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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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.

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

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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, PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME, PROPOSED ADOPTION OF THE SCHEME MANDATE LIMIT, RE-ELECTION AND APPOINTMENT OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

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A notice convening an annual general meeting of the Company to be held at Forum Room 1, B2/F, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on August 11, 2023 at 10:30 a.m. (the “**Annual General Meeting**”) is set out on pages 65 to 70 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 17/F, Fast East Finance Centre, 16 Harcourt Road, 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 and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

July 14, 2023

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## DEFINITIONS

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

“2022 Share Award Mandate”	specific mandate granted at the annual general meeting of the Company held on August 5, 2022 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
“2022 Share Award Mandate Applicable Period”	period from the granting of the 2022 Share Award Mandate and up to the Latest Practicable Date
“Adoption Date”	the date on which the Proposed Amendments to the Share Award Scheme is approved and adopted by ordinary resolutions to be passed by the Shareholders at the Annual General Meeting
“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)
“Amended Share Award Scheme”	the Share Award Scheme with the Proposed Amendments to the Share Award Scheme to be adopted by the Company at the Annual General Meeting, the principal terms of which are set out in Appendix II to this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at Forum Room 1, B2/F, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on August 11, 2023 at 10:30 a.m., the notice of which is set out on pages 65 to 70 of this circular

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## DEFINITIONS

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“Applicable Period”	the period from the date of passing the resolution of the Shareholders in the Annual General Meeting for the refreshment of the Scheme Mandate Limit, to the earlier of (a) three years after the conclusion of the Annual General Meeting, (b) the date of passing the resolution of the Shareholders in general meeting for the refreshment of the Scheme Mandate Limit and (c) the date on which the resolution for the refreshment of the Scheme Mandate Limit is varied or revoked by an ordinary resolution of the Shareholders in general meeting
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Business Day”	means any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-Laws”	the amended and restated bye-laws of the Company adopted on August 5, 2022 as amended from time to time
“CG Code”	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“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)
“connected person(s)”	has the same meaning as defined in the Listing Rules
“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
“controlling shareholder(s)”	has the same meaning as defined in the Listing Rules

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## DEFINITIONS

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“core connected persons”	has the same meaning as defined in the Listing Rules
“CP Trust Account”	Shares that are held by the Trustee in a trust account in favor of the connected persons of 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
“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. 6 in the notice of the Annual General Meeting
“Latest Practicable Date”	July 5, 2023, 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
“Listing Rules Share Scheme Amendments”	the amendments to the Listing Rules relating to share schemes of listed issuers, which have taken effect on January 1, 2023
“Member”	has the same meaning as defined in the Bye-Laws
“NCP Trust Account”	Shares that are held by the Trustee in a trust account in favor of the non-connected persons of the Company
“Nomination Committee”	the nomination committee of the Company
“Option(s)”	option(s) to subscribe for or acquire Shares which are granted under the Share Award Scheme
“Participant(s)”	categories of individual(s) or entity(ies) who are eligible to participate under the Share Award Scheme
“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

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## DEFINITIONS

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“Proposed Amendments”	the proposed amendments to be made to the rules of the Share Award Scheme and other consequential and housekeeping changes to bring it in line with the Listing Rules Share Scheme Amendments
“Remuneration Committee”	the remuneration committee of the Company
“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. 7 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 are awarded under the Share Award Scheme
“Scheme Mandate Limit”	means the total number of Shares in respect of which Share Awards may be granted to the Participants pursuant to the Share Award Scheme and any other share schemes of the Company
“Service Provider(s)”	means any person who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business that are beneficial to the long-term development of the Group as defined in the Amended Share Award Scheme
“Service Provider Sublimit”	means the total number of Shares in respect of which Share Awards may be granted to Service Providers within the Scheme Mandate Limit pursuant to the Share Award Scheme and any other share schemes of the Company as defined in the Amended Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share Award Scheme”	the share award scheme adopted by the Company at a special general meeting on November 24, 2014, the principal terms of which were set out in the circular of the Company dated October 31, 2014
“Share Awards”	Options and/or RSUs granted or to be granted under the Share Award Scheme
“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

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## DEFINITIONS

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“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(s)”	has the same meaning as defined in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks
“Trustee”	Computershare Hong Kong Trustees Limited, an independent professional trustee of the Share Award Scheme appointed by the Company for the CP Trust Account and the NCP Trust Account
“%”	per cent.



**ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**

**阿里健康信息技術有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00241)**

*Executive Directors:*

Mr. Zhu Shunyan

*(Chairman and Chief Executive Officer)*

Mr. Shen Difan

Mr. Tu Yanwu

*Non-executive Director:*

Ms. Huang Jiaojiao

*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

July 14, 2023

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS INVOLVING GRANTING OF  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME,  
PROPOSED ADOPTION OF THE SCHEME MANDATE LIMIT,  
RE-ELECTION AND APPOINTMENT OF DIRECTORS  
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 Proposed Amendments to the Share Award Scheme, the proposed adoption of the Scheme Mandate Limit and the re-election and appointment of Directors.

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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on August 5, 2022, 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 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 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 2,706,655,708 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 1,353,327,854 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.

### PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

#### Background 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.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, 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. Save as disclosed above, as at the Latest Practicable Date, the Company has not considered any other categories of persons as Participants.

Pursuant to the Proposed Amendments, the Participants shall only include directors and full-time and part-time employees of the Group (including persons who are granted Share Awards under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group), directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (including Alibaba Group) and Service Providers. For further details of the Proposed Amendments, please refer to the section headed "Proposed Amendments to the Share Award Scheme — Eligible Participants" of this circular. In light of the future business developments of the Group and in the event that the Company decides to grant any Share Awards to any other categories of persons as Participants, the Company will, where applicable, make the necessary disclosure and comply with all the relevant requirements under the Listing Rules.

The Board will exercise its discretion to determine the eligibility of the Participants 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 Company for the financial year ended March 31, 2023, the Group has maintained continuous business relationships and from time to time entered into 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.

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## LETTER FROM THE BOARD

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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.

Under the Share Award Scheme, in respect of the vesting of the RSUs, the Company has appointed the Trustee to hold on trust the Shares under two separate trust deeds and trust accounts in favor of the connected persons and non-connected persons of the Company, respectively. For the CP Trust Account, the Trustee would purchase existing Shares in issue 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. For the NCP Trust Account, the Trustee would hold on trust the Shares that are issued to them by the Company from time to time and/or purchase existing Shares in issue 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 non-connected persons of the Company. As of the Latest Practicable Date, the Trustee held 2,228,725 and 10,055,717 Shares, representing 0.016% and 0.074% of the issued share capital of the Company in the CP Trust Account and NCP Trust Account, respectively. In respect of the vesting of the Options, new Shares will be issued as and when the grantees have exercised their Options.

For the detailed terms of the Share Award Scheme, please refer to the circular of the Company dated October 31, 2014.

### **Proposed Amendments to the Share Award Scheme**

To bring the Share Award Scheme in line with the Listing Rules Share Scheme Amendments which came into effect on January 1, 2023, the Board proposed to amend the rules of the Share Award Scheme and make other consequential and housekeeping changes, subject to (i) the Shareholders passing an ordinary resolution to approve the Proposed Amendments at the Annual General Meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares in the Company to be issued and allotted up to 10% of the Shares in issue under the revised Scheme Mandate Limit.

The Proposed Amendments to the Share Award Scheme to be approved by an ordinary resolution of the Shareholders at the Annual General Meeting is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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The Board is of the view that the terms of the Amended Share Award Scheme, which include but not limited to granting the Board the discretion to allow for a shorter vesting period and to specify performance targets and purchase price for the Share Awards and setting out the circumstances where the Share Awards shall lapse for cause, gives the Company more flexibility to provide incentives that they see fit when attracting, retaining and motivating employees that are valuable to the growth and development of the Group as a whole, which is in line with the purpose of the Share Award Scheme.

As at the Latest Practicable Date, other than the Share Award Scheme, the Company does not have any share schemes which are governed by Chapter 17 of the Listing Rules. The key changes entailed by the Proposed Amendments are as follows:

### **Eligible Participants**

Pursuant to the Proposed Amendments, the Participants under the Amended Share Award Scheme shall include:

- (a) directors and full-time and part-time employees of the Group (including persons who are granted Share Awards under the Amended Share Award Scheme as an inducement to enter into employment contracts with any member of the Group);
- (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (including Alibaba Group); and
- (c) Service Providers which means any persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business that are beneficial to the long-term development of the Group, including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group. For the avoidance of doubt, Service Providers shall exclude placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity.

The eligibility of the Participants shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her contribution and/or future contribution to the development and growth of the Group.

When considering the eligibility of the Service Providers, the Board will consider the nature of the contribution made by the Service Providers, including, among other things, (i) the performance of the Service Provider; (ii) the length of business relationship with the Group, (iii) the materiality and nature of the services provided to the Group (such as whether they relate to the core business of the Group and whether such services could be readily replaced by third parties), (iv) track record in quality of services provided to the Group, (v) the scale of business dealings with the Group and (vi) the actual or potential contribution to the Group's revenue or profit which is or may be attributable to the Service Provider. The Company will also consider whether such services are in line with the

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## LETTER FROM THE BOARD

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Company's business need and the industry norm, whether it is desirable and necessary from a commercial perspective, whether it help maintain the competitiveness of the Group as a whole, having regard to the Group's key business and market focus from time to time.

As these Service Providers often possess industry-specific knowledge or expertise and have extensive experience and understanding of the market, they are able to provide insight on areas such as market development, technological trends and innovations, production management, as well as marketing. The strategic advice and guidance provided by engaging these Service Providers benefit the Group in its ordinary and usual course of business and in the healthcare industry, which allows the Group to more effectively plan its future business strategies for long-term growth. The Directors (including the independent non-executive Directors) are of the view that the eligibility and the grant of Share Awards to Service Providers would not only align the interest of the Group with such grantees by incentivising them to provide better services to the Group and/or contribute to the long term business development of the Group, but also strengthen their loyalty to the Group and provide incentives for (i) a higher degree of their participation and involvement in promoting the business of the Group; and (ii) maintaining a stable and long-term relationship with the Group.

As at the Latest Practicable Date, the Company has not granted any Share Awards to the Service Providers. Despite the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the inclusion of the Service Providers as eligible Participants is in line with the purpose of the Share Award Scheme because this allows the flexibility to grant Share Awards to the Service Providers based on the above reasons and in recognition of their contribution to the Group.

### **Scheme Mandate Limit and Service Provider Sublimit**

Pursuant to the Proposed Amendments, the Scheme Mandate Limit shall be revised from three (3)% to (a) ten (10)% of the Shares in issue as at the Adoption Date or (b) ten (10)% of the Shares in issue as at the New Approval Date (as defined below).

Service provider Sublimit means the total number of Shares in respect of which Share Awards may be granted to Service Providers within the Scheme Mandate Limit pursuant to the Share Award Scheme and any other share award schemes of the Company, being (a) one (1)% of the Shares in issue as at the Adoption Date or (b) one (1)% of the Shares in issue as at the New Approval Date (as defined below).

For the avoidance of doubt, the Share Awards cancelled in accordance with the terms of the Share Award Scheme shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be).

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## LETTER FROM THE BOARD

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Shares 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 Share Awards already granted under the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be) pursuant to the Share Award Scheme.

### **Refreshment of the Scheme Mandate Limit and the Service Provider Limit**

Pursuant to the Proposed Amendments, the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) may be refreshed by Shareholders in general meeting every three years from the date of the Shareholders' approval for the last refreshment, but in any event, the total number of Shares which may be issued and/or transferred upon the vesting or exercise of the Share Awards granted pursuant to the Share Award Scheme and any other share award schemes of the Company following the date of approval of the refreshed limit (the "**New Approval Date**") under the limit as refreshed must not exceed ten (10)% of the Shares in issue as at the New Approval Date. The Company must send a circular to Shareholders containing the relevant information as required under the Listing Rules.

Any refreshment of the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) within any three-year period must be approved by Shareholders in general meeting subject to: (a) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting in favour of the relevant resolution at the general meeting; and (b) the Company must comply with the relevant requirements under Chapter 13 of the Listing Rules.

Notwithstanding the foregoing, the Company may grant Share Awards beyond the Scheme Mandate Limit to Participants if separate Shareholders' approval in general meeting has been obtained for granting Share Awards beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing the relevant information as required under the Listing Rules.

Where any further grant of Share Awards to a Participant would result in the Shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of all Share Awards granted and to be granted to such person (including all vested, exercised, cancelled and outstanding Share Awards and excluding all Share Awards lapsed in accordance with the terms of the Share Award Scheme) in the 12-month period up to and including the date of such further grant (when aggregated with any Shares underlying the Share Awards granted during such period pursuant to any other share award schemes of the Company) representing in aggregate over one (1)% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and

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## LETTER FROM THE BOARD

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his/her close associates (or his/her associates if the Participant is a connected person) abstaining from voting. The Company must send a circular to Shareholders containing the relevant information as required under the Listing Rules.

### **Vesting Period**

Pursuant to the Proposed Amendments, the Board or the Remuneration Committee (as the case may be) is entitled to impose any terms and conditions as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Share Awards on the Participant provided that the vesting period for the Share Awards shall not be less than 12 months unless under the specific circumstances as set out below:

- (a) granting Share Awards to new employees to replace the share awards they forfeited (the “**Forfeited Awards**”) when leaving their previous employers. The vesting period for such Share Awards will be the same as the remaining vesting period of the Forfeited Awards (which may be less than 12 months);
- (b) granting Share Awards to a Participant whose employment or service (as the case may be) was terminated due to death, disability or event of force majeure;
- (c) granting Share Awards which are subject to the fulfilment of performance targets (as opposed to time-based conditions);
- (d) granting Share Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Participant, in which case the Vesting Date may be adjusted to take account of the date on which an offer of a Share Award is made to the Participant (the “**Offer Date**”), if not for such administrative or compliance requirements;
- (e) granting Share Awards with a mixed vesting schedule such that the Share Awards would vest evenly over a period of 12 months; or
- (f) granting Share Awards with a total vesting and holding period of more than 12 months.

### **Performance targets**

Pursuant to the Proposed Amendments, the Board may specify any performance targets (including but not limited to a certain period of continued employment, engagement and/or service within the Group or other conditions as the Board deems appropriate in its absolute discretion from time to time) that must be satisfied in order for the Share Award to vest in whole or in part with the grantee.

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## LETTER FROM THE BOARD

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### Clawback Mechanism

Notwithstanding the terms and conditions of the Share Award Scheme, pursuant to paragraph 6 of the Amended Share Award Scheme, the Board may provide in the grant letter to the grantee that any Share 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 (as defined in the Share Award Scheme);
- (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 five (5) per cent. or more in, any Competitor (as defined in the Share Award Scheme); or
  - (ii) knowingly performs any act that may confer any competitive benefit or advantage upon any Competitor (as defined in the Share Award Scheme);
- (d) subject to paragraph 5.8 of the Amended Share Award Scheme, the date on which the offer (or, as the case may be, revised offer) closes;
- (e) subject to paragraph 5.9 of the Amended Share Award Scheme, the record date for determining entitlements under a scheme of arrangement;
- (f) the date on which the compromise or arrangement referred to in paragraph 5.10 of the Amended Share Award Scheme 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 6.3 of the Amended Share Award Scheme;
- (i) the date on which the grantee (whether intentionally or otherwise) commits a breach of paragraph 10.1 of the Amended Share Award Scheme;
- (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 a Share Award which are subject to performance or other vesting condition(s)) the date on which the condition(s) to vesting of the relevant Shares underlying the Share Award are not capable of being satisfied.

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## LETTER FROM THE BOARD

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

If the grantee's employment or service with the Company or any of its subsidiaries is terminated for any reason (including by reason of resignation, retirement, death, Disability (as defined in the Share Award Scheme) or non-renewal of the employment or service agreement upon its expiration for any other reason) other than for Cause (as defined in the Share Award Scheme), 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 Share 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 Share 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 Share 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, such Share 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).

For the avoidance of doubt, Share Awards that have lapsed in accordance with the terms of the Share Award Scheme will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

### **Amount payable on applicable or acceptance of Share Awards**

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 and/or RSU within the time period as set out in the offer made to a Participant by notice (the "Notice of Grant").

### **Purchase Price of Share Awards**

The Board and the Remuneration Committee may determine and specify the purchase price of the RSUs (if any) in the Notice of Grant, which shall be based on considerations such as the prevailing market price of the Shares, the purpose of the RSU and the characteristics and profile of the relevant Participant.

### **Grant of Share Awards to Connected Persons**

Pursuant to the Proposed Amendments, any grant of Share Awards (either in the form of RSUs or Options) to any Director, chief executive or substantial shareholder of the Company (excluding any proposed Director or chief executive of the Company), or any of their respective associates, shall be subject to the prior approval of the independent

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## LETTER FROM THE BOARD

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non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Share 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.

Any grant of an RSU to a Director (other than an independent non-executive Director of the Company) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Share Awards granted (excluding any Share Awards lapsed in accordance with the terms of the Share Award Scheme) to such person pursuant to the Share Award Scheme of the Company in the 12-month period up to and including the date on which an offer of Share Awards is made to the Participant (the “**Offer Date**”) representing in aggregate over 0.1% of the Shares in issue on the Offer Date, such further grant of RSU shall be subject to prior approval by the Shareholders in general meeting in such manner as set out in paragraph 4.4 of the Amended Share Award Scheme.

Any grant of a Share 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 and excluding any Share Awards lapsed in accordance with the terms of the Share Award Scheme) to such person pursuant to 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 representing in aggregate over 0.1% of the Shares in issue on the Offer Date, such further grant of a Share Award shall be subject to prior approval by the Shareholders in general meeting in such manner as set out in paragraph 4.4 of the Amended Share Award Scheme.

Any change in the terms of a Share Award granted 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 Shareholders in general meeting by way of poll if the initial grant of the Share Award requires such approval (except where the changes take effect automatically under the existing terms of the Share Award Scheme) and the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution relating to the change in the terms of such Share Award at such general meeting. The Company shall send a circular to the Shareholders containing the information as set out in the Share Award Scheme and comply with the relevant requirements under Chapter 13 of the Listing Rules.

As at the Latest Practicable Date, the Company has not formulated any intention to grant any Share Awards to the independent non-executive Directors under the Share Award Scheme. In the event that the Company decides to grant any Share Awards to any independent non-executive Director, the Company will comply with the applicable requirements under the Listing Rules including in particular the recommended best practice E.1.9 of Appendix 14 to the Listing Rules whereby any grants to them will not include any performance-related elements.

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## LETTER FROM THE BOARD

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### **Share Consolidation or Share Subdivision**

Pursuant to the Proposed Amendments, where the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved by Shareholders in general meeting, the maximum number of Shares that may be issued in respect of all Share Awards to be granted under the Share Award Scheme or any other share award schemes of the Group under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

### **Rights attached to Share Awards**

A Share 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 Share Award. Subject to obtaining a waiver from the Stock Exchange, the Company may allow a transfer of the Share Awards to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Share Award Scheme and comply with Chapter 17 of this Listing Rules. Where such waiver is granted, any transfer to a permitted transferee shall be subject to the terms of the trust deed and the applicable laws and regulations including but not limited to the Listing Rules (as amended from time to time).

### **Voting Rights of unvested Shares under the Share Award Scheme**

Pursuant to the Proposed Amendments, the trustee holding unvested 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, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

### **Alterations to the Share Award Scheme**

Any alterations to the terms and conditions of the Share Award Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Participants shall not be made, in either case, without the prior approval of Shareholders in general meeting. 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.

Any 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.

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## LETTER FROM THE BOARD

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The Board shall have the power from time to time to make or vary the terms of the Share Award Scheme for its administration and operation without approval by the Shareholders in general meeting, provided that the same are not inconsistent with the other provisions of the Share Award Scheme.

Any alterations to the terms of the Share Awards granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders of the Company (as the case may be) if the initial grant of the Share Award was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders of the Company (as the case may be), except where the alterations take effect automatically under the existing terms of the Share Award Scheme.

### **Termination**

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 Share 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 Share Awards which are granted during the term and which remain unvested or which have vested but not yet been exercised or in respect of which Shares not yet issued to the Participants at the time of termination of the Share Award Scheme.

### **The 2022 Share Award Mandate**

Pursuant to the 2022 Share Award Mandate granted to the Board at the annual general meeting of the Company on August 5, 2022, the Board was authorized to grant awards of Options and/or RSUs pursuant to the Share Award Scheme in respect of 405,603,601 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 2022 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.

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**LETTER FROM THE BOARD**

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*Share Awards granted*

As at the Latest Practicable Date, a total of 7,413,000 Options had been granted pursuant to the 2022 Share Award Mandate. The table below summarizes the details of such Options granted:

<b>Participants</b>	<b>Capacity of Grantee</b>	<b>No. of Options</b>	<b>Grant Date</b>	<b>Exercise Price</b>	<b>Validity and Vesting Period</b>
5 grantees who are connected persons of the Company	Directors and directors of subsidiaries of the Company	3,956,000	June 15, 2023	HK\$5.160	Validity Period: 10 years from June 15, 2023  Vesting Period: Over 1 to 4 years from June 15, 2023 (apart from one over 1 to 6 years from June 15, 2023)
8 grantees who are not connected persons of the Company	Employees of the Group or the Company's Affiliate(s)*	3,457,000	June 15, 2023	HK\$5.160	Validity Period: 10 years from June 15, 2023  Vesting Period: Over 1 to 4 years from June 15, 2023

As at the Latest Practicable Date, a total of 54,645,102 RSUs had been granted pursuant to the 2022 Share Award Mandate for nil consideration. The table below summarizes the details of such RSUs granted:

<b>Participants</b>	<b>Capacity of Grantee</b>	<b>No. of RSUs</b>	<b>Grant Date</b>	<b>Vesting Period</b>	<b>Maximum Number of new Shares that may be issued upon vesting</b>
6 grantees who are not connected persons of the Company	Employees of the Company or the Company's Affiliate(s)*	1,353,302	September 15, 2022	Within 1 year from September 15, 2022	1,353,302
90 grantees who are not connected persons of the Company	Employees of the Company or the Company's Affiliate(s)*	4,470,000	September 15, 2022	Within 4 years from September 15, 2022	4,470,000

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**LETTER FROM THE BOARD**

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Participants	Capacity of Grantee	No. of RSUs	Grant Date	Vesting Period	Maximum Number of new Shares that may be issued upon vesting
9 grantees who are not connected persons of the Company	Employees of the Company or the Company's Affiliate(s)*	390,000	December 15, 2022	Within 4 years from December 15, 2022	390,000
8 grantees who are not connected persons of the Company	Employees of the Group	360,000	March 15, 2023	Over 1 to 4 years from March 15, 2023	360,000
10 grantees who are connected persons of the Company	Directors and directors of subsidiaries of the Company	2,803,800	June 15, 2023	Over 1 to 4 years from June 15, 2023 (apart from one over 1 to 6 years from June 15, 2023)	Nil
619 grantees who are not connected persons of the Company	Employees of the Group or the Company's Affiliate(s)*	45,268,000	June 15, 2023	Over 1 to 4 years from June 15, 2023	45,268,000

\* *Share Awards were granted to employees of Affiliate(s) of the Company which include individuals overseeing certain management functions in the Group whose employment contracts are maintained with other members of the Alibaba Group. 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 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 2022 Share Award Mandate Applicable Period is 62,058,102, representing approximately 0.46% of the total issued share capital of the Company as at the date of the Company's annual general meeting held on August 5, 2022, of which 59,254,302 may be new Shares to be issued by the Company upon exercise and/or vesting (as the case may be) of the relevant Share Awards and 2,803,800 are existing Shares to be purchased by the Trustee from the market using cash contributions from the Company upon vesting of the Share Awards. The number of new Shares that may be issued and allotted upon exercise or vesting (as the case may be) of the Share Awards granted during the 2022 Share Award Mandate Applicable Period represents approximately 14.61% of the maximum number of Shares that underlie the Share Awards which the Board is authorized to grant under the 2022 Share Award Mandate.

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## LETTER FROM THE BOARD

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### *Utilization*

The table below summarizes the utilization of the 2022 Share Award Mandate as at the Latest Practicable Date:

Total number of Share Awards granted pursuant to the 2022 Share Award Mandate	62,058,102
— No. of Options cancelled/lapsed	—
— No. of RSUs cancelled/lapsed	692,000
— No. of Options exercised	—
— No. of RSUs vested	676,652
Total number of Share Awards granted during the 2022 Share Award Mandate Applicable Period which were outstanding as at the Latest Practicable Date	60,689,450
Total number of Share Awards which remain available for granting pursuant to the 2022 Share Award Mandate between the Latest Practicable Date and the conclusion of the Annual General Meeting	344,237,499

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 2022 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 2022 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.

### *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:	143,639,939
Total no. of RSUs granted:	426,792,859
— No. of Options cancelled/lapsed:	57,796,864
— No. of RSUs cancelled/lapsed:	96,979,025
— No. of Options exercised:	60,363,950
— No. of RSUs vested:	212,037,842
Total no. of Options outstanding as at the Latest Practicable Date	25,479,125
Total no. of RSUs outstanding as at the Latest Practicable Date	177,775,992
Total no. of Share Awards outstanding as at the Latest Practicable Date	143,255,117

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## LETTER FROM THE BOARD

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### *The Scheme Mandate Limit*

As set out on pages 11 to 12 of this circular and in resolution no. 9 in the notice of the Annual General Meeting, a resolution has been proposed at the Annual General Meeting to approve the Proposed Amendments to the Share Award Scheme which includes, among others, the revision of the Scheme Mandate Limit from three (3)% to ten (10)%, which would grant the Directors a mandate to grant Share Awards in respect of a maximum number of the underlying new Shares that is equivalent to ten (10)% 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. Subject to the passing of the relevant resolution to approve the Scheme Mandate Limit 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 1,353,327,854 underlying new Shares.

For the avoidance of doubt, any Shares issued pursuant to the Scheme Mandate Limit will not be counted towards the Shares to be issued (if any) pursuant to the general mandate proposed under resolution no. 6 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 Scheme Mandate Limit. As at the Latest Practicable Date, the Trustee held 2,228,725 and 10,055,717 Shares for the CP Trust Account and the NCP Trust Account, respectively, representing 0.016% and 0.074% of the issued share capital of the Company, respectively. The Trustee shall abstain from voting on all resolutions in the notice of the Annual General Meeting at the Annual General Meeting. Save as disclosed, no other Shareholders are required to abstain from voting on the resolutions in the notice of the Annual General Meeting at the Annual General Meeting.

As of the Latest Practicable Date, a total of 926 grantees under the Share Award Scheme held interests in 143,255,117 Shares (which represented approximately 1.06% 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 7,212,500 Shares upon the exercising and vesting of Options and RSUs granted to him, (ii) one Director, namely Mr. Shen Difan holding 3,609,525 Shares upon the exercising and vesting of Options and RSUs granted to him, (iii) one Director, namely Mr. Tu Yanwu, holding 1,158,975 Shares upon the exercising and vesting of Options and RSUs granted to him, and (iv) other directors of the subsidiaries of the Company, holding 8,357,744 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 Shares.

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## LETTER FROM THE BOARD

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### **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 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.

### **PROPOSED ADOPTION OF THE SCHEME MANDATE LIMIT**

#### **Background**

The existing rules of the Share Award Scheme provide that the Scheme Mandate Limit means the total number of Shares in respect of which Awards may be granted pursuant to the Share Award Scheme and any other share award schemes of the Company, being (a) 3% of the Shares in issue as at the Adoption Date or (b) 3% of the Shares in issue as at the New Approval Date which 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 pursuant to the Share Award Scheme and any other share award schemes of the Company following the New Approval Date under the limit as renewed must not exceed 3% of the Shares in issue as at the New Approval Date.

Pursuant to the Proposed Amendments, the Scheme Mandate Limit shall be revised from three (3)% to ten (10)% of the shares in issue as at the Adoption Date or in issue as at the New Approval Date and the Scheme Mandate Limit may be refreshed (a) every three years with Shareholders' approval or (b) within a three-year period with Shareholders' approval but with the controlling shareholders of the Company and their associates (or if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting in favour of the relevant resolution at the general meeting.

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## LETTER FROM THE BOARD

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The existing rules of the Share Award Scheme does not include a scheme mandate limit for Service Providers. Pursuant to the Proposed Amendments, Service Providers was included as one of the categories of eligible Participants and accordingly the Service Provider Sublimit would be adopted to grant Service Providers (a) one (1)% of the Shares in issue as at the Adoption Date or (b) one (1)% of the Shares in issue as at the New Approval Date.

The Board will consider the following factors in determining the Service Provider Sub-limit:

- (i) the business expansion and development needs of the Group, which may require further engagement of Service Providers;
- (ii) the expected contribution to the development and growth of the Company attributable to the Service Providers;
- (iii) the major portion of the Scheme Mandate Limit to be reserved for grants to the eligible Participants other than the Service Providers; and
- (iv) the minimal potential dilution to the shareholding of public Shareholders following the grant to Service Providers under the Service Provider Sublimit of one (1)%, considering that the further grant of Share Awards to a Participant in the 12-month period representing in aggregate over one (1)% of the Shares in issue must be separately approved by Shareholders in general meeting.

By taking into account the above factors in determining the Service Provider Sublimit, the Board considers that the Service Provider Sublimit is appropriate and reasonable. Accordingly, the Company seeks approval from the Shareholders to adopt the revised Scheme Mandate Limit (and the Service Provider Sublimit).

As at the Latest Practicable Date, there were an aggregate of 13,533,278,542 Shares in issue. Assuming there is no issue or repurchase of Shares between the period from the Latest Practicable Date up to the date of the Annual General meeting (i) the Scheme Mandate Limit will be 1,353,327,854 Shares, representing ten (10)% of the total number of Shares in issue as at the Adoption Date; and (ii) the Service Provider Sub-limit will be 135,332,785 Shares, representing one (1)% of the total number of Shares in issue as at the Adoption Date.

The Company will apply to the Stock Exchange for the granting of the listing of, and permission to deal in, the new Shares to be allotted and issued pursuant to the revised Scheme Mandate Limit (and the Service Provider Sublimit) which may be granted under the Share Award Scheme and any other share award schemes of the Company.

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## LETTER FROM THE BOARD

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### RE-ELECTION AND APPOINTMENT OF DIRECTORS

In accordance with bye-law 84(1) and (2) of the Bye-laws, Mr. Tu Yanwu (“**Mr. Tu**”), Mr. Luo Tong (“**Mr. Luo**”) and Mr. Wong King On Samuel (“**Mr. Wong**”) will retire at the Annual General Meeting. Mr. Tu, will offer himself for re-election at the Annual General meeting, whereas Mr. Luo and Mr. Wong have decided not to stand for re-election at the Annual General Meeting and will retire as independent non-executive Directors at the conclusion of the Annual General Meeting. Upon the retirement of Mr. Luo and Mr. Wong as independent non-executive Directors, Mr. Luo will cease to act as a member of each of the Audit Committee and the Nomination Committee and Mr. Wong will cease to act as the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee.

In accordance with bye-law 83(2) of the Bye-Laws, Ms. Huang Jiaojiao (“**Ms. Huang**”), who was appointed as a non-executive director on May 15, 2023, shall hold office only until the Annual General Meeting. Being eligible, Ms. Huang will offer herself for re-election at the Annual General Meeting.

After considering the recommendation of the Nomination Committee, the Board has proposed to appoint Dr. Shao Rong (“**Dr. Shao**”) and Ms. Wu May Yihong (“**Ms. Wu**”) as independent non-executive Directors to fill the vacancies arising from the retirements of Mr. Luo and Mr. Wong, respectively. The proposed appointments of Dr. Shao and Ms. Wu is subject to the approval by the Shareholders at the Annual General Meeting by way of ordinary resolution and will take effect, if approved, from the conclusion of the Annual General Meeting.

The nominations of Dr. Shao and Ms. Wu were made in accordance with the nomination policy adopted by the Company and based on its selection criteria (including without limitation, their character and integrity, their qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company that are relevant to the Company’s business and corporate strategy, any measurable objectives adopted for achieving diversity on the Board, requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether they would be considered independent with reference to the independence guidelines set out in the Listing Rules, any potential contributions they could bring to the Board in terms of qualifications, skills, experience, independence and gender diversity, their willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company and any other perspectives that are appropriate to the Company’s business and succession plan) adopted thereunder. Both Dr. Shao and Ms. Wu have confirmed that they meet the independence criteria as set out in Rule 3.13 of the Listing Rules.

The Nomination Committee considered that in view of their educational backgrounds, professional qualifications, industry knowledge and work experiences as independent non-executive director of various listed companies, both Dr. Shao and Ms. Wu as independent non-executive Directors will bring valuable perspectives, knowledge, skills and experiences to the Board for its efficient and effective functioning and their appointments

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## LETTER FROM THE BOARD

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will contribute to the diversity (in particular, in terms of gender and skills) of the Board which will suit the requirements of the Company's businesses and will benefit the future development of Company.

Accordingly, separate ordinary resolutions will be proposed at the Annual General Meeting to re-elect Mr. Tu and Ms. Huang as an executive Director and a non-executive Director, respectively, and appoint Dr. Shao and Ms. Wu as independent non-executive Directors, which will take effect, if approved, from the conclusion of the Annual General Meeting. Upon the appointments of Dr. Shao and Ms. Wu as independent non-executive Directors becoming effective, Dr. Shao will serve as a member of each of the Audit Committee and the Nomination Committee and Ms. Wu will serve as the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee.

The particulars of the Directors proposed to be re-elected and appointed 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 and appointed 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 and appointment as Directors that need to be brought to the attention of the Shareholders.

### **Executive Director**

#### ***Mr. Tu Yanwu***

Mr. Tu Yanwu, aged 45, was appointed as an executive Director on October 23, 2020. He has been the chief financial officer of the Company since April 2020, and is responsible for the overall financial management and the formulation and implementation of the Group's strategies. He is also a director of certain subsidiaries of the Group. 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 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.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Mr. Tu beneficially held 542,703 Shares and, subject to vesting, he was interested in 1,158,975 Shares underlying 751,250 Options and 407,725 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 RMB3,243,000 for the year ended March 31, 2023.

### **Non-executive Director**

#### ***Ms. Huang Jiaojiao***

Ms. Huang, aged 41, was appointed as a non-executive Director on May 15, 2023. She has worked at Alibaba Holding since December 2017 and is currently its senior finance director. Ms. Huang has extensive experience in financial management. Prior to that, she was the senior finance manager of Alibaba Group from February 2012 to April 2016. Before joining Alibaba Group, Ms. Huang worked at the Shanghai branch of KPMG Huazhen LLP from August 2004 to February 2012 with her last position as audit manager. She obtained a Bachelor's degree of Management majoring in Accounting in July 2004 from the Shanghai University of Finance and Economics in the People's Republic of China.

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.

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## LETTER FROM THE BOARD

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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 May 15, 2023, which is renewable for a one-year period upon expiry of each term and 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 and the Listing Rules. Ms. Huang will not receive any remuneration from the Group as a non-executive Director.

### **Independent Non-executive Directors**

#### ***Dr. Shao Rong***

Dr. Shao Rong, aged 60, has extensive experience in the pharmaceutical industry. She currently holds various positions in China Pharmaceutical University of the People's Republic of China ("PRC"), serving as the executive deputy director of its Research Center of National Drug Policy and Ecosystem and the executive dean of its Institute of Drug Regulatory Sciences, in charge of regulatory science disciplines and research. Dr. Shao has been an independent non-executive director of YSB Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9885) since June 2023. Dr. Shao has also been an independent director of Jiangsu GDK Biotechnology Co., Ltd. (江蘇金迪克生物技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688670) and I-Mab, a company listed on the Nasdaq Global Market (stock symbol: IMAB) since June 2020 and June 2021, respectively. She was also an independent director of Changzhou Qianhong Biopharma Co., Ltd. (常州千紅生化製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002550), from September 2014 to January 2021. Dr. Shao obtained a Bachelor's degree in Medicinal Chemistry in July 1983 from Nanjing College of Pharmacy (currently known as China Pharmaceutical University), a second Bachelor's degree in Law in July 1989 from Nanjing University in the PRC and a PhD degree in Pharmacy in July 2010 from Shenyang Pharmaceutical University in the PRC. Dr. Shao is a qualified lawyer in the PRC, licensed by the Jiangsu Justice Department in 2009 and is a holder of a Professor Qualification Certificate awarded by the Jiangsu Provincial Department of Education in August 2003. She is currently a director of the China Society for Drug Regulation (中國藥品監督管理研究會), a chairman of the Special Committee on Drug Regulatory Laws and Policies\* (藥品監管法規與政策研究專委會) and a vice chairman of the Special Committee on Drug Regulatory Talent Training\* (藥品監管人才培養專委會). She was previously a director of the Chinese Pharmaceutical Association (中國藥學會), a vice chairman of the Pharmacoeconomics Professional Committee of the China Association of Traditional Chinese Medicine\* (中國中藥協會藥物經濟學專業委員會) and a vice chairman of the Pharmaceutical Administration Professional Committee of the Chinese Pharmaceutical Association\* (中國藥學會藥事管理專業委員會). She is an expert in the expert committee of the Generic Drug Quality and Curative Effects Consistency Evaluation of the National Medical Products Administration\* (國家藥監局仿製藥質量和療效一致性評價專家委員會), an expert reviewer of the National Committee on the Assessment of the Protected Traditional Chinese Medicine Products (國家中藥品種保護評審委員會) and is also a member of the working group of experts for licensed pharmacists in the PRC.

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## LETTER FROM THE BOARD

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

Save as disclosed herein, Dr. Shao 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.

Save as disclosed herein, Dr. Shao has confirmed that there is no other information required to be disclosed in accordance with Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter relating to her proposed appointment that needs to be brought to the attention of the Shareholders.

Upon approval of the appointment of Dr. Shao as an independent non-executive Director by the Shareholders at the Annual General Meeting, Dr. Shao will enter into an appointment letter for her service with the Company as an independent non-executive Director for a term of one year commencing from the date of the Annual General Meeting, which is renewable for a one-year period upon expiry of each term and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-Laws and the Listing Rules. Dr. Shao will be entitled to receive a director's fee of HK\$377,520 per annum as an independent non-executive Director.

### *Ms. Wu May Yihong*

Ms. Wu May Yihong, formerly named as Wu Ning, aged 55, has been an independent director and chairwoman of the compensation committee of Noah Holdings Limited, a company listed on the New York Stock Exchange (ticker symbol: NOAH) and the Main Board of the Stock Exchange (stock code: 6686) since November 2010 and May 2015, respectively. Since May 2017, Ms. Wu has been an independent non-executive director and chairwoman of the audit committee of Swire Properties Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1972). Ms. Wu worked at Homeinns Hotel Group, the shares of which are listed on the Nasdaq Stock Market (ticker symbol: HMIN) from October 2006 to April 2016, where she served as their board adviser from July 2019 to May 2023, chief strategy officer from May 2010 to June 2019 and chief financial officer from July 2006 to April 2010. Ms. Wu obtained a Bachelor's degree in Biochemistry in July 1989 from Fudan University in the PRC, a Master's degree of Arts in Economics in June 1993 from the Brooklyn College of the City University of New York, and a Master's degree in Business Administration in June 1998 from the J.L. Kellogg Graduate School of Management (currently known as Kellogg School of Management) of Northwestern University in the United States of America.

As at the Latest Practicable Date, Ms. Wu 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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## LETTER FROM THE BOARD

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

Save as disclosed herein, Ms. Wu 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.

Save as disclosed herein, Ms. Wu has confirmed that there is no other information required to be disclosed in accordance with Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter relating to her proposed appointment that needs to be brought to the attention of the Shareholders.

Upon approval of the appointment of Ms. Wu as an independent non-executive Director by the Shareholders at the Annual General Meeting, Ms. Wu will enter into an appointment letter for her service with the Company as an independent non-executive Director for a term of one year commencing from the date of the Annual General Meeting, which is renewable for a one-year period upon expiry of each term and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-Laws and the Listing Rules. Ms. Wu will be entitled to receive a director's fee of HK\$696,960 per annum as an independent non-executive Director.

### ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Forum Room 1, B2/F, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on August 11, 2023 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 65 to 70 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

Save as the Trustee who held 2,228,725 and 10,055,717 Shares for the CP Trust Account and the NCP Trust Account, respectively, representing 0.016% and 0.074% of the issued share capital of the Company as at the Latest Practicable Date, no other Shareholder is required to abstain from voting at the Annual General Meeting pursuant to the Listing Rules and/or the Bye-Laws.

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## LETTER FROM THE BOARD

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### 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 proposed amendments to the Share Award Scheme, the proposed adoption of the Scheme Mandate Limit and the re-election and appointment of the Directors 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 13,533,278,542 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 1,353,327,854 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, 2023, 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	22.93%	25.48% <sup>(1)(3)</sup>
Alibaba Investment Limited	48,716,465	0.36%	0.40% <sup>(1)(3)</sup>
Ali JK Nutritional Products Holding Limited	4,560,785,407	33.70%	37.45% <sup>(2)(3)</sup>
Antfin (Hong Kong) Holding Limited	60,576,000	0.45%	0.50% <sup>(4)</sup>
Directors and directors of subsidiaries of the Company	29,684,428	0.22%	0.24%
Other Shareholders	<u>5,729,699,581</u>	<u>42.34%</u>	<u>35.93%</u>
Total	<u><u>13,533,278,542</u></u>	<u><u>100%</u></u>	<u><u>100%</u></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. For the purpose of Part XV of the SFO, as Perfect Advance is interested in 3,103,816,661 Shares, AIL is deemed to have an interest in 3,103,816,661 Shares via Perfect Advance.
- (2) Ali JK Nutritional Products Holding Limited (“**Ali JK**”) held 4,560,785,407 Shares. Ali JK is owned by Alibaba Holding as to 100%.
- (3) For the purpose of Part XV of the SFO, as AIL is interested in 48,716,465 Shares and deemed to have an interest in an aggregate of 3,103,816,661 Shares via Perfect Advance and Ali JK is interested in an aggregate of 4,560,785,407 Shares, and Alibaba Holding is deemed to have an interest in an aggregate of 7,713,318,533 Shares via AIL, Perfect Advance and Ali JK.
- (4) 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, AIL and Ali JK, were interested in approximately 22.93%, 0.36% and 33.70% of the total issued share capital of the Company, respectively; (ii) the Directors and directors of subsidiaries of the Company were interested in approximately 0.22% of the issued share capital of the Company; and (iii) Antfin, which is a close associate of Alibaba Holding, was interested in approximately 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, AIL, Ali JK, Antfin and the Directors and directors of subsidiaries of the Company will increase to approximately 25.48%, 0.40%, 37.45%, 0.50% and 0.24% of the total issued share capital of the Company, respectively. Accordingly, 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 and Ali JK could become obliged 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.

Nevertheless, 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:

	<b>Highest traded price HK\$</b>	<b>Lowest traded price HK\$</b>
<b>2022</b>		
June	5.80	3.88
July	5.99	4.61
August	4.86	4.21
September	4.65	3.54
October	3.94	3.00
November	6.50	3.36
December	10.14	6.48
<b>2023</b>		
January	7.96	6.41
February	7.28	5.53
March	6.59	5.32
April	6.04	5.40
May	5.82	4.53
June	5.29	4.42
July (up to the Latest Practicable Date)	4.90	4.69

The following shows the Proposed Amendments the principal terms of the Share Award Scheme to be approved by an ordinary resolution of the Shareholders at the Annual General Meeting. Unless otherwise specified, paragraphs referred to below are paragraphs of the Amended Share Award Scheme.

The Amended Share Award Scheme is prepared in English with no official Chinese version. The Chinese translation is for reference only. In the event of any inconsistency, the English version shall prevail.

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme, unless the context otherwise requires, the following expressions have the meanings set out below:

*acting in concert* has the meaning ascribed to it in the Takeovers Code;

*Adoption Date* means the date on which the conditions to this Scheme becoming effective as set out in **paragraph 2.4** are satisfied;

*associate* has the meaning ascribed to it in the Listing Rules;

*Auditors* means the auditors of the Company from time to time;

*Award* means an award granted under this Scheme in the form of an Option or an RSU;

*Bermuda Companies Act* means the Bermuda Companies Act 1981 and any amending laws in force;

*Board* means the board of Directors from time to time or a duly authorised committee of the Board;

*Board Lot* means the board lot in which Shares are traded on the Stock Exchange from time to time;

*Business Day* means any day on which the Stock Exchange is open for the business of dealing in securities;

*Cause* means, 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 of serious misconduct 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* means Alibaba Health Information Technology Limited, a company incorporated in Bermuda with limited liability (~~formerly known as CITIC 21CN Company Limited~~), the shares of which are listed on the Stock Exchange;

*Competitor* means 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 ascribed to it in the Listing Rules;

*core connected person* has the meaning ascribed to it in the Listing Rules;

*Director* means a director of the Company;

*Disability* means a disability, whether temporary or permanent, partial or total as determined by the Board in its absolute discretion;

*Exercise Period* means, 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 pursuant to **paragraph 6.3**, which period shall commence on the Vesting Date and shall expire no later than ten (10) years from the Offer Date;

*Exercise Price* means the price per Share at which a Grantee may subscribe for or acquire Shares upon the exercise of an Option, as determined in accordance with **paragraph 5.35.2**;

*Grantee* means any Participant who accepts an Offer in accordance with the terms of this Scheme or, where the context so permits, a person entitled to any such Award in consequence of the death of the original Grantee or the legal personal representative of such person;

*Group* means the Company and its subsidiaries;

*HK\$* means Hong Kong dollars, the lawful currency of Hong Kong;

*Hong Kong* means the Hong Kong Special Administrative Region of the People's Republic of China;

*insider information* has the meaning ascribed to it in the Listing Rules;

*Listing Rules* means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;

*New Approval Date* has the meaning ascribed to it in **paragraph 7.2**;

*Notice of Grant* has the meaning ascribed to it in **paragraph 3.2**;

*Offer* means the offer of the grant of an Award made in accordance with **paragraph 3**;

*Offer Date* means, in respect of an Award, the date on which an Offer is made to a Participant, which must be a Business Day;

*Option* means an option to subscribe for or acquire Shares which is granted pursuant to this Scheme;

*Participants* means ~~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;~~

(a) directors and full-time and part-time employees of the Group (including persons who are granted Awards under this Scheme as an inducement to enter into employment contracts with any member of the Group);

(b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (including Alibaba Group Holding Limited and its subsidiaries); and

(c) Service Providers;

*Remuneration Committee* means the remuneration committee of the Company;

*RSU* means a restricted share unit, being a contingent right to receive Shares which is awarded pursuant to this Scheme;

*Scheme* means this share award scheme in its present form or as amended from time to time in accordance with the provisions hereof;

*Scheme Mandate Limit* means the total number of Shares in respect of which Awards may be granted pursuant to this Scheme and any other share award schemes of the Company, being (a) ten (10) per cent. of the Shares in issue as at the Adoption Date or (b) ten (10) per cent. of the Shares in issue as at the New Approval Date;

*Service Provider(s)* means any persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business that are beneficial to the long-term development of the Group, including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group. For the avoidance of doubt, the Service Providers shall exclude placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity;

*Service Provider Sublimit* means the total number of Shares in respect of which Awards may be granted to Service Providers within the Scheme Mandate Limit pursuant to this Scheme and any other share award schemes of the Company, being (a) one (1) per cent. of the Shares in issue as at the Adoption Date or (b) one (1) per cent. of the Shares in issue as at the New Approval Date;

*Shares* means 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;

*Shareholder(s)* means holder(s) of Shares;

*Stock Exchange* means 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;

*Takeovers Code* means the Hong Kong Code on Takeovers and Mergers;

*Term* has the meaning ascribed to it in **paragraph 2.5**;

*Trust* means a discretionary trust established in respect of and for the purpose of this Scheme;

*Trustee* means a professional trustee from time to time of this Scheme as may be appointed by the Company pursuant to **paragraph 2.6**;

*vest* means (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 an RSU, the Grantee becoming entitled to receive such Shares;

*Vesting Date* means, 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; and

*Vesting Period* means the period commencing on the Offer Date and ending on the Vesting Date.

- 1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References to “paragraphs” are to the paragraphs of this Scheme. Words importing the singular include the plural and *vice versa*, words importing a gender or the neuter include both genders and the neuter references to persons include bodies corporate or unincorporate.
- 1.3 References in this Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.4 References (express or implied) in this Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.
- 1.5 In construing this Scheme:
  - (a) the rule known as the *ejusdem generis* rule shall not apply and accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
  - (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

**2. PURPOSE, DURATION AND ADMINISTRATION OF THIS SCHEME**

- 2.1 The purpose of this Scheme is to replace an existing share option scheme adopted by the Company on 29 August, 2013 and to enable the Company to grant Awards to eligible Participants, as incentives and/or rewards for their contribution to the Group, to 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 further development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. The eligibility of any of the Participants to an Award shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her contribution and/or future contribution to the development and growth of the Group.
- 2.2 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this 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 this Scheme; (b) determine the persons (if any) who shall be offered Awards pursuant to this Scheme; (c) determine the terms on which Awards are granted; (d) determine the number of Shares underlying the Awards; (e) subject to **paragraphs 8 and 12**, make such adjustments to the terms of this Scheme and of Awards granted pursuant to this 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 determinations as it shall deem appropriate, provided that the same are not inconsistent with the provisions of this Scheme and the Listing Rules.
- 2.3 No member of the Board shall be personally liable by reason of any contract or other instrument executed by him or on his/her behalf in his/her capacity as a member of the Board nor for any mistake of judgment made in good faith in relation to the administration or interpretation of this Scheme, and the Company shall indemnify on demand and hold harmless each Director, employee or officer of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own negligence, fraud or bad faith.
- 2.4 This Scheme shall take effect subject to:
- (a) the passing of the resolution by the Shareholders to approve and adopt this Scheme and to authorise the Board to grant Awards pursuant to this Scheme and to allot, issue, procure the transfer of and otherwise deal with Shares in connection with this 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 pursuant to this Scheme.

A certificate of a Director that the conditions set out in **paragraphs 2.4(a) and 2.4(b)** above have been satisfied shall be conclusive evidence of the matters certified.

- 2.5 Subject to **paragraphs 2.4** and **14**, this 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 Scheme is terminated in accordance with **paragraph 14** (the *Term*), after which period no further Awards shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects 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 this Scheme.
- 2.6 The Company may, if it chooses to do so, 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 pursuant to this 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 holding unvested Shares allotted and issued to the Trustee and/or acquired by the Trustee through on-market purchases for the purpose of this Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. ~~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.~~

2.7 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~~ Exercise price ~~Price~~ where the Awards are in the form of Options) will be fixed before the independent ~~shareholders'~~ Shareholders' approval and where the Awards are in the form of Options, the date of ~~B~~ board meeting for proposing such further grant will be taken as the date of grant for the purpose of calculating the ~~exercise~~ Exercise price ~~Price~~ of the Options.

### 3. GRANT OF AWARDS

- 3.1 On and subject to the terms of this 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. 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.
- 3.2 An Offer shall be made to a Participant by a notice (the *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 this Scheme. The Company may, in its absolute discretion, enter into a deed poll recording its intention to grant Awards and agreeing to be bound by the signed Notices of Grant in respect of such Awards. An 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.
- 3.3 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~~ targets (including but not limited to a certain period of continued employment, engagement and/or service within the Group or other conditions as the Board deems appropriate in its absolute discretion from time to time) 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 this Scheme.
- 3.4 No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, rules or regulations.
- 3.5 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 and/or RSU within the time period as set out in the Notice of Grant. Such remittance is not refundable in any circumstances. The Board and the Committee may also determine and specify the purchase price of the RSUs (if any) in the Notice of Grant, which shall be based on considerations such as the prevailing market price of the Shares, the purpose of the RSU and the characteristics and profile of the relevant Participant.
- 3.6 To the extent that the Offer is not accepted within the time period and in the manner specified in the Notice of Grant, the Offer will be deemed to have been irrevocably declined and will lapse.
- 3.7 The Company may not grant any Award after inside information has come to its knowledge until (and including) the trading day after it has announced such inside information or the relevant information has otherwise ceased to be inside information. In particular, the Company may not grant any Award during the period commencing one (1) month immediately before the earlier of:
- (a) the date of the ~~meeting of the Board~~ Board meeting (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. For the avoidance of doubt, no Award may be granted during any period of delay in publishing a 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. GRANT OF AWARDS TO CONNECTED PERSONS

- 4.1 Any grant of an Award (either in the form of RSUs or Options) to any Director, chief executive or substantial shareholder of the Company (excluding any proposed Director or chief executive of the Company), or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any 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.
- ~~4.2 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).~~
- 4.2 Subject to **paragraph 4.1**, where any grant of an Award (excluding Options) to a Director (other than an independent non-executive Director of the Company) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all awards granted (excluding any Awards lapsed in accordance with the terms of this Scheme) to such person pursuant to this Scheme and any other share award schemes of the Company in the 12-month period up to and including the Offer Date representing in aggregate over 0.1% of the Shares in issue on the Offer Date, such further grant of an Award shall be subject to prior approval by the Shareholders in general meeting in the manner set out in **paragraph 4.4**.

4.3 Subject to ~~paragraph 4.1 and 4.2~~, where any grant of an Award to a substantial shareholder or an independent non-executive Director of the Company ~~or any grant of RSUs to a Director (other than an independent non-executive Director) or chief executive 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 and excluding any Awards lapsed in accordance with the terms of this Scheme) to such person pursuant to this Scheme and any other share award schemes of the Company in the 12-month period up to and including the Offer Date representing in aggregate over 0.1 per cent. of the Shares in issue on the Offer Date, such further grant of an Award shall be subject to prior approval by the Shareholders in general meeting in the manner set out in paragraph 4.4.

- ~~(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 relevant Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution relating to the grant of such Award at such general meeting. The Company shall send a circular to the Shareholders in accordance with the requirements of the Listing Rules. Unless provided otherwise in the Listing Rules, the date of the Board meeting for proposing such further grant of an Award is to be taken as the Offer Date for the purposes of calculating the Exercise Price (if any).~~

4.4 In the circumstances described in paragraphs 4.2 or 4.3 above, the relevant Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour of the resolution at such general meeting. The Company must also comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules and send a circular to the Shareholders containing:

- (a) details of the number and terms of the Awards to be granted to each Participant, which must be fixed before the Shareholders' meeting. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant of an Award is to be taken as the Offer Date for the purpose of calculating the Exercise Price;

- (b) the views of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the grantee of the Awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;
- (c) the information required under Rule 17.02(2)(c) of the Listing Rules; and
- (d) the information required under Rule 2.17 of the Listing Rules.

~~4.34.5~~ Any change in the terms of an Award granted to any ~~independent non-executive Director~~ Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the Shareholders in general meeting by way of poll if the initial grant of the Award requires such approval (except where the changes take effect automatically under the existing terms of this Scheme) and the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution relating to the change in the terms of such Award at such general meeting. The Company shall send a circular to the Shareholders in accordance with the requirements of the Listing Rules containing the information as set out in paragraph 4.4 above. The Company must also comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

## 5. VESTING AND EXERCISE

5.1 Subject to the terms of this 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 pursuant to its appointment in terms of **paragraph 2.6**) 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 have ceased to be capable of being 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 ceased to be capable of being satisfied.

5.2 The Board or the Remuneration Committee (as the case may be) is entitled to impose any terms and conditions as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Awards on the Participant provided that the Vesting Period for the Awards shall not be less than 12 months unless under the specific circumstances as set out below:

- (a) granting Awards to new employees to replace the share awards they forfeited (the “**Forfeited Awards**”) when leaving their previous employers. The Vesting Period for such Awards will be the same as the remaining vesting period of the Forfeited Awards (which may be less than 12 months);
- (b) granting Awards to a Participant whose employment or service (as the case may be) was terminated due to death, Disability or event of force majeure;
- (c) granting Awards which are subject to the fulfilment of performance targets (as opposed to time-based conditions);
- (d) granting Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Participant, in which case the Vesting Date may be adjusted to take account of the Offer Date, if not for such administrative or compliance requirements;
- (e) granting Awards with a mixed vesting schedule such that the Awards would vest evenly over a period of 12 months; or
- (f) granting Awards with a total vesting and holding period of more than 12 months.

~~5.25.3~~ The Exercise Price of an Option shall be determined at the Offer Date by the Board 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.

~~5.35.4~~ An Option may be exercised by the Grantee at any time during the Exercise Period or such other period as may be determined by the Board in accordance with **paragraphs 5.75.8 to 5.105.11** or **6.3** in accordance with the terms of this Scheme and the terms on which the Option was granted. An Option may be exercised in whole or in part (but if in part only, in respect of a Board Lot of Shares or an integral multiple thereof).

~~5.45.5~~ An Option will be deemed to be exercised when the Company receives a written notice from the Grantee stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be 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.

~~5.55.6~~ 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).

~~5.65.7~~ The Company shall, within ten (10) Business Days of the later of (a) the date on which the Award is exercised (in the case of an Option) or vests (in the case of an RSU) and (b) if applicable, the date on which the Company receives the Auditors' or independent financial adviser's certificate (as the case may be) pursuant to **paragraph 8**, allot and issue or procure the transfer (as the case may be) of the relevant number of Shares to the Grantee credited as fully paid and issue, upon request, share certificates in respect of such Shares to the Grantee (or his custodian agent). Notwithstanding the foregoing, if the Company, the Trustee or any Grantee would or may be prohibited from dealing in Shares by the Listing Rules or any other applicable laws, regulations or rules within this period, the relevant Shares shall be allotted and issued or transferred (as the case may be) to the Grantee as soon as possible after such dealing ceases to be prohibited.

~~5.75.8~~ In the event a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to **paragraph 5.85.9** below) is made to all the Shareholders (or all such Shareholders other than 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 thereafter, give notice to each Participant of such general offer. Notwithstanding any other terms on which the Award was granted, the Shares underlying the Award (to the extent not already vested) shall vest to the extent determined in accordance with **paragraph 5.115.12** 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). Subject to the foregoing, 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.

~~5.85.9~~ In the event 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 thereafter, give notice to each Participant of such approval. Notwithstanding any other terms on which the Award was granted, the Shares underlying the Award (to the extent not already vested) shall vest to the extent determined in accordance with **paragraph 5.115.12** 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 foregoing and 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.

~~5.95.10~~ If, pursuant to the Bermuda Companies Act, a compromise or arrangement (other than a scheme of arrangement contemplated in **paragraph 5.85.9**) 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 or merger 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. Notwithstanding any other terms on which the Award was granted, the Shares underlying the Award (to the extent not already vested) shall vest to the extent determined in accordance with **paragraph 5.115.12** 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 in any event no later than one (1) Business Day immediately prior to 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 (as the case may be) on such vesting or exercise of the Award, credited as fully paid, and shall register such Shares in the name of the Grantee 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 shareholders, the creditors or the relevant court, as applicable, (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 relevant approval not being obtained 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.

~~5.405.11~~ In the event 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 to the extent determined in accordance with **paragraph 5.415.12** 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 no later than one (1) Business Day immediately prior to 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 (as the case may be) on such vesting or exercise of the Award, credited as fully paid and shall register such Shares in the name of the Grantee 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.

~~5.415.12~~ Upon the occurrence of any of the events referred to in **paragraphs 5.75.8 to 5.405.11**, 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, 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 5.75.8 to 5.105.11** above). If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse.

## 6. LAPSE OF AWARDS

- 6.1 An Award or any part thereof which has not yet vested or which, in the case of an Award 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 this 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 five (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 5.75.8**, the date on which the offer (or, as the case may be, revised offer) closes;
  - (e) subject to **paragraph 5.85.9**, the record date for determining entitlements under a scheme of arrangement;
  - (f) the date on which the compromise or arrangement referred to in **paragraph 5.95.10** 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 6.3**;
  - (i) the date on which the Grantee (whether intentionally or otherwise) commits a breach of **paragraph 10.1**;
  - (j) the date on which the Grantee is declared bankrupt or enters into any arrangement or compromise ~~composition~~ 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 of the relevant Shares underlying the Award are not capable of being satisfied.
- 6.2 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.
- 6.3 If the Grantee's employment or service with the Company or any of its subsidiaries is terminated for any reason (including by reason of resignation, retirement, death, Disability or non-renewal of the employment or service agreement upon its expiration) 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 pursuant to this **paragraph 6.3**, 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).
- 6.4 For the avoidance of doubt, Awards that have lapsed in accordance with the terms of this Scheme will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

## 7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR THE SCHEME

- 7.1 At any time during the Term, the maximum aggregate number of Shares in respect of which Awards may be granted pursuant to this 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 pursuant to this Scheme under the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be);
- A = the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be);
- 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 Scheme Mandate Limit or the Service Provider Sublimit (as the case may be) pursuant to this 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 the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be) pursuant to any other share award schemes of the Company.

Shares in respect of awards which have lapsed in accordance with the terms of this 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 already granted under the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be) pursuant to this Scheme.

- 7.2 The Scheme Mandate Limit and/or the Service Provider Sublimit may be ~~renewed~~refreshed ~~subject to prior Shareholders' approval~~by Shareholders in general meeting every three years from the date of the Shareholders' approval for the last refreshment, 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 pursuant to this Scheme and any other share award schemes of the Company following the date of approval of the ~~refreshed~~renewed limit (the ***New Approval Date***) under the limit as ~~renewed~~refreshed must not exceed ~~3~~ten (10) per cent of the Shares in issue as at the New Approval Date. The Company must send a circular to Shareholders containing the number of Awards that were already granted under the Scheme Mandate Limit and the Service Provider Sublimit (if any), and the reason for the refreshment. Shares which may be issued and/or transferred upon the vesting or exercise of ~~awards~~Awards granted pursuant to this Scheme and any other share award schemes of the Company (including those outstanding, cancelled, lapsed in accordance with this 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~~ refreshed. For the avoidance of doubt, Shares issued prior to the New Approval Date pursuant to the vesting or exercise of awards granted ~~pursuant to~~ under this 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.

7.3 Any refreshment of the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) within any three-year period must be approved by Shareholders in general meeting subject to the following provisions:

- (a) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules,

provided that (a) and (b) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit or the Service Provider Sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit or the Service Provider Sublimit immediately before the issue of Shares, rounded to the nearest whole Share.

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

- (a) separate Shareholders' approval in general meeting 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 the name of each specified Participant who may be granted such Awards, the number and terms of the Awards to be granted to each Participant, the purpose of granting Awards to the specified Participants with an explanation as to how the terms of the Awards serve such purpose and such other information as may be required by the Listing Rules. The number and terms of the Awards to be granted to such Participants must be fixed before Shareholders'

approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the Offer Date for the purposes of calculating the Exercise Price.

- ~~7.4 If the Company proposes to grant Awards of RSUs to Participants (other than connected persons of the Company) under this Scheme during the period between one annual general meeting and the subsequent annual general meeting of the Company which may be satisfied by the Company allotting and issuing new Shares upon the vesting of the Awards, the Company shall, at an annual general meeting or a special general meeting of the Company, 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 this 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 this Scheme pursuant to **paragraph 7.1**, subject always to **paragraphs 7.2, 7.3 and 7.8**); and~~
  - ~~(b) that the Board has the power to allot, issue and otherwise deal with Shares underlying the RSUs granted pursuant to this Scheme during the Applicable Period as and when the Awards vest.~~
- ~~7.5 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.~~
- ~~7.6 The mandate referred to in **paragraph 7.4** shall remain in effect during the period from the passing of the ordinary resolution granting the mandate until the earliest of:~~
- ~~(a) the conclusion of the next annual general meeting of the Company;~~
  - ~~(b) the end of the period within which the Company is required by any applicable laws or by the bye laws of the Company to hold the next annual general meeting of the Company; and~~
  - ~~(c) the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting, (the *Applicable Period*).~~

~~7.7~~ 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**.

~~7.97.5~~ Subject to **paragraph 7.97.7**, 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 pursuant to this 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 pursuant to any other share award schemes of the Company) exceed one (1) per cent. of the Shares in issue for the time being.

~~7.97.6~~ Where any further grant of Awards to a Participant would result in the Shares issued and to be issued and/or transferred and to be transferred upon the vesting or exercise of all Awards granted and to be granted to such person (including all vested, exercised, cancelled and outstanding Awards and excluding all Awards lapsed in accordance with the terms of this Scheme) in the 12-month period up to and including the date of such further grant (when aggregated with any Shares underlying the awards granted during such period pursuant to any other share award schemes of the Company) representing in aggregate over one (1) per cent. of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his/her close associates (or his/her 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 in the 12-month period), the purpose of granting the Awards to the Participant, an explanation as to how the terms of the Awards serve such purpose and such other information required under the Listing Rules. The number and terms of the Awards to be granted to such Participant must be fixed before the Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant should be taken as the Offer Date for the purposes of calculating the Exercise Price.

~~7.107.7~~ 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 pursuant to this 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.

## 8. REORGANISATION OF CAPITAL STRUCTURE

8.1 In the event of an alteration in the capital structure of the Company by way of a ~~capitalisation of profits or reserves, capitalisation issue, 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 and the Service Provider Sublimit;
- (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, rounded to the nearest whole share, as that to which that Grantee was previously entitled; and
- (e) notwithstanding **paragraph 8.1(d)**, 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, other than any made on a capitalisation issue, 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~~ satisfy the requirements set out in the Note to Rule 17.03(13) of the Listing Rules.

Where the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved by Shareholders in general meeting, the maximum number of Shares that may be issued in respect of all Awards to be granted under this Scheme or any other share award schemes of the Group under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

8.2 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 **paragraph 8.1** satisfy the requirements set out in **paragraphs 8.1(d)** and **8.1(e)** above. The capacity of the Auditors or the independent financial adviser to the Company (as the case may be) in this **paragraph 8** is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser (as the case may be) shall be borne by the Company.

## 9. SHARE CAPITAL

9.1 The issue of any Award and the vesting and, in the case of an Option, exercise of any Award shall (except where an Award is to be satisfied by the transfer of existing Shares) be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject to the foregoing, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the vesting and exercise of Awards.

## 10. RIGHTS ATTACHING TO AWARDS

10.1 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. Subject to obtaining a waiver from the Stock Exchange, the Company may allow a transfer of the Awards to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Scheme and comply with Chapter 17 of this Listing Rules. Where such waiver is granted, any transfer to a permitted transferee shall be subject to the terms of the trust deed and the applicable laws and regulations including but not limited to the Listing Rules (as amended from time to time).

10.2 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).

10.3 No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award pursuant to this 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.

10.4 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 be identical and 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.

## 11. DISPUTES

11.1 Any dispute arising in connection with this Scheme shall be referred to the decision of the Board in the first instance, which decision shall, in the absence of manifest error, be final and binding on the Company, the Trustee and the Grantee. Should the Board, in its sole discretion, decide, any dispute referred to it may subsequently be referred to the decision of the Auditors who shall then act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantee. In such cases, the costs of the Auditors shall be shared equally between the Company and the relevant Grantee.

## 12. ALTERATION OF THIS SCHEME

12.1 Save as provided in this **paragraph 12**, the Board may alter any of the terms of this Scheme at any time.

12.2 ~~Those specific provisions of this 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 this 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 this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Participants shall not be made, in either case, without the prior approval of Shareholders in general meeting. The Board's determination as to whether any proposed alteration to the terms and conditions of this Scheme is material shall be conclusive.

12.3 Any changes to the authority of the Board in relation to any alteration of the terms of this Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting.

~~12.3~~12.4 Any alterations to the terms of the Awards granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders of the Company (as the case may be) if the initial grant of the Award was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders of the Company (as the case may be), except where the alterations take effect automatically under the existing terms of this Scheme. ~~and conditions of this 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 this Scheme. The Board's determination as to whether any proposed alteration to the terms and conditions of this Scheme is material shall be conclusive.~~

~~12.4~~12.5 This Scheme so altered must comply with the requirements of the Listing Rules.

### 13. CANCELLATION

13.1 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 7**. For the avoidance of doubt, the Awards cancelled in accordance with the terms of this Scheme shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be).

### 14. TERMINATION

14.1 The Company by ordinary resolution in general meeting or the Board may at any time terminate this Scheme and in such event, no further Awards may be offered or granted but in all other respects the terms of this 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 or in respect of which Shares not yet issued to the Participants immediately prior to the at the time of termination of this Scheme.

### 15. MISCELLANEOUS

15.1 The Company shall bear the costs of establishing and administering this Scheme.

15.2 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to the Shareholders generally.

15.3 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its head office and principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address as notified to the Company from time to time.

15.4 Any notice or other communication served:

- (a) by post (i) by or on behalf of the Company shall be deemed to have been served two Business Days after the same was put in the post; and (ii) by the Grantee shall not be deemed to have been served until the same shall have been received by the Company;
- (b) by any electronic means (i) by or on behalf of the Company shall be deemed to have been served at the time at which such notice is sent; and (ii) by or on behalf of the Grantee shall not be deemed to have been served until the same shall have been received by the Company; and
- (c) by the Company or by a Grantee by hand shall be deemed to be served when delivered.

15.5 Any liability of a Grantee to tax or social security contributions in respect of an Award shall be for the account of the Grantee and the allotment and issue and/or transfer (as the case may be) of Shares pursuant to the vesting or exercise of his Award shall be conditional on the Grantee complying with any arrangements specified by the Company or the Trustee for the payment of any tax and social security contributions (including, without limitation, authorising (a) the Company or the Trustee to sell, on behalf of the Grantee, a sufficient number of the Shares issued or transferred to the Grantee pursuant to the vesting or exercise of his Award to satisfy any tax and social security contribution liability or (b) the Company to withhold the amount of any tax and social security contribution liability from any remuneration or other amounts owing to the Grantee).

15.6 All allotments and issues or transfers of Shares will be subject to all applicable laws, regulations, rules and requirements for the time being in force in any relevant jurisdiction. A Grantee shall be responsible for obtaining any governmental, regulatory or other official consent or approval and going through any other governmental, regulatory or other official procedures that may be required by any country or jurisdiction for the grant, vesting or exercise of his Award. A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or of the vesting or exercise of any Award. The Company or any of its subsidiaries may coordinate or assist a Grantee in complying with such applicable requirements and taking any other actions as may be required by any applicable laws, regulations or rules. However, neither the Company nor any of its subsidiaries shall be responsible for (i) any failure by a Grantee to obtain any such consent or

approval; (ii) any failure by a Grantee to exercise an Option during its Exercise Period as a result of not having obtained such a consent or approval; or (iii) any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme. A Grantee shall, on demand, indemnify the Company in full against all claims and demands which may be made against the Company (whether alone or jointly with any other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to above or to pay tax or other liabilities referred to above and against all incidental costs and expenses which may be incurred by the Company.

- 15.7 No employee of the Group shall be entitled to be selected as a Participant in this Scheme and neither participation in this Scheme nor the receipt of an Offer pursuant to this Scheme shall create any right to or expectation of any future participation or offer under this Scheme or any other share award schemes of the Group.
- 15.8 This Scheme shall not form part of any contract of employment or engagement for services between the Company or any of its subsidiaries and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement for services shall not be affected by the participation of the Participant in this Scheme or any right which he may have to participate in it and this Scheme shall afford such Participant no additional rights to compensation or damages in consequence of the termination (howsoever caused) of such office, employment or engagement for any reason (whether lawful or unlawful).
- 15.9 Subject to paragraph 12, ~~the Board shall have the power from time to time to make or vary regulations the terms of this Scheme for the administration and operation of this Scheme~~ its administration and operation without approval by the Shareholders in general meeting, provided that the same are not inconsistent with the other provisions of this 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 (including, for the avoidance of doubt, whether an Award shall take the form of an Option or an RSU) to any of the Directors or any duly authorised committee of the Board from time to time.
- 15.10 The Board shall be entitled to establish such arrangements as it deems reasonably necessary with respect to the mechanisms to implement the vesting and exercise of Awards and the related registration, recording and reporting matters to ensure that the Grantees and the Company can comply with all applicable securities, foreign exchange and tax regulations of all relevant jurisdictions, including without limitation Bermuda and Hong Kong.

15.11 Each Grantee shall authorise the Company to establish all necessary brokerage and other accounts on the Grantee's behalf and shall provide to the Company such information as the Board deems necessary in connection with the Company's and the Grantee's compliance with the foregoing obligations.

15.12 This Scheme and all Awards granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.



**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 Forum Room 1, B2/F, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on August 11, 2023 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, 2023.
2. To re-elect the following retiring directors of the Company (the “**Directors**”):
  - (a) Mr. Tu Yanwu as an executive Director; and
  - (b) Ms. Huang Jiaojiao as a non-executive Director.
3. To appoint the following Directors:
  - (a) Dr. Shao Rong as an independent non-executive Director; and
  - (b) Ms. Wu May Yihong as an independent non-executive Director.
4. To authorize the board (the “**Board**”) of Directors to fix the Directors’ remuneration.
5. To re-appoint Ernst & Young as the auditor of the Company and to authorize the Board to fix its remuneration.

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## NOTICE OF ANNUAL GENERAL MEETING

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### As special business

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

6. “**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
  - (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

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## NOTICE OF ANNUAL GENERAL MEETING

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(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).”

7. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in ordinary resolution no. 6 set out in the notice convening this meeting) of all the powers of the Company to purchase Shares (as defined in ordinary resolution no. 6 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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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8. “**THAT** conditional upon the passing of the ordinary resolutions nos. 6 and 7 as set out in the notice convening this meeting, the general mandate granted to the Directors under ordinary resolution no. 6 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. 6 set out in the notice convening this meeting) repurchased by the Company pursuant to the general mandate approved in ordinary resolution no. 7 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.”
9. “**THAT:**
- (a) the proposed amendments (the “**Proposed Amendments**”) to the Share Award Scheme of the Company (the “**Share Award Scheme**”), details of which are set out in the section headed “Letter from the Board — Proposed Amendments to the Share Award Scheme” in the circular of the Company dated July 14, 2023, be and are hereby approved and confirmed;
  - (b) the Scheme Mandate Limit (as defined in the Share Award Scheme) on the total number of shares that may be issued in respect of all options and awards to be granted to the eligible participants under the Share Award Scheme and all the share schemes of the Company, being ten (10)% of the issued shares of the Company as at the date of the Annual General Meeting, be and is hereby approved and adopted;
  - (c) the Service Provider Sublimit (as defined in the Share Award Scheme) on the total number of shares that may be issued in respect of all options and awards to be granted to eligible participants who are service providers under the Share Award Scheme and all the share schemes of the Company, being one (1)% of the issued shares of the Company as at the date of the Annual General Meeting, be and is hereby approved and adopted; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (d) any Director or company secretary of the Company be and is hereby authorised to execute all such documents and do all such other acts and things as he or she may, in his or her absolute discretion, consider necessary, desirable or expedient to effect the Proposed Amendments, the Scheme Mandate Limit, the Service Provider Sublimit and any of the foregoing.”

By Order of the Board

**ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED**

**ZHU Shunyan**

*Chairman and Chief Executive Officer*

Hong Kong, July 14, 2023

*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.
2. All persons who are registered holders of the Shares on August 7, 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on August 7, 2023.
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.

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## NOTICE OF ANNUAL GENERAL MEETING

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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 17/F, Far East Finance Centre, 16 Harcourt 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 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) three are executive Directors, namely Mr. Zhu Shunyan, Mr. Shen Difan and Mr. Tu Yanwu; (ii) one is a non-executive Director, namely Ms. Huang Jiaojiao; 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 Directors standing for re-election at the Annual General Meeting are Mr. Tu Yanwu and Ms. Huang Jiaojiao.
8. In the event of a conflict between any translation and the English text hereof, the English text will prevail.