in its absolute discretion, has contributed or will contribute to the Group
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares as set out in ordinary resolution no. 6 in the notice of the Annual General Meeting
“RMB”	Renminbi, being the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is awarded under the Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share Awards”	Options and/or RSUs granted or to be granted under the Share Award Scheme

DEFINITIONS

“Share Award Scheme”	the share award scheme adopted by the Company at a special general meeting on November 24, 2014, the principal terms of which were set out in the circular of the Company dated October 31, 2014
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Shareholder(s)”	the holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as defined in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks
“%”	per cent.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing COVID-19 pandemic, the Company will implement necessary preventive measures at the Annual General Meeting to protect the attending Shareholders and other attendees from the risk of infection, including the following:

- (i) All attendees are required to fill in and sign a health declaration form before entering into the Annual General Meeting venue. Any person, irrespective of nationality, who is subject to any Hong Kong Government prescribed quarantine measures, will be denied entry into the Annual General Meeting venue.
- (ii) Compulsory body temperature checks will be conducted for all attendees at the entrance of the Annual General Meeting venue. Any person with a body temperature of over 37 degrees Celsius or who has flu-like symptoms or is otherwise unwell may be denied entry into the Annual General Meeting venue or be required to leave the Annual General Meeting venue.
- (iii) All attendees must sanitize his/her hands before entering into the Annual General Meeting venue.
- (iv) All attendees will be required to wear a surgical face mask before they are permitted to enter into the Annual General Meeting venue and during the Annual General Meeting at all times. Please note that no surgical face mask will be provided at the Annual General Meeting. All attendees are advised to maintain appropriate social distance with each other at all times when attending the Annual General Meeting.
- (v) Appropriate seating arrangement at the Annual General Meeting venue will be made to be in line with the guidance promulgated by the Hong Kong Government. As a result, there will be limited capacity for the Shareholders to attend the Annual General Meeting.
- (vi) There will be no corporate gifts and no drinks and refreshments will be served.

Any person who does not comply with the precautionary measures may be denied entry into the Annual General Meeting venue or be required to leave the Annual General Meeting venue. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the Annual General Meeting arrangements at short notice. The Shareholders should constantly check the Company's website at <http://www.irasia.com/listco/hk/alihealth> or the Stock Exchange's website at <http://www.hkexnews.hk> for any future announcement(s) and update(s) on the Annual General Meeting arrangements.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

The Company reminds all Shareholders that physical attendance at the Annual General Meeting is not necessary for the purpose of exercising voting rights. In the interests of protecting the Shareholders and other attendees, the Shareholders are strongly recommended to appoint the chairman of the Annual General Meeting as their proxy to vote on the resolutions at the Annual General Meeting instead of attending the Annual General Meeting in person by using the form of proxy enclosed.

The form of proxy is attached to this circular for the Shareholders. Alternatively, the form of proxy can be downloaded from the “Circular” section of the Company’s website at (<http://www.irasia.com/listco/hk/alihealth>). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.



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:

Mr. ZHU Shunyan

(Chairman and Chief Executive Officer)

Mr. TU Yanwu

Non-executive Directors:

Mr. WU Yongming

Mr. XU Hong

Independent Non-executive Directors:

Mr. LUO Tong

Mr. WONG King On, Samuel

Ms. HUANG Yi Fei (Vanessa)

Registered Office:

Victoria Place

5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

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

26/F Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

June 30, 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING GRANTING OF
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
A SPECIFIC MANDATE TO GRANT SHARE AWARDS,
RE-ELECTION OF RETIRING DIRECTORS,
INCREASE IN AUTHORIZED SHARE CAPITAL
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the grant of the Issue Mandate, the Repurchase Mandate, the 2021 Share Award Mandate, the re-election of retiring Directors and the increase in authorized share capital of the Company.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on July 30, 2020, general mandates were granted to the Directors to exercise all the powers of the Company to issue and repurchase Shares. Such mandates will lapse at the conclusion of the Annual General Meeting. The Directors wish to propose ordinary resolutions at the Annual General Meeting to give the Directors:

- (i) a general mandate to allot, issue and otherwise deal with new Shares not exceeding the aggregate of 20% of the number of issued Shares of the Company as at the date of passing the resolution granting the Issue Mandate; subject to the passing of the relevant resolution to approve the Issue Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to issue a maximum of 2,697,673,008 Shares; and
- (ii) a general mandate to repurchase Shares up to a maximum number equivalent to 10% of the number of issued Shares of the Company as at the date of passing the resolution granting the Repurchase Mandate until the next annual general meeting of the Company or such earlier period as stated in the said ordinary resolution; subject to the passing of the relevant resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to repurchase a maximum of 1,348,836,504 Shares.

A separate ordinary resolution will also be proposed at the Annual General Meeting to add to the Issue Mandate those Shares purchased by the Company pursuant to the Repurchase Mandate granted to the Directors at the Annual General Meeting.

An explanatory statement containing information regarding the Repurchase Mandate is set out in Appendix I to this circular.

SPECIFIC MANDATE TO GRANT SHARE AWARDS

At the annual general meeting of the Company held on July 30, 2020, the 2020 Share Award Mandate was granted to the Directors to exercise all the powers of the Company to grant Share Awards. Such mandate will lapse at the conclusion of the Annual General Meeting. The Directors wish to propose an ordinary resolution at the Annual General Meeting to give the Directors a specific mandate (the “**2021 Share Award Mandate**”) to grant Share Awards in respect of a maximum number of the underlying new Shares that is equivalent to 3% of the Shares in issue as at the date of passing the 2021 Share Award Mandate during the Applicable Period, and to allot, issue and deal with the 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. Subject to the passing of the relevant resolution to approve the 2021 Share Award Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the

LETTER FROM THE BOARD

Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to grant Share Awards in respect of a maximum number of 404,650,951 underlying new Shares.

With respect to the granting of the RSUs, the Participants hold contingent rights to receive Shares when the RSUs vest. Upon vesting of the RSUs, the underlying Shares will automatically be issued or transferred (as the case may be) to the Participants in accordance with the terms of the Share Award Scheme and the Participants are not required to pay any consideration in order to receive those Shares, as set out in the circular of the Company dated October 31, 2014 and approved by the Shareholders at a special general meeting held on November 24, 2014. As such, any grant of RSUs to the Participants will not be subject to Chapter 17 of the Listing Rules. The Company will, where applicable, comply with all the relevant requirements under the Listing Rules (including Chapter 14A of the Listing Rules). The grant of Options under the Share Award Scheme is governed by Chapter 17 of the Listing Rules.

For the detailed terms of the Share Award Scheme, in respect of which the 2021 Share Award Mandate is being sought from granting Share Awards in the Applicable Period, please refer to the circular of the Company dated October 31, 2014.

The Directors confirmed that no changes have been made to the terms and provisions of the Share Award Scheme since its adoption at the special general meeting held on November 24, 2014.

Purposes of the Share Award Scheme

The purposes of the Share Award Scheme are to enable the Company to grant Share Awards (which may take the form of an Option and/or an RSU) to eligible Participants as incentives and/or rewards for their contributions to the Group, and to better reward the personnel who have contributed to the development and success of the Group, to incentivize 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 Participants include officers, directors, consultants, advisor, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers which have contributed to the business development of the Group, such as by providing strategic advice and establishing business relationships with the Group, or employees of any member of the Group or any of the Group's Affiliate(s) (who have made or will make contribution to the Group) as determined by the Board. The Board will exercise its discretion to determine the eligibility of such other persons for the Share Award Scheme on a case-by-case basis based on suitable evaluation criteria, such as the Participants' working experience, industry knowledge and whether such person has contributed or will contribute to the development and growth of the Group, and will ensure that any such grant will be made in the interests of the Company and its Shareholders as a whole. As disclosed in the annual report of the financial year ended March 31, 2021, the Group has maintained continuous business relationships and from time to time entered into

LETTER FROM THE BOARD

certain transactions with the Group's Affiliates. As such, the grant of Share Awards to the Participants who belong to the aforementioned personnel of the Group's Affiliates could (i) align the interests of the Group and the Group's Affiliates by incentivizing the Participants who have contributed to the business growth of the Group through their contributions to the Group's Affiliates; and/or to (ii) recognize the Participants' past contributions to the Group during their employment with the Group such as those former employees of the Group who have been subsequently transferred to serve other members of the Alibaba Group. For detailed description of those Participants who have been granted Share Awards under the 2020 Share Award Mandate, please refer to note* on page 12 of this circular.

Under the Share Award Scheme, the Board may grant 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 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 (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 RSUs, they can receive the same economic advantage using fewer Shares than upon exercise of Options, which means that the dilutive effect of awarding RSUs is less than that of awarding 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 in determining whether to award Options or 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 the maximum number of Shares available for granting under the Share Award Scheme, 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.

LETTER FROM THE BOARD

Under the Share Award Scheme, in respect of the vesting of the RSUs, the Company has appointed (i) the CP Trustee to hold on trust the Shares which the CP Trustee has purchased from the market out of cash contribution by the Company from time to time, for the purpose of satisfying the vesting of the RSUs granted to connected persons of the Company; and (ii) the NCP Trustee to hold on trust the Shares which are issued to them by the Company from time to time, for the purpose of satisfying the vesting of the RSUs granted to non-connected persons of the Company. As of the Latest Practicable Date, each of the CP Trustee and the NCP Trustee held 1,660,434 and 8,332,885 Shares, respectively. In respect of the vesting of the Options, new Shares will be issued as and when grantees have exercised their Options.

The 2020 Share Award Mandate

Pursuant to the 2020 Share Award Mandate granted to the Board at the annual general meeting of the Company on July 30, 2020, the Board was authorized to grant awards of Options and/or RSUs pursuant to the Share Award Scheme in respect of 388,547,487 Shares, representing approximately 3% of the Company's issued share capital as at the date of that annual general meeting, during the period from the date of passing the resolution granting the 2020 Share Award Mandate until the earlier of (a) the conclusion of the Annual General Meeting, (b) the end of the period within which the Company is required by any applicable law or the Bye-Laws to hold the 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.

Share Awards granted

As at the Latest Practicable Date, a total of 1,822,750 Options had been granted pursuant to the 2020 Share Award Mandate. The table below summarizes the details of such Options granted.

Participants	Capacity of Grantee	No. of Options	Grant Date	Exercise Price	Validity and Vesting Period
one grantee who is a connected person of the Company	Director of subsidiaries of the Company	119,000	September 15, 2020	HK\$18.66 per Share	Validity Period: 10 years from September 15, 2020
four grantees who are connected persons of the Company	Directors and directors of subsidiaries of the Company	969,500	June 15, 2021	HK\$18.212 per Share	Validity Period: 10 years from June 15, 2021
three grantees who are not connected persons of the Company	Employees of the Company	276,250	June 15, 2021	HK\$18.212 per Share	Validity Period: 10 years from June 15, 2021
two grantees who are not connected persons of the Company	Employees of Affiliate(s) of the Company*	458,000	June 15, 2021	HK\$18.212 per Share	Validity Period: 10 years from June 15, 2021

LETTER FROM THE BOARD

As at the Latest Practicable Date, a total of 26,522,026 RSUs had been granted pursuant to the 2020 Share Award Mandate for nil consideration. The table below summarizes the details of such RSUs granted:

Participants	Capacity of Grantee	No. of RSUs	Grant Date	Vesting Period	Number of new Shares to be issued upon vesting
one grantee who is a connected person of the Company	Director of subsidiaries of the Company	47,600	September 15, 2020	within 4 years from September 15, 2020	NIL
123 grantees who are not connected persons of the Company	Employees of the Company	4,197,176	September 15, 2020	within 4 years from September 15, 2020	4,197,176
three grantees who are not connected persons of the Company	Employees of Affiliate(s) of the Company*	14,700	September 15, 2020	within 4 years from September 15, 2020	14,700
47 grantees who are not connected persons of the Company	Employees of the Company	1,966,950	December 15, 2020	within 4 years from December 15, 2020	1,966,950
50 grantees who are not connected persons of the Company	Employees of the Company	1,708,000	March 15, 2021	within 4 years from March 15, 2021	1,708,000
four grantees who are connected persons of the Company	Directors and directors of subsidiaries of the Company	387,800	June 15, 2021	Within 4 years from June 15, 2021	NIL
549 grantees who are not connected persons of the Company	Employees of the Company	17,751,800	June 15, 2021	Within 4 years from June 15, 2021	17,751,800
11 grantees who are not connected persons of the Company	Employees of Affiliate(s) of the Company*	448,000	June 15, 2021	Within 4 years from June 15, 2021	448,000

* Share Awards were granted to employees of Affiliate(s) of the Company. Such employees include: (i) individuals overseeing certain management functions in the Group whose employment contracts are maintained with other members of the Alibaba Group; (ii) former employees of the Company who have been subsequently transferred to serve other members of the Alibaba Group; and (iii) employees of Tmall entities, being the consolidated entities of Alibaba Holding, the ultimate controlling shareholder of the Company, who have contributed in growth in the business performance of the Group through the operations of the Tmall's Pharmaceutical Platform operated by the Company as disclosed in the annual report of the Company for the financial year ended March 31, 2021. The grant of Share Awards to these employees of the Affiliate(s) of the Company is to (i) incentivize and recognize their contributions to the success and development of the Group; (ii) recognize such employees' past contributions to the Group during their employment with the Company; and (iii) align the interests of the Company and the

LETTER FROM THE BOARD

Company's Affiliates by incentivizing the employees of the Company's Affiliate(s) who have contributed to the business growth of the Company and/or the Group as a whole through their contributions to the Company's Affiliate(s).

The number of Shares that underlie the Share Awards granted during the 2020 Share Award Mandate Applicable Period is 28,344,776, representing approximately 0.22% of the total issued share capital of the Company as at the date of the Company's annual general meeting held on July 30, 2020, of which 27,909,376 are new Shares to be issued by the Company upon exercise and/or vesting (as the case may be) of the relevant Share Awards and 435,400 are existing Shares to be purchased by the CP Trustee from the market using cash contributions from the Company upon vesting of the Share Awards. The number of new Shares to be issued and allotted upon exercise or vesting (as the case may be) of the Share Awards granted during the 2020 Share Award Mandate Applicable Period represents approximately 7.18% of the maximum number of Shares that underlie the Share Awards which the Board is authorized to grant under the 2020 Share Award Mandate.

Utilization

The table below summarizes the utilization of the 2020 Share Award Mandate as at the Latest Practicable Date:

Total number of Share Awards granted pursuant to the 2020 Share Award Mandate	28,344,776
— No. of Options cancelled/lapsed	—
— No. of RSUs cancelled/lapsed	143,500
— No. of Options exercised	—
— No. of RSUs vested	226,972
Total number of Share Awards granted during the 2020 Share Award Mandate Applicable Period which were outstanding as at the Latest Practicable Date	27,974,304
Total number of Share Awards which remain available for granting pursuant to the 2020 Share Award Mandate between the Latest Practicable Date and the conclusion of the Annual General Meeting	360,346,211

As at the Latest Practicable Date, the Company did not have any plans and had not identified any grantees which Share Awards would be granted under the 2020 Share Award Mandate. The Company will make necessary disclosures in accordance with the Listing Rules should it decide to grant any Share Awards under the 2020 Share Award Mandate after the Latest Practicable Date and before the date of the Annual General Meeting.

Apart from the Share Award Scheme and the above Share Awards, the Company had no other share award or option scheme currently in force or any other share options or restricted share units outstanding as of the Latest Practicable Date.

LETTER FROM THE BOARD

Outstanding Share Awards

The following table summarizes the status of the Share Awards granted pursuant to the Share Award Scheme since the adoption of such scheme and up to the Latest Practicable Date:

Total no. of Options granted:	128,033,189
Total no. of RSUs granted:	288,457,135
— No. of Options cancelled/lapsed:	56,602,489
— No. of RSUs cancelled/lapsed:	69,709,225
— No. of Options exercised:	54,366,450
— No. of RSUs vested:	148,992,967
Total no. of Options outstanding as at the Latest Practicable Date	17,064,250
Total no. of RSUs outstanding as at the Latest Practicable Date	69,754,943
Total no. of Share Awards outstanding as at the Latest Practicable Date	86,819,193

The 2021 Share Award Mandate

As set out on page 8 of this circular and in resolution no. 8 in the notice of the Annual General Meeting, a resolution has been proposed at the Annual General Meeting to grant to the Directors the 2021 Share Award Mandate, being a mandate to grant Share Awards in respect of a maximum number of the underlying new Shares that is equivalent to 3% of the Shares in issue as at the date of passing such mandate during the Applicable Period, and to allot, issue and deal with the Shares underlying the Options and/or RSUs granted pursuant to such mandate during the Applicable Period as and when such Options and/or RSUs vest. Pursuant to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding Options and/or RSUs granted and yet to be exercised under the Share Award Scheme will not exceed 30% of the total number of Shares in issue from time to time. Subject to the passing of the relevant resolution to approve the 2021 Share Award Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to grant Share Awards in respect of a maximum number of 404,650,951 underlying new Shares.

For the avoidance of doubt, any Shares issued pursuant to the 2021 Share Award Mandate will not be counted towards the Shares to be issued (if any) pursuant to the general mandate proposed under resolution no. 5 in the notice of the Annual General Meeting. As at the Latest Practicable Date, no Participant had been proposed or identified by the Board to be granted any Share Award under the 2021 Share Award Mandate. As at the Latest Practicable Date, each of the CP Trustee and the NCP Trustee held 1,660,434 and 8,332,885 Shares, respectively, representing 0.012% and 0.062% of the issued share capital of the Company, respectively. Each of the CP Trustee and the NCP Trustee are not entitled to exercise any voting rights and are required to abstain from voting resolution no. 8 in the notice of the Annual General Meeting in relation to the 2021 Share Award Mandate at the Annual General Meeting. Save as disclosed, no other Shareholders are required to abstain from voting on resolution no. 8 in the notice of the Annual General Meeting in relation to the 2021 Share Award Mandate at the Annual General Meeting.

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As of the Latest Practicable Date, a total of 790 grantees under the Share Award Scheme held interests in 86,819,193 Shares (which represented approximately 0.64% of the total issued Shares as at the Latest Practicable Date) upon the exercising and vesting of the Options and the RSUs (as applicable). Such grantees included, among others, (i) one Director, namely Mr. Zhu Shunyan, holding 3,989,750 Shares upon the exercising and vesting of Options and RSUs granted to him, (ii) one Director, namely Mr. Tu Yanwu, holding 1,129,650 Shares upon the exercising and vesting of Options and RSUs granted to him, and (iii) other directors of the subsidiaries of the Company, holding 5,774,836 Shares in total upon the exercising and vesting of Options and RSUs (as applicable) granted to them. Except as disclosed herein and to the extent that the Directors are aware, having made all reasonable enquiries, none of the Directors and directors of the subsidiaries of the Company who are also Participants under the Share Award Scheme who have been granted any Share Awards, holds any Share.

Cost of Granting Share Awards

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 Share Awards to be granted shall not be assignable, and no holder of the Share Awards shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any Share Award. As such, the value of all Share Awards that can be granted under the Share Award Scheme or the 2021 Share Award Mandate being sought as if they had been granted on the Latest Practicable Date is not stated as the Directors believe that any such statement will not be meaningful to the Shareholders. In addition, the calculation of the value of the Share 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 Share 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. Details of the Share Award Scheme, including particulars and movements of the Share Awards granted, vested, lapsed and available for grant in the future, and the employee costs arising from the grant of the Share Awards during each financial year of the Company will be disclosed in the Company's annual report and interim report. The Company will give due consideration to any financial impact arising from the grant of the Share Awards under the Share Award Scheme before exercising the 2021 Share Award Mandate.

Dilution Effect

The table below is for illustration only and sets out the shareholding structure of the Company:

- (i) as at the Latest Practicable Date;

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- (ii) immediately after the allotment and issue of all the new Shares underlying the Share Awards outstanding as at the Latest Practicable Date upon vesting and exercising (as applicable) of such Share Awards in full, and assuming no other Shares will be issued between the Latest Practicable Date and the date until all such new Shares are issued (the “**Full Vesting of Outstanding Share Awards Scenario**”); and
- (iii) immediately after (a) the allotment and issue of all the new Shares underlying the Share Awards outstanding as at the Latest Practicable Date upon vesting and/or exercising (as applicable) of such Share Awards in full, and (b) the allotment and issue of all new Shares underlying all the Share Awards that the Board remains authorized to grant under the 2020 Share Award Mandate and may be authorized to grant under the 2021 Share Award Mandate, upon vesting and/or exercising (as applicable) of such Share Awards in full, and assuming no other Shares will be issued between the Latest Practicable Date and the date until all such new Shares are issued (the “**Full Vesting of Share Awards to be Granted Scenario**”).

	As at the Latest Practicable Date		Full Vesting of Outstanding Share Awards Scenario		Full Vesting of Share Awards to be Granted Scenario	
	Number of shares	%	Number of shares	%	Number of shares	%
Perfect Advance Holding Limited	3,103,816,661	23.01	3,103,816,661	22.88	3,103,816,661	21.66
Ali JK Nutritional Products Holding Limited	4,560,785,407	33.81	4,560,785,407	33.62	4,560,785,407	31.83
Innovare Tech Limited	932,337,347	6.91	932,337,347	6.87	932,337,347	6.50
Antfin (Hong Kong) Holding Limited	60,576,000	0.45	60,576,000	0.45	60,576,000	0.42
Grantees granted outstanding Share Awards pursuant to which new Shares will be issued	—	—	75,759,408*	0.56	75,759,408*	0.53
Participants that may be granted Share Awards pursuant to the 2020 Share Award Mandate after the Latest Practicable Date	—	—	—	—	360,346,211**	2.52
Participants that may be granted Share Awards pursuant to the 2021 Share Award Mandate	—	—	—	—	404,650,951**	2.82
Directors of the Company or its subsidiaries	6,230,341	0.05	6,230,341	0.05	6,230,341	0.04
Other Shareholders	<u>4,824,619,286</u>	<u>35.77</u>	<u>4,824,619,286</u>	<u>35.57</u>	<u>4,824,619,286</u>	<u>33.67</u>
Total	<u>13,488,365,042</u>	<u>100.00</u>	<u>13,564,124,450</u>	<u>100.00</u>	<u>14,329,121,612</u>	<u>100.00</u>

Notes:

- * Such 75,759,408 Share Awards is calculated by a total of 86,819,193 Share Awards outstanding as at the Latest Practicable Date, after deducting (i) the total of 2,726,900 outstanding RSUs granted to connected persons of the Company, to be satisfied by the Shares, which are purchased or to be purchased by the CP Trustee from the market out of cash contribution by the Company, held on trust by the CP Trustee until such RSUs are vested, and (ii) the total of 8,332,885 Shares, which has been issued by the Company to the NCP Trustee for the purpose of satisfying the vesting of the RSUs granted to non-connected persons of the Company.

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*** The Participants to whom Share Awards may be granted pursuant to either the 2020 Share Award Mandate and the 2021 Share Award Mandate may include both connected persons and non-connected persons of the Company that the Board considers appropriate in its absolute discretion, subject to the compliance of any public float requirements from time to time.*

Listing Approval

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 Share Awards which may be granted under the Share Award Scheme pursuant to the 2021 Share Award Mandate.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with bye-law 83 and bye-law 84 of the Bye-Laws, Mr. Tu Yanwu, Mr. Luo Tong, Mr. Wong King On, Samuel and Ms. Huang Yi Fei (Vanessa) will be retiring from office at the Annual General Meeting. Each of Mr. Tu Yanwu, Mr. Luo Tong, Mr. Wong King On, Samuel and Ms. Huang Yi Fei (Vanessa), being eligible, will offer themselves for re-election at the Annual General Meeting.

The particulars of the Directors proposed to be re-elected at the Annual General Meeting are as follows. Save as disclosed below, there is no other information required to be disclosed by the Directors proposed to be re-elected at the Annual General Meeting pursuant to Rule 13.51(2) of the Listing Rules and the Company is not aware of any other matters in relation to their standing for re-election as Directors that need to be brought to the attention of the Shareholders.

EXECUTIVE DIRECTOR

MR. TU YANWU

Mr. TU Yanwu, aged 43, has been the chief financial officer of the Company since April 2020, who is responsible for the overall financial management and the formulation and implementation of the Group's strategies. Prior to that, Mr. Tu was a senior finance director of the Group from September 2019 to March 2020, and was seconded to Guizhou Ensure Chain Pharmacy Company Limited* (貴州一樹連鎖藥業有限公司) to act as its chief financial officer and senior vice president from October 2018 to August 2019. Before joining the Group, Mr. Tu was the finance director of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) ("WuXi AppTec") from December 2015 to September 2018, where he led the accounting and reporting team since the delisting of WuXi PharmaTech (Cayman) Inc. from the New York Stock Exchange through the initial public offering and listing of WuXi AppTec on the Shanghai Stock Exchange. From April 2008 to April 2015, Mr. Tu held various finance positions at different departments of General Motors, including being in charge of special projects in the Asia-Pacific region and holding financial reporting and management positions in the North American region. Mr. Tu also had over five years of experience in auditing at Arthur Anderson and PricewaterhouseCoopers in Shanghai where he led the audit team to work on initial public offering and listing projects across different

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industries. Mr. Tu obtained a Bachelor of Arts Degree in Economics and Business Administration in June 2001 from Fudan University in the People's Republic of China and he is also a member of the Chinese Institute of Certified Public Accountants.

As at the Latest Practicable Date, Mr. Tu beneficially held 79,000 Shares and, subject to vesting, he was interested in 1,129,650 Shares underlying 212,250 Options and 917,400 RSUs granted to him in accordance with the Share Award Scheme, pursuant to Part XV of the SFO.

As at the Latest Practicable Date, Mr. Tu did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed herein, Mr. Tu did not hold any directorship in any other Hong Kong or overseas listed public companies in the last three years and did not hold any other position with the Company or other members of the Group.

Mr. Tu entered into an appointment letter with the Company for a term of one year commencing from October 23, 2020, which is renewable for a one-year period upon expiry of such term. He is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. In addition to the Share Awards granted to him in accordance with the Share Award Scheme as aforementioned, Mr. Tu is entitled to receive a salary of RMB80,000 per month as chief financial officer of the Company, but does not receive any remuneration for his position as executive Director. His remuneration as chief financial officer of the Company was determined with reference to his experience and prevailing market rates. Mr. Tu received total remuneration, comprising salaries, allowances and benefits in kind, performance related bonus, share-based compensation expenses and pension scheme contributions, in the amount of RMB4,086,000 for the year ended March 31, 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. LUO TONG

Mr. LUO Tong, aged 54, was appointed as an independent non-executive Director on May 9, 2014. Mr. Luo is currently the chief strategy officer of Yiguo Information Technology Co., Ltd. Mr. Luo has over 20 years of experience of retailing operation and management. Before joining the Board, he worked as the regional general manager for Walmart's Zhejiang Province Operations, the vice president of operations and development for China Nepstar Chain Drugstore Ltd., the vice president of operations for Tesiro Jewellery Company and the general manager of retail development of Guangzhou Pharmaceuticals Corporation. Mr. Luo has obtained a diploma in business administration from Guangzhou Finance and Trade Management Institute and a diploma in English from Guangdong Social Science College.

As at the Latest Practicable Date, Mr. Luo was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

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As at the Latest Practicable Date, Mr. Luo did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed herein, Mr. Luo did not hold any directorship in any other Hong Kong or overseas listed public companies in the last three years and did not hold any other position with the Company or other members of the Group.

Mr. Luo has entered into an appointment letter with the Company for a term of one year commenced from May 9, 2014, which is renewable for a one-year period upon expiry of each term. He is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. Mr. Luo received a director's fee of HKD343,200 for the year ended March 31, 2021. Such remuneration was determined with reference to the experience of Mr. Luo and the prevailing market rates.

MR. WONG KING ON, SAMUEL

Mr. WONG King On, Samuel, aged 68, was appointed as an independent non-executive Director on May 9, 2014. Mr. Wong is currently an independent non-executive director and chairman of the audit committee of Analogue Holdings Limited (Stock Code: 1977), a company listed on the Main Board of the Stock Exchange in July 2019. During the period from October 2010 to November 2013, Mr. Wong was an independent non-executive director and chairman of the audit committee of Yashili International Holdings Limited (Stock Code: 1230) which was listed on the Main Board of the Stock Exchange. Mr. Wong has over 30 years of experience in accounting and finance. Mr. Wong joined Ernst & Young in October 1979 and was elected to its partnership in January 1993. Mr. Wong was the managing partner, China Central of Ernst & Young and a member of the management committee of the China firm of Ernst & Young from 2005 until his retirement in 2010. Mr. Wong was a professor of practice (accounting) of the school of accounting and finance of the Hong Kong Polytechnic University from September 2013 to August 2016, and also an adjunct professor of the school of accounting & finance of the Hong Kong Polytechnic University from 2002 to 2010. Mr. Wong was the president of Association of Chartered Certified Accountants (ACCA) Hong Kong for 1998–1999 and a member of the global council of ACCA from 1999 to 2005. Mr. Wong was also the first non-European global president of ACCA for 2003–2004. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, a member of the ACCA and a Certified Practising Accountant Australia. Mr. Wong obtained a master of business administration degree from the University of Bradford, United Kingdom in December 1978. Mr. Wong was awarded the Binder Hamlyn Prize for the best student in financial management in 1978.

As at the Latest Practicable Date, Mr. Wong was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

As at the Latest Practicable Date, Mr. Wong did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

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Save as disclosed herein, Mr. Wong did not hold any directorship in any other Hong Kong or overseas listed public companies in the last three years and did not hold any other position with the Company or other members of the Group.

Mr. Wong has entered into an appointment letter with the Company for a term of one year commenced from May 9, 2014, which is renewable for a one-year period upon expiry of each term. He is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. Mr. Wong received a director's fee of HKD633,600 for the year ended March 31, 2021. Such remuneration was determined with reference to the experience of Mr. Wong and the prevailing market rates.

MS. HUANG YI FEI, (VANESSA)

Ms. HUANG Yi Fei (Vanessa), aged 48, was appointed as an independent non-executive Director on June 9, 2019. Ms. Huang is currently a General Partner at BVCF Management. Ms. Huang has over 20 years of investment banking experience in the United States and Hong Kong. Prior to joining BVCF Management, she was the Head of Emerging Asia Healthcare Investment Banking at J.P. Morgan. During her time in investment banking, Ms. Huang worked with companies and investors across Asia Pacific as well as global multinational companies and institutional investors. Her coverage included all subsectors of healthcare including pharmaceutical, biotech, medtech and services. She advised on multiple cross-border mergers and acquisitions and different stages of capital raising. Ms. Huang is a member of the Biotech Advisory Panel of the Stock Exchange and a member of the Admission Panel of the Incu-Bio Incubation Programme of the Hong Kong Science and Technology Parks Corporation. She is also co-Chairman of the Healthcare Committee of the Hong Kong Venture Capital and Private Equity Association. Ms. Huang holds a Master of Business Administration from The Wharton School, University of Pennsylvania.

As at the Latest Practicable Date, Ms. Huang was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

As at the Latest Practicable Date, Ms. Huang did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed herein, Ms. Huang did not hold any directorship in any other Hong Kong or overseas listed public companies in the last three years and did not hold any other position with the Company or other members of the Group.

Ms. Huang has entered into an appointment letter with the Company for a term of one year commencing from June 9, 2019, which is renewable for a one-year period upon expiry of each term. She is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-Laws. Ms. Huang received a director's fee of HKD343,200 for the year ended March 31, 2021. Such remuneration was determined with reference to the experience of Ms. Huang and the prevailing market rates.

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INCREASE IN AUTHORIZED SHARE CAPITAL

The Company has an authorized share capital of HK\$150,000,000. As at the Latest Practicable Date, there were 13,488,365,042 Shares in issue. The Board proposes to increase the authorized share capital of the Company from HK\$150,000,000 to HK\$200,000,000 by the creation of 5,000,000,000 Shares of par value HK\$0.01 each, ranking *pari passu* in all respects with the existing Shares.

In order to provide the Company with greater flexibility to raise funds in the future, enable the Company to issue new Shares upon exercise of Options granted and upon vesting and settlement of RSUs granted, the Board proposes to increase the authorized share capital of the Company from HK\$150,000,000 divided into 15,000,000,000 Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each by the creation of an additional 5,000,000,000 new Shares.

With regard to the proposed increase in the authorized share capital of the Company, the Board has no present intention to issue any part of the increased authorized share capital of the Company.

An ordinary resolution, to be voted by way of a poll, to approve the proposed increase in the authorized share capital of the Company will be proposed to the Shareholders for approval at the Annual General Meeting.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Friday, July 30, 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out therein is set out on pages 27 to 32 of this circular.

You will find enclosed a form of proxy for use at the Annual General Meeting. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the Annual 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 Annual General Meeting or any adjournment thereof should you so wish.

You are advised to refer to the precautionary measures for the Annual General Meeting as set out on pages 5 to 6 of this circular for the preventive measures to be implemented by the Company at the Annual General Meeting in light of the COVID-19 pandemic.

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Except as disclosed in the paragraph headed “Specific Mandate to Grant Share Awards — The 2021 Share Award Mandate” in this letter, no Shareholder is required to abstain from voting at the Annual General Meeting pursuant to the Listing Rules and/or the Bye-Laws.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the Annual 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. The chairman of the meeting will therefore demand a poll for every resolution set out in the notice of the Annual General Meeting put to the vote of the Annual General Meeting pursuant to bye-law 70 of the Bye-Laws and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the proposed resolutions for approval of the Issue Mandate, the Repurchase Mandate, the 2021 Share Award Mandate, the re-election of retiring Directors and the increase in authorized share capital of the Company, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the Annual General Meeting.

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 herein or this circular misleading.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I to this circular. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By Order of the Board
ZHU Shunyan
Chairman and Chief Executive Officer

* *For identification purpose only*

This Appendix includes an explanatory statement required by the Share Repurchase Rules to be presented to the Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASE OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed purchases of shares by a company with a primary listing on the Stock Exchange must be approved by the shareholders in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be purchased must be fully paid up.

2. FUNDING OF REPURCHASE

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the Bye-Laws, the Companies Act, the laws of Bermuda and any other applicable laws.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 13,488,365,042 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 1,348,836,504 Shares.

4. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

The Directors have no present intention to exercise the general mandate in full to repurchase Shares and they would only exercise the power to repurchase Shares in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it would have a material adverse impact on the working capital position and gearing position of the Company, as compared with the positions disclosed in the audited consolidated accounts of the Company as at March 31, 2021, being the date to which the latest published audited accounts of the Company were made up. The Directors do not propose to exercise the mandate to

repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate only in accordance with the Listing Rules, the applicable laws of Bermuda and in accordance with the Bye-Laws.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control (as defined in the Takeovers Code) of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date.

Name of Shareholders	Number of Shares/ underlying Shares	Approximate percentage of shareholding interest in the Company	Approximate percentage of shareholding interest in the Company if the Repurchase Mandate is exercised in full
Perfect Advance Holding Limited	3,103,816,661	23.01%	25.57% ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁷⁾
Innovare Tech Limited	932,337,347	6.91%	7.68% ⁽²⁾⁽³⁾⁽⁵⁾
Ali JK Nutritional Products Holding Limited	4,560,785,407	33.81%	37.57% ⁽⁶⁾⁽⁷⁾
Antfin (Hong Kong) Holding Limited	60,576,000	0.45%	0.50% ⁽⁸⁾
Directors and directors of subsidiaries of the Company	6,230,341	0.05%	0.05%
Other Shareholders	<u>4,824,619,286</u>	<u>35.77%</u>	<u>28.63%</u>
Total	<u>13,488,365,042</u>	<u>100%</u>	<u>100%</u>

Notes:

- (1) Perfect Advance Holding Limited (“**Perfect Advance**”) held 3,103,816,661 Shares. Perfect Advance is wholly-owned by Alibaba Investment Limited (“**AIL**”), which is in turn wholly-owned by Alibaba Holding.
- (2) Innovare Tech Limited (“**Innovare**”) held 932,337,347 Shares. Innovare is wholly controlled by Yunfeng Fund II, L.P., which is a direct wholly-owned subsidiary of Yunfeng Investment II, L.P. and an indirect wholly-owned subsidiary of Yunfeng Investment GP II, Ltd. Yunfeng Investment GP II, Ltd. is owned by Mr. Ma Yun as to 40% and Mr. Yu Feng as to 60%.

- (3) On October 12, 2018, Innovare and Perfect Advance entered into a shareholders' agreement which constitutes a concert party agreement for the purpose of section 317(1)(a) of the SFO, pursuant to which Perfect Advance enjoys a right of first refusal over the 932,337,347 Shares held by Innovare.
- (4) For the purpose of Part XV of the SFO, as Perfect Advance is interested in an aggregate of 4,036,154,008 Shares, AIL is deemed to have an interest in an aggregate of 4,036,154,008 Shares via Perfect Advance.
- (5) For the purpose of Part XV of the SFO, each of Yunfeng Fund II, L.P., Yunfeng Investment II, L.P. and of Yunfeng Investment GP II, Ltd., Mr. Ma Yun and Mr. Yu Feng is deemed to have an interest in an aggregate of 4,036,154,008 Shares via Innovare.
- (6) Ali JK Nutritional Products Holding Limited ("Ali JK") held 4,560,785,407 Shares. Ali JK is owned by Alibaba Holding as to 100%.
- (7) For the purpose of Part XV of the SFO, as Perfect Advance is interested in an aggregate of 4,036,154,008 Shares and Ali JK is interested in 4,560,785,407 Shares, Alibaba Holding is deemed to have an interest in an aggregate of 8,596,939,415 Shares via Perfect Advance and Ali JK.
- (8) On July 12, 2019, 60,576,000 Shares were allotted to Antfin (Hong Kong) Holding Limited ("Antfin") pursuant to a subscription agreement entered into between the Company and Antfin on May 23, 2019.

According to the shareholding table above, as at the Latest Practicable Date: (i) the substantial shareholders of the Company, namely Perfect Advance, Innovare and Ali JK, were interested in approximately 23.01%, 6.91% and 33.81% of the total issued share capital of the Company, respectively; (ii) the Directors and directors of subsidiaries of the Company were interested in 0.05% of the issued share capital of the Company; and (iii) Antfin, which is a close associate of Alibaba Holding, was interested in 0.45% of the issued share capital of the Company. As such, at least 25% of the issued share capital of the Company was held by the public as at the Latest Practicable Date as required by Rule 8.08 of the Listing Rules.

In the event that the Repurchase Mandate is exercised in full by the Directors, the shareholding interests of Perfect Advance, Innovare, Ali JK, Antfin and the Directors and directors of subsidiaries of the Company will increase to approximately 25.57%, 7.68%, 37.57%, 0.50% and 0.05% of the total issued share capital of the Company, respectively. Although the increase of shareholding held by Ali JK may be regarded as having acquired additional Shares in any period of 12 months carrying more than 2% of the voting rights of the Shareholders at a general meeting of the Company, given some of these Shareholders are parties to a concert party agreement pursuant to section 317(1)(a) of the SFO or are otherwise persons acting in concert (as defined in the Takeovers Code) (as and where applicable), such increase in shareholding is unlikely to give rise to an obligation for Ali JK to make a mandatory offer in respect of all the remaining issued Shares not owned by it pursuant to Rules 26 and 32 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that it will trigger any of the takeover obligations of any of the Shareholders. In addition, in the event that the Repurchase Mandate is exercised in full, the total number of Shares held by the public will not fall below the prescribed minimum percentage of 25%.

7. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company or its subsidiaries.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company or its subsidiaries nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company in the preceding six months (whether on the Stock Exchange or otherwise) ended on the Latest Practicable Date.

9. SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Highest traded price HK\$	Lowest traded price HK\$
2020		
June	24.50	18.44
July	24.25	18.88
August	21.80	17.50
September	19.90	17.26
October	22.35	19.02
November	23.35	18.50
December	27.70	20.35
2021		
January	28.60	21.60
February	30.15	24.55
March	29.00	21.00
April	24.70	21.70
May	24.40	18.82
June (up to the Latest Practicable Date)	19.72	17.02

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of Alibaba Health Information Technology Limited (the “**Company**”) will be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Friday, July 30, 2021 at 10:30 a.m. (the “**Annual General Meeting**”) to transact the following businesses:

As ordinary business

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditor for the year ended March 31, 2021.
2. To increase the authorized share capital of the Company from HK\$150,000,000, comprising of 15,000,000,000 shares of par value HK\$0.01 each (the “**Shares**”), to HK\$200,000,000, comprising of 20,000,000,000 Shares of par value HK\$0.01 each, by the creation of 5,000,000,000 Shares of par value HK\$0.01 each, each ranking *pari passu* in all respects with the existing Shares.
3. (a) To re-elect the following retiring directors of the Company:
 - (i) Mr. TU Yanwu as an executive director of the Company;
 - (ii) Mr. LUO Tong as an independent non-executive director of the Company;
 - (iii) Mr. WONG King On, Samuel as an independent non-executive director of the Company; and
 - (iv) Ms. HUANG Yi Fei (Vanessa) as an independent non-executive director of the Company.
- (b) To authorize the board (the “**Board**”) of directors (the “**Directors**”) of the Company to fix the Directors’ remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. To re-appoint Ernst & Young as the auditor of the Company and to authorize the Board to fix its remuneration.

As special business

To consider and, if thought fit, pass each of the following resolutions, with or without amendments, as an ordinary resolution:

5. **“THAT:**
 - (a) subject to paragraph (c) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Listing Rules”**), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each (the **“Shares”**) in the share capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate number of additional Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) an issue of Shares upon the exercise of rights of subscription or conversion attaching to any warrants or convertible bonds issued by the Company or any securities which are convertible into Shares the issue of which warrants and other securities has previously been approved by the shareholders of the Company (the **“Shareholders”**); or
 - (iii) an issue of Shares upon the exercise of any options granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or

NOTICE OF ANNUAL GENERAL MEETING

- (iv) an issue of Share as scrip dividends or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company,

shall not in aggregate exceed 20% of the number of issued Shares of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution,

“**Relevant Period**” means the period from the passing of this resolution until:

- (i) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) revoked or varied by ordinary resolution of the Shareholders in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any applicable laws of Bermuda;

whichever occurs first.

“**Rights Issue**” means an offer of Shares or warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to the Shareholders or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or any class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT:**
- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in ordinary resolution no. 5 set out in the notice convening this meeting) of all the powers of the Company to purchase Shares (as defined in ordinary resolution no. 5 set out in the notice convening this meeting) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose and, subject to and in accordance with the applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved; and
 - (b) the aggregate number of Shares to be purchased pursuant to the approval in paragraph (a) above shall not in aggregate exceed 10% of the number of issued Shares of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly.”
7. “**THAT** conditional upon the passing of the ordinary resolutions nos. 5 and 6 as set out in the notice convening this meeting, the general mandate granted to the Directors under ordinary resolution no. 5 as set out in the notice convening this meeting be and is hereby extended by the addition of an amount representing the number of issued Shares (as defined in ordinary resolution no. 5 set out in the notice convening this meeting) repurchased by the Company pursuant to the general mandate approved in ordinary resolution no. 6 as set out in the notice convening this meeting, provided that such amount of Shares so repurchased shall not in aggregate exceed 10% of the number of issued Shares of the Company as at the date of passing of the said resolution.”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT** the exercise by the Directors of all powers of the Company to grant awards of options and/or restricted share units (the “**RSUs**”) pursuant to the share award scheme adopted by the Company on November 24, 2014 (the “**Share Award Scheme**”) in respect of a maximum number of the underlying new shares that is equivalent to 3% of the Shares in issue as at the date of passing this resolution during the period from the date of passing this resolution until the earlier of (a) the 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 this resolution is varied or revoked by an ordinary resolution of the Company’s 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, be and is hereby generally and unconditionally approved.”

By Order of the Board

ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

ZHU Shunyan

Chairman and Chief Executive Officer

Hong Kong, June 30, 2021

Registered Office:

Victoria Place
5th Floor
31 Victoria Street
Hamilton, HM 10
Bermuda

Head office and principal place of business in Hong Kong:

26/F Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

1. All resolutions at the Annual General Meeting will be taken by poll pursuant to the bye-laws of the Company and the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

2. All persons who are registered holders of the Shares on Monday, July 26, 2021, the record date for the Annual General Meeting, will be entitled to attend and vote at the meeting. In order to be entitled to attend and vote at the Annual General Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with office of the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, July 26, 2021.
3. Any Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Shareholder. 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.
4. Any Shareholder 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/her 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/her.
5. In order to be valid, the form of proxy must be deposited at the office of the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, 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 from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. As at the date of this notice, the Board comprises seven Directors, of whom (i) two are executive Directors, namely Mr. ZHU Shunyan and Mr. TU Yanwu; (ii) two are non-executive Directors, namely Mr. WU Yongming and Mr. XU Hong; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa).
7. The retiring Directors standing for re-election at the Annual General Meeting are Mr. TU Yanwu, Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa).
8. In the event of a conflict between any translation and the English text hereof, the English text will prevail.