THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Alibaba Health Information Technology Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

Alibaba Health

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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION
(2) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to Alibaba Group Holding Limited

CICC
中金公司

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

ALTUS CAPITAL LIMITED

A letter from the Independent Board Committee to the Independent Shareholders is set out on page 25 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 27 to 54 of this circular.

A notice convening the SGM to be held at Forum Room 1, B2/F, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Tuesday, January 16, 2024 at 2:30 p.m. is set out on pages 95 to 97 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (https://www.alihealth.cn/en-us/investmentrelation).

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 17/F, Far 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 the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM if you so wish.

December 22, 2023

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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)

Executive Directors:
Mr. ZHU Shunyan *(Chairman)*
Mr. SHEN Difan *(Chief Executive Officer)*
Mr. TU Yanwu

Non-executive Directors:
Ms. HUANG Jiaojiao
Mr. XU Haipeng

Independent Non-executive Directors:
Ms. HUANG Yi Fei *(Vanessa)*
Dr. SHAO Rong
Ms. WU May Yihong

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

December 22, 2023

To the Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND (2) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

On November 28, 2023, the Board announced that the Company and the Vendor, a direct wholly-owned Subsidiary of Alibaba Holding, entered into the Share Purchase Agreement on November 28, 2023, pursuant to which the Company agreed to purchase, and the Vendor agreed to sell, at Completion, the entire issued share capital of the Target Company subject to the terms and conditions of the Share Purchase Agreement.

The Target Company, an offshore holding vehicle incorporated under the laws of the Cayman Islands, holds the entire issued share capital of the HK Subsidiary which in turn holds 100% of the equity interest in the WFOE.

The WFOE, pursuant to the Exclusive Services Framework Agreement, operates and manages the Target Business with the Exclusive Marketing Materials Review Right to provide the Marketing Materials Review Services in respect of products and services under the Healthcare Categories and an ancillary right to provide the Value-added Services to the Target Merchants under the Healthcare Categories.

The purpose of this circular is to provide you with, among other things:

- further details of the Share Purchase Agreement;
- further details of the Exclusive Services Framework Agreement;
- the advice and recommendations of the Independent Board Committee;
- the advice and recommendation of the Independent Financial Adviser;
- the key unaudited adjusted financial information of the Target Business;
- the Valuation Report of the Target Business; and
- notice of the SGM.

2. THE PROPOSED ACQUISITION AND THE EXCLUSIVE SERVICES FRAMEWORK AGREEMENT

2.1 Principal terms of the Share Purchase Agreement

A summary of the key terms of the Share Purchase Agreement is set out below.

(1) Date

November 28, 2023

(2) Parties

(a) The Company as the purchaser; and

(b) Taobao Holding Limited as the Vendor.

The Vendor is a direct wholly-owned Subsidiary of Alibaba Holding, the ultimate controlling shareholder of the Company and a connected person of the Company. Accordingly, the Vendor is also a connected person of the Company and the transactions contemplated under the Share Purchase Agreement will constitute a connected transaction under the Listing Rules.

(3) The Proposed Acquisition

Pursuant to the Share Purchase Agreement, the Company had conditionally agreed to purchase, and the Vendor had conditionally agreed to sell, the entire issued share capital of the Target Company subject to the terms and conditions of the Share Purchase Agreement.

The Target Company, an offshore holding vehicle incorporated under the laws of the Cayman Islands, holds the entire issued share capital of the HK Subsidiary which in turn holds 100% of the equity interest in the WFOE.

The Target Group, which comprises the Target Company, the HK Subsidiary and the WFOE, holds the Target Business.

The Target Business comprises the provision of the following services under the Healthcare Categories: (i) the Marketing Materials Review Services pursuant to the Exclusive Marketing Materials Review Right, and (ii) the Value-added Services.

The "**Exclusive Marketing Materials Review Right**" is defined as the exclusive right to operate and manage the Marketing Materials Review Services under the Healthcare Categories on the Tmall Platform (天貓平台), to the absolute exclusion of the Alimama Group and the Taobao and Tmall Group.

The "**Marketing Materials Review Services**" are defined as the marketing materials review services provided by the WFOE under the Exclusive Services Framework Agreement, as may be amended from time to time, comprising (i) the review services in respect of marketing materials for the Performance-based Marketing and/or the Brand-based Marketing placed by the Target Merchants through the Alimama Group, and (ii) the review services in respect of corresponding qualifications of such marketing materials for products and services under the Healthcare Categories.

The "**Value-added Services**" are defined as the value-added services, within the scope of written authorisation from the Alimama Group and in accordance with the standards and requirements imposed by the Alimama Group, provided by the WFOE to the Target Merchants whose Primary Categories are the Healthcare Categories under the Exclusive Services Framework Agreement, as may be amended from time to time, which shall include providing consultation and suggestions to and responding to questions from such Target Merchants relating to marketing promotions under the Healthcare Categories.

The "**Brand-based Marketing (品牌營銷)**" is defined as the marketing products and services provided by the Alimama Group through including without limitation Pin Xiao Bao (品銷寶) for the purposes of enhancing brand exposures and awareness.

The "**Performance-based Marketing (效果營銷)**" is defined as the marketing products and services provided by the Alimama Group through including without limitation Zhi Tong Che (直通車) and Wan Xiang Tai (萬相台) for the purposes of enhancing operation results of the merchants.

The "**Zhi Tong Che (直通車)**" is defined as the system through which Alimama provides software services and information release-related services to its users. A user may conduct keyword setting, bidding and other operations on such system, so as to enable the publication of information specified by the user, if reasonably matching consumer's searches, in certain positions on Alimama's website and/or other websites for which Alimama and its affiliates provide technical support.

The "**Wan Xiang Tai (萬相台)**" is defined as the software service system through which Alimama provides cross-channel placement services to its consumers. A user may select a business scenario, set target group for placement, and place an order therefor on the system, which will, based on the targets set by the user, provide cross-channel placement services, and the user may check the performance of such order and other relevant information via the system.

The "**Healthcare Categories (醫療健康類目)**" has the meaning ascribed to it under the Exclusive Services Framework Agreement, as may be amended from time to time, which shall comprise the following categories at the Completion:

(i) OTC Drugs/International Drugs (OTC藥品／國際醫藥類目);

(ii) Prescription Drugs (處方藥類目);

(iii) Health Food/Dietary Supplements (保健食品／膳食營養補充食品類目);

(iv) Medical Devices (醫療器械類目);

(v) Family Planning Products (計生用品類目);

(vi) Contact Lenses/Contact Lens Solution (隱形眼鏡／護理液類目);

(vii) Adult Products/Sexual Health Products (成人用品／情趣用品類目);

(viii) Healthcare Products (保健用品類目);

(ix) Medical and Health Services (醫療及健康服務類目);

(x) Examination/Medical Insurance Card (體檢／醫療保障卡類目);

(xi) Vaccine Services (疫苗服務類目);

(xii) Chinese Medicines (精緻中藥材類目); and

(xiii) Traditional Nutritional Products (傳統滋補營養品類目).

Upon Completion, the Target Company will become a direct wholly-owned Subsidiary of the Company, and the financial results of the Target Group will be consolidated into the Group's accounts. The historical financial information of the Company will not be adjusted retrospectively as a result of the Proposed Acquisition.

(4) The Consideration

The Consideration payable by the Company to the Vendor is HK$13,512,000,000, which was determined after arm's length negotiations between the Company and the Vendor. The Consideration will be satisfied by:

(a) the Company issuing 2,558,222,222 Consideration Shares at the Issue Price of HK$4.50 per Share to the Vendor (and/or its nominee) at Completion;

(b) the Company paying the USD Equivalent of HK$2,000,000,000 in cash to the Vendor at Completion.

The Issue Price is subject to adjustments in the event of a share split, share combination, share dividend or similar events with respect to the capital of the Company prior to Completion.

For a period of 18 months from Completion, the Vendor has agreed that it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or other third-party rights in respect of the Consideration Shares issued to it without the Company's prior written consent.

The Consideration Shares represent approximately 18.90% of the issued share capital of the Company as at the date of the Latest Practicable Date and approximately 15.90% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following issue of the Consideration Shares.

(5) Basis of determination of the Consideration

The Alimama Group established and grew the Target Business, and did not acquire it from a third party, as such an original acquisition cost is not applicable for the Target Business. The Consideration was arrived at after arm's length negotiations between the Company and the Vendor, taking into account various factors, including:

(a) the strategic value of the Target Business to the Group, which will be a synergistic addition to the Group's healthcare ecosystem, representing an opportunity for the Group to diversify its business, expand its presence and provide more value-added services along the healthcare industry value chain;

(b) the financial performance and the growth potential in the scale and profitability of the Target Business;

(c) the unique technology capabilities of the Target Business;

(d) the appraised value of the entire issued share capital of the Target Business as at September 30, 2023 in the amount of HK$13,794,000,000 according to the Valuation Report which was prepared by the Valuer using the market approach. The Consideration represents a discount of approximately 2.0% to such appraised market value; and

(e) the price-to-earnings ratios of the Target Business relative to that of the other publicly traded comparable companies which are similarly engaged in the provision of digital marketing services.

According to the Valuation Report, the appraised value of the entire issued share capital of the Target Business as at September 30, 2023 was HK$13,794,000,000. Independent Shareholders' attention is drawn to the full text of the Valuation Report prepared by Asia-Pacific Consulting and Appraisal Limited as set out in Appendix II of this circular.

In order to assess the expertise and independence of the Valuer, the Company has obtained and reviewed (i) the engagement letter of the Valuer; and (ii) the Valuer's relevant qualification and experience. Based on review of the Valuer's engagement letter, the Company is satisfied that the terms and scope of the engagement are appropriate to the opinion the Valuer is required to give. The Valuation Report was prepared by the independent valuer Asia-Pacific Consulting and Appraisal Limited in accordance with the International Valuation Standards issued by the International Valuation Standards Council. The Valuer is registered as a firm regulated by the Royal Institution of Chartered Surveyors and is experienced in conducting business valuation for listed and unlisted companies in the marketing industry. Mr. Jack W. J. Li, who oversees the valuation, is a Member of Royal Institution of Chartered Surveyors, a Chartered Financial Analyst and a registered public valuer under China Appraisal Society. Mr. Jack

W. J. Li has more than 15 years of experience in providing business valuation services to listed companies relating to the valuation in the PRC, Hong Kong and the Asia-Pacific region. The Valuer confirmed that it is independent from the Group and its associates. In view of the above, the Board considers that the Valuer is qualified and possesses relevant experience and expertise in conducting business valuation of the Target Business.

The Company has reviewed the Valuation Report and discussed with the Valuer regarding the methodology, the multiples adopted and the market comparables selected for the valuation. The Company noted that the Valuer has considered three generally accepted valuation methods, namely the market approach, the cost approach and the income approach. It is understood from the Valuer that the cost approach does not directly incorporate information about the economic benefits contributed by the subject assets, and the income approach presents result sensitive to certain inputs due to its reliance on numerous assumptions over a long-time horizon. As advised by the Valuer, the valuation was conducted using the market approach by considering prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. The Company understood from the Valuer that the market approach is an appropriate and common approach to determine the market value of the Target Business. As advised by the Valuer, it selected the comparable companies primarily based on certain key criteria including the composition of revenue from the same or closely related industry of the Target Business, the business comparability, the listing venues, the market capitalisation and the availability of relevant financial data, and carried out comparison between the Target Business and each of the comparable companies on the aforesaid selection criteria. The Company noted that such selection criteria are consistent with the business nature and characteristics of the Target Business. The Company further noted that the Valuer used the P/E Ratio since it is one of the most commonly used valuation multiples and is suitable for a company with stable profit. The P/E Ratio is also widely used in the relevant industry for the valuation of large companies. In addition, the Valuer adjusted the P/E Ratio by taking into account of market liquidity discount and control premium as the appropriate adjustment after considering factors including the fact that the Target Business is not publicly traded and that the Proposed Acquisition is relating to the acquisition of control.

Having reviewed and taken into account of the above, the Board is of the opinion that the valuation of the Target Business together with its valuation methodology and multiples adopted as well as the comparables selected which formed the basis of the valuation by the Valuer are appropriate, fair and reasonable.

(6) The Issue Price

The Issue Price represents:

(a) a discount of approximately 3.23% to the closing price of the Shares of HK$4.65 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 3.10% to the average closing price for the five consecutive trading days up to and including the Last Trading Day of approximately HK$4.64 per Share;

(c) a discount of approximately 4.66% to the average closing price for the ten consecutive trading days up to and including the Last Trading Day of approximately HK$4.72 per Share;

(d) a discount of approximately 5.38% to the average closing price for the fifteen consecutive trading days up to and including the Last Trading Day of approximately HK$4.76 per Share;

(e) a discount of approximately 5.33% to the average closing price for the twenty consecutive trading days up to and including the Last Trading Day of approximately HK$4.75 per Share;

(f) a discount of approximately 4.28% to the average closing price for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK$4.70 per Share;

(g) a premium of approximately 8.70% to the closing price on the Latest Practicable Date of approximately HK$4.14 per Share; and

(h) a premium of approximately 248.3% to the consolidated net asset value per Share of approximately RMB1.19 (equivalent to approximately HK$1.29) of the Company based on a total of 13,533,499,542 Shares in issue, the consolidated net asset value of approximately RMB16,062 million, and the exchange rate of RMB1.0 to HK$1.0886 as of November 27, 2023.

The aggregate nominal value of the Consideration Shares will be HK$25,582,222.22. The Issue Price was arrived at after arm's length negotiations between the Company and the Vendor, taking into account various factors, including:

(a) the share price performance of the Company in the thirty trading days prior to the Last Trading Day; and

(b) application of an appropriate discount for a substantial placing such as the one contemplated under the Share Purchase Agreement,

as well as the factors described above.

(7) Completion and conditions precedent

Completion is expected to take place on the Business Day immediately following the satisfaction or waiver of certain conditions precedent including:

(a) the passing by the Independent Shareholders at a duly convened Shareholders' meeting of the Company of resolutions approving the Proposed Acquisition, including but not limited to, the issue of the Consideration Shares pursuant to the Share Purchase Agreement and the non-exempt continuing connected transactions by the members of the Group as contemplated under the Exclusive Services Framework Agreement;

(b) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;

(c) the Vendor and/or its related companies (other than the Group) having obtained all necessary consents and approvals from the relevant governmental or regulatory authorities or other third parties required for the execution and performance of this Agreement by the Vendor and the transactions contemplated thereunder;

(d) the Company and/or its related companies (other than the Vendor Group) having obtained all necessary consents and approvals from the relevant governmental or regulatory authorities or other third parties required for the execution and performance of this Agreement by the Company and the transactions contemplated thereunder;

(e) no governmental authority in any relevant jurisdiction having enacted any laws, rules or regulations which might render Completion or any part thereof unlawful;

(f) the Vendor Group having obtained all relevant corporate approvals for this Agreement and the transactions contemplated thereunder; and

(g) the Group having obtained all relevant corporate approvals for this Agreement and the transactions contemplated thereunder.

The Vendor undertakes to use all reasonable endeavours to ensure that the conditions precedent set out in paragraphs (c) and (f) (to the extent the Vendor Group is responsible for the satisfaction of such conditions precedent) are fulfilled as soon as possible.

The Company undertakes to use all reasonable endeavours to ensure that the conditions precedent set out in paragraphs (a), (b), (d) and (g) (to the extent the Group is responsible for the satisfaction of such conditions precedent) are fulfilled as soon as possible.

The Company is entitled in its absolute discretion, by written notice to the Vendor, to waive the conditions precedent set out in paragraph (c) above, either in whole or in part.

The Vendor is entitled in its absolute discretion, by written notice to the Company, to waive the conditions precedent set out in paragraph (d) above, either in whole or in part.

Neither the Vendor nor the Company intends to waive the condition precedents set out in paragraphs (c) and (d) above to the extent it may have any impact on the substance of the Proposed Acquisition. As at the Latest Practicable Date, the conditions precedent set out in paragraphs (c), (d), (e), (f) and (g) have been fulfilled, and none of the conditions precedent has been waived.

If any of the conditions precedent sets out above has not been fulfilled (or waived) on or before June 30, 2024, or such later date as may be agreed in writing between the Company and the Vendor, the Share Purchase Agreement shall automatically terminate with immediate effect pursuant to its terms.

If any of the conditions precedent responsible for by a party (the "**First Party**") has been waived by the other party (the "**Second Party**") at Completion, the First Party shall, nevertheless, be obliged to fulfil such conditions precedent as soon as practicable after Completion to the satisfaction of the Second Party.

(8) Further Undertakings

The Vendor confirms and undertakes that, among others, subject to the Completion and for so long as the Exclusive Services Framework Agreement remains in force and effect, save for during the Suspension Period (as defined below):

(a) the Company shall have the exclusive right to provide the Marketing Materials Review Services to the Target Merchants in respect of products and services under the Healthcare Categories;

(b) it shall not, and shall procure the Alimama Group and the Taobao and Tmall Group not to, build an internal function or engage a third party to provide the Marketing Materials Review Services to the Target Merchants in respect of products and services that are subject to the Exclusive Marketing Materials Review Right; and

(c) it shall, and shall procure the Alimama Group and the Taobao and Tmall Group to, use commercially reasonable endeavours to preserve the Exclusive Marketing Materials Review Right under the Healthcare Categories in accordance with the terms and conditions of the Exclusive Services Framework Agreement.

The Vendor further confirms and undertakes that, subject to the Completion and for so long as the Exclusive Services Framework Agreement remains in force and effect:

(a) in the event where there is any change or adjustment within the Alimama Group or the Taobao and Tmall Group that will, directly or indirectly, cause material adverse change to the Exclusive Marketing Materials Review Right or the Group's right to receive the Marketing Materials Review Services Fees, it shall, and shall procure the Alimama Group and the Taobao and Tmall Group to, discuss with the Group to find a reasonable and mutually acceptable remedy to the Group;

(b) it shall, and shall procure the Alimama Group and the Taobao and Tmall Group to, mutually agree in advance with the Company on any adjustment to the pricing policy or the pricing rate for the marketing products or services under the Healthcare Categories if such adjustment will cause any unreasonable and material loss to the Company; and

(c) it shall not, and shall procure the Alimama Group and the Taobao and Tmall Group not to, change the identification number or name of the products or services under the Healthcare Categories, or change the scope or the category of the products or services under the Healthcare Categories, unless with the prior written consent of the Group.

The obligations of the Vendor under the foregoing paragraph shall continue to be in full force and effect during the Suspension Period.

The Company undertakes, among others, that:

(a) it shall file the registration for issuance and allotment of the Consideration Shares with the China Securities Regulatory Commission (the "**CSRC**") within three Business Days after the Completion, and promptly inform the Vendor following the CSRC's confirmation of completion of such registration;

(b) subject to the Completion and for so long as the Exclusive Services Framework Agreement remains in force and effect, it shall not, and shall procure its Affiliates not to, (i) provide any products or services relating to the marketing promotions or the entire chain of business of marketing placements under the Healthcare Categories to the Target Merchants, other than the services contemplated under the Exclusive Services Framework Agreement, or (ii) cooperate or consummate a transaction with any third party relating to the business of provision of products or services mentioned in paragraph (i) above or the marketing services under the Healthcare Categories to the Target Merchants, in each case, unless with the prior written consent from Alimama and/or the Taobao and Tmall Group; and

(c) subject to the Completion and for so long as the Exclusive Services Framework Agreement remains in force and effect, it shall not, and shall procure its Affiliates not to, change the identification number or name of the products or services under the Healthcare Categories, or change the scope or the category of the products or services under the Healthcare Categories, unless with the prior written consent of the Vendor.

2.2 The Exclusive Services Framework Agreement

On November 27, 2023, the WFOE and Alimama Software entered into the Exclusive Services Framework Agreement pursuant to which the WFOE would operate and manage the Target Business with the Exclusive Marketing Materials Review Right to provide the Marketing Materials Review Services in respect of products and services under the Healthcare Categories and an ancillary right to provide the Value-added Services to the Target Merchants under the Healthcare Categories.

Upon Completion, the transactions contemplated under the Exclusive Services Framework Agreement constitute non-exempt continuing connected transactions for the Company under the Listing Rules. The principal terms of the Exclusive Services Framework Agreement are set out as follows.

(1) Date

November 27, 2023

(2) Parties

(a) the WFOE; and

(b) Alimama Software.

(3) Term and termination

The initial term of the Exclusive Services Framework Agreement is three years commencing from the date of signing of the Exclusive Services Framework Agreement, which shall be renewed subject to compliance with the reporting, announcement and shareholders' approval requirements under applicable laws and regulations. The parties will take actions to execute a renewed Exclusive Services Framework Agreement 6 months before it expires.

Upon the expiration of each term of the Exclusive Services Framework Agreement, unless with the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed), the Vendor undertakes to procure Alimama Software to, subject to compliance with applicable laws, rules and regulations (including rules of applicable stock exchanges or other regulators), renew and execute the Exclusive Services Framework Agreement on substantially the same terms and conditions as the previous agreement subject to the approval of independent shareholders of the Company, provided that Alimama Software may propose any reasonable amendments to the renewed Exclusive Service Framework Agreement which the Company shall consider and negotiate with Alimama Software in good faith.

(4) Services to be provided

Pursuant to the terms of the Exclusive Services Framework Agreement, the WFOE would operate and manage the Target Business with the Exclusive Marketing Materials Review Right to provide the Marketing Materials Review Services in respect of products and services under the Healthcare Categories and an ancillary right to provide the Value-added Services to the Target Merchants under the Healthcare Categories, in accordance with the relevant marketing policies and quality requirements made by the Alimama Group from time to time.

(5) Marketing Review Service Fee and Annual Caps

Alimama Software shall pay the Marketing Materials Review Services Fees to the WFOE equal to 20% of the Marketing Services Fees received by the Alimama Group in respect of product promotion under the Healthcare Categories by the Target Merchants whose Primary Categories are the Healthcare Categories, which was arrived at after arm's length negotiations between the Group and the Alimama Group, taking into account various factors, including:

(a) the value of the Marketing Materials Review Services and the Value-added Services provided by the Group to the Target Merchants, with the aim to optimise their marketing placements, integrate marketing insights into a unified technology platform and centrally manage marketing platform resources;

(b) the arm's length negotiation after factoring in the resources committed by both parties and indirect benefits of such healthcare-related marketing to the Group's business;

(c) typical marketing spending take rate of approximately 10% to 20% charged by agencies who are engaged in comparable marketing services and act as demand side marketing service suppliers within the wider digital marketing industry according to i-Research; and

(d) the gross profit margin of other listed companies or listing applicants who are principally engaged in similar marketing business, which ranges from approximately 9% to 20% in their respective latest available financial years.

The chief financial officer of the Company will cross-check the amount of the Marketing Materials Review Services Fees to be received from Alimama Software on a quarterly basis to ensure the accuracy of the amount. The Marketing Materials Review Services Fees shall be settled in cash on a quarterly basis.

The proposed annual caps (where applicable) in respect of the fees receivable by the Company under the Exclusive Services Framework Agreement are RMB391 million, RMB2,032 million and RMB2,641 million for each of the financial years ending March 31, 2024, 2025 and 2026, respectively.

The proposed annual caps for the applicable period in respect of the Exclusive Services Framework Agreement were arrived at after considering:

(a) the unaudited adjusted revenue of the Target Business based on the revenue for marketing services in the management accounts of the Alimama Group and adjusted in accordance with the agreed pricing policy as set out in the Exclusive Services Framework Agreement for (i) the recent two financial years (i.e., approximately RMB1,201 million and RMB1,202 million in the financial years ended March 31, 2022 and 2023, respectively) and (ii) the three months ended June 30, 2022 and 2023 (i.e., approximately RMB290 million and RMB343 million, respectively);

(b) the Company's own expectations of marketing services spending of the Target Merchants based on projections for the growth of the overall e-commerce healthcare market in China, driven by the lift of COVID-19 pandemic restriction policies in the PRC and various economic stimulus policies introduced by the PRC government; and

(c) the Company's marketing plans for onboarding additional Target Merchants and enhancing the services that the Company seeks to provide to the Target Merchants. As the Company continued to deepen its strategic cooperation with merchants and expand its business scale, the Company recorded a notable year-over-year increase in the number of stock keeping units on Tmall Healthcare Platform and number of members of its direct online stores.

(6) Internal controls relating to the implementation of the Proposed Annual Caps

The Company has internal controls in place to monitor the implementation of the annual caps, including a written policy which sets out the proper steps for escalating information regarding the usage of the proposed annual caps from the operating team to the executive officers, including monthly reports to the Company's chief executive officer, chief financial officer and general counsel and then to the independent non-executive Directors where required. The Company's operating team will have day-to-day interaction with the Target Merchants.

The Company will continue to closely monitor the implementation of the Exclusive Services Framework Agreement and take prompt action to make necessary disclosure and obtain Independent Shareholders' approval in the event that any adjustment to an annual cap becomes foreseeable. The Company's external auditors will review the continuing connected transactions under the Exclusive Services Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

The accounting department of the Company is primarily responsible to review and monitor the continuing connected transactions ensuring (i) the transactions to be conducted are in accordance with the pricing policy under the Exclusive Services Framework Agreement (i.e., the 20% of the Marketing Services Fees), and (ii) annual caps of the relevant connected transactions are not exceeded. The accounting department of the Company will obtain a written confirmation from Alimama Group on a monthly basis confirming that the Marketing Materials Review Services Fees to be received by the Company each month represent 20% of the Marketing Services Fees received by Alimama Group. In addition, the accounts of Alimama Group will be reviewed semi-annually and audited annually, and as a result the Company will have access to the amount of the Marketing Services Fees received by Alimama Group. The independent non-executive Directors will review the continuing connected transactions under the Exclusive Services Framework Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

(7) Rectification and Suspension

(a) If, during the provision of the services contemplated under the Exclusive Services Framework Agreement, the WFOE and/or its Affiliates are in breach of any applicable law, regulation or the Exclusive Services Framework Agreement and such breach results in a Material Adverse Effect, the Alimama Group shall have the right to request the WFOE and/or its Affiliates by written notice to rectify such breach within 15 days (the "**Rectification Period**").

(b) If the WFOE and/or its Affiliates fail to complete the rectification referred to in paragraph (a) above within the Rectification Period, the Alimama Group shall have the right, by a written notice to the WFOE and/or its Affiliates, to suspend the Exclusive Marketing Materials Review Right of the WFOE and/or its Affiliates until completion of such rectification (the "**Suspension Period**"). No Marketing Materials Review Services Fees shall be payable by Alimama Software to the WFOE or any of its Affiliates during the Suspension Period.

(c) During the Suspension Period, the Alimama Group may, through itself, any of its Affiliates, or any third-party service provider, provide the Marketing Materials Review Services and the Value-added Services in substitute to the WFOE, provided that the WFOE and/or its Affiliates shall bear all reasonable cost relating to such engagement of the third-party service provider.

(d) If (i) the provision of the Marketing Materials Review Services under the Exclusive Marketing Materials Review Right of the Group is suspended in accordance with the terms and conditions of the Exclusive Services Framework Agreement, and (ii) the Group and the Alimama Group fail to reach a consensus on the rectification of any breach leading to the suspension or the resumption of the Group's provision of the Marketing Materials Review Services under the Exclusive Marketing Materials Review Right within 90 days after the commencement of the Suspension Period, then the Vendor shall, and shall procure the Alimama Group to, negotiate with the Group in good faith to find a fair and mutually acceptable solution, as soon as practicable, without unreasonably prejudicing the Group's rights (including its entitlement to the Exclusive Marketing Materials Review Right) under the Exclusive Services Framework Agreement.

2.3 Application for listing of the Consideration Shares

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

2.4 Effect of the Proposed Acquisition on the shareholding structure of the Company

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

	As at the Latest Practicable Date		Immediately after Completion	
	Number of Shares	*%*	*Number of Shares*	*%*
— Perfect Advance Holding Limited[(1)]	3,103,816,661	22.93	3,103,816,661	19.29
— Alibaba Investment Limited[(2)]	48,716,465	0.36	48,716,465	0.30
— Ali JK Nutritional Products Holding Limited[(3)]	4,560,785,407	33.70	4,560,785,407	28.34
— Antfin (Hong Kong) Holding Limited[(4)]	60,576,000	0.45	60,576,000	0.38
— Uni-Tech International Group Limited[(5)]	777,484,030	5.74	777,484,030	4.83
— Taobao Holding Limited	—	—	2,558,222,222	15.90
— Directors of the Company	3,201,442	0.02	3,201,442	0.02
— Other shareholders	4,978,919,537	36.80	4,978,919,537	30.94
Total	13,533,499,542	100%	16,091,721,764	100%

(1) Perfect Advance Holding Limited holds 3,103,816,661 Shares of the Company and is wholly-owned by Alibaba Investment Limited, which is in turn wholly-owned by Alibaba Holding.

(2) Alibaba Investment Limited holds 48,716,465 Shares of the Company and is wholly-owned by Alibaba Holding.

(3) Ali JK Nutritional Products Holding Limited holds 4,560,785,407 Shares of the Company and is wholly-owned by Alibaba Holding.

(4) Antfin (Hong Kong) Holding Limited holds 60,576,000 Shares of the Company and is a close associate of Alibaba Holding.

(5) Uni-Tech International Group Limited holds 777,484,030 Shares of the Company and is wholly-owned by 21CN Corporation. 21CN Corporation is wholly-owned by Pollon Internet Corporation, which is wholly-owned by Ms. Chen Xiao Ying.

2.5 Information on the Target Group and the Target Business

The Target Group, which comprises the Target Company, the HK Subsidiary and the WFOE, operates and manages the Target Business. The Target Group did not carry out the Target Business before the WFOE and Alimama Software entered into the Exclusive Services Framework Agreement on November 27, 2023.

The Target Company, an offshore holding vehicle incorporated under the laws of the Cayman Islands on November 2, 2023, holds the entire issued share capital of the HK Subsidiary which in turn holds 100% of the equity interest in the WFOE. The HK Subsidiary is a private company incorporated in Hong Kong on November 2, 2023 and the WFOE is a limited liability company incorporated in the PRC on November 9, 2023.

The Target Business comprises the provision of the following services under the Healthcare Categories: (i) the Marketing Materials Review Services pursuant to the Exclusive Marketing Materials Review Right, and (ii) the Value-added Services.

Based on the unaudited adjusted financial information of the Target Business as of March 31, 2023, the net asset value of the Target Business was nil. Set out below is the key unaudited adjusted financial information of the Target Business for (i) the financial years ended March 31, 2022 and 2023, and (ii) the three months ended June 30, 2022 and 2023.

	For the year ended March 31,		**For the three months ended June 30,**	
	2022	**2023**	**2022**	**2023**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Revenue(*)	1,200,899	1,202,212	290,077	342,735
Gross profit(*)	1,198,976	1,199,639	289,296	342,068
Net profit (before taxation)(*)	1,198,963	1,199,626	289,293	342,065
Net profit (after taxation)(*)	899,222	899,719	216,970	256,549

* The unaudited adjusted revenue, gross profit and net profit (both before and after taxation) of the Target Business were provided by the Alimama Group and adjusted on the assumption that the Exclusive Services Framework Agreement was in effect from April 1, 2021 for illustrative purposes. The adjustments and assumptions include:

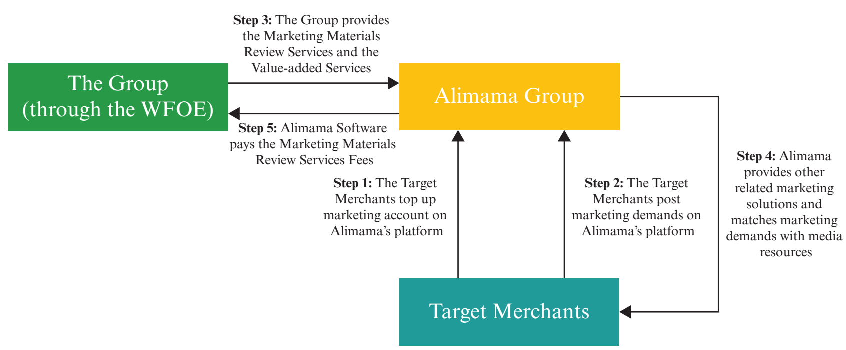
- the unaudited adjusted revenue of the Target Business was based on the revenue for marketing services in the management accounts of Alimama Group, which was either recognised ratably over the period in which the marketing promotion is displayed as the merchants simultaneously consume the benefits as the marketing promotion is displayed or when the marketing promotion is viewed by users, depending on the type of marketing services selected by the merchants, and adjusted in accordance with the agreed pricing policy as set out in the Exclusive Services Framework Agreement; and

- the unaudited adjusted cost of revenue and general and administrative expenses of the Target Business were identified from the management accounts of Alimama Group, including but not limited to staff costs and rental expenses relevant to the Target Business, which were recognised as incurred on accrual basis; and

- the unaudited adjusted income tax expense of the Target Business was based on a standard tax rate of 25% under the Corporate Income Tax Law of the People's Republic of China.

PricewaterhouseCoopers, the professional accountant, has performed certain agreed-upon procedures in respect of the key unaudited adjusted financial information of the Target Business in accordance with the Hong Kong Standard on Related Services 4400 (Revised), Agreed-Upon Procedures Engagements issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the professional accountant in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the professional accountant on the key unaudited adjusted financial information of the Target Business.

Set out below is a chart illustrating the operation model of the Target Business after Completion.



Based on the unaudited financial information of the Target Group for the period between the incorporation dates of the entities within the Target Group and November 30, 2023, the net asset value of the Target Group was RMB10 million. The revenue and net profit/loss of the Target Group was nil.

2.6 Information about the Company

The Company was incorporated in Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group, staying true to its aspiration in making healthcare services accessible and affordable, by capitalising on its leading digital technology and operation capabilities, is committed to providing affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families. The principal activities of the Group comprise the sale of pharmaceutical and healthcare products and services, the provision of internet-based medical and healthcare services, and digital tracking services and other innovative services.

2.7 Information about the Vendor

The Vendor, an exempt company incorporated with limited liability under the laws of the Cayman Islands, which is directly wholly-owned by Alibaba Holding and a holding company of certain major entities under the Taobao and Tmall Group.

Alibaba Holding is a company incorporated in the Cayman Islands, 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 (HKD Counter) and 89988 (RMB Counter)). Alibaba Holding Group's mission is to make it easy to do business anywhere. Alibaba Holding Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and it aspires to be a company that will last for 102 years. Alibaba Holding is a holding company of six major business groups: Taobao and Tmall Group, Alibaba International Digital Commerce Group, Cloud Intelligence Group, Local Services Group, Cainiao Smart Logistics Network Limited, and Digital Media and Entertainment Group, along with various other businesses.

2.8 Reasons for and benefits of the Proposed Acquisition and the Exclusive Services Framework Agreement

The Company believes that its acquisition of the Target Business will enable it to:

(a) offer one-stop solutions to better serve healthcare merchants' needs along the entire consumer journey, by leveraging the respective strengths of the Alimama Group and the Group to jointly operate the marketing business in addition to the Group's existing businesses;

(b) provide market competitive services and solutions to merchants;

(c) optimise healthcare merchants' marketing efficiency and return on investment by leveraging the Group's unique healthcare insights and in-depth understanding of consumer's healthcare needs;

(d) further improve the Group's revenue growth and profitability outlook;

(e) capture cross-selling opportunities to encourage healthcare category merchants from the Alimama Group to adopt the Group's existing service offerings, and vice versa; and

(f) foster business growth and increase marketing expenditure of healthcare merchants to achieve a win-win situation for both the Company and the Alimama Group.

The Directors, including the independent non-executive Directors (after taking into account the advice of the Independent Financial Adviser), are of the view that:

(a) the terms of the Share Purchase Agreement and the Exclusive Services Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole;

(b) the proposed annual caps under the Exclusive Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(c) the non-exempt continuing connected transactions under the Exclusive Services Framework Agreement are on normal commercial terms and in the ordinary and usual course of the Group.

2.9 Listing Rules implications

As one or more of the applicable percentage ratios in respect of the Share Purchase Agreement exceed 5% but are all below 25%, the Share Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Each of Perfect Advance Holding Limited and Ali JK Nutritional Products Holding Limited is a Substantial Shareholder and a connected person of the Company. Alibaba Holding is the ultimate holding company of Perfect Advance Holding Limited, Ali JK Nutritional Products Holding Limited and the Vendor. Accordingly, the Vendor is a connected person of the Company and therefore the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders at the SGM.

In addition, Alimama Software is an indirect wholly-owned Subsidiary of Alibaba Holding and therefore is a connected person of the Company. Therefore, the transactions contemplated under the Exclusive Services Framework Agreement will, upon the Completion, constitute continuing connected transactions for the Company under the Listing Rules. It is expected that the highest of the applicable percentage ratios in respect of the Exclusive Services Framework Agreement will be more than 5%. Accordingly, the transactions contemplated under the Exclusive Services Framework Agreement will constitute non-exempt continuing connected transactions subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Zhu Shunyan, Mr. Xu Haipeng and Ms. Huang Jiaojiao are employees of Alibaba Holding or its Subsidiaries, each of these Directors is deemed or may be perceived to have a material interest in the transactions contemplated under the Proposed Acquisition and the Exclusive Services Framework Agreement. Accordingly, they have abstained from voting on the board resolutions in connection with the Proposed Acquisition and the continuing connected transactions under the Exclusive Services Framework Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the Proposed Acquisition or the continuing connected transactions under the Exclusive Services Framework Agreement and are not required to abstain from voting on the board resolutions approving the same.

The SGM will be convened by the Company to propose ordinary resolutions seeking approval from the Independent Shareholders by way of poll for: (i) the Share Purchase Agreement and the connected transaction contemplated thereunder, (ii) the issue of the Consideration Shares under specific mandate, and (iii) the Exclusive Services Framework Agreement and the non-exempt continuing connected transactions contemplated thereunder.

To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, each of Perfect Advance Holding Limited, Alibaba Investment Limited, Ali JK Nutritional Products Holding Limited and Antfin (Hong Kong) Holding Limited (being the close associate of Alibaba Holding) held 3,103,816,661 Shares, 48,716,465 Shares, 4,560,785,407 Shares and 60,576,000 Shares, and these Shares (which included all the shares held by the respective associates of Perfect Advance Holding Limited, Alibaba Investment Limited and Ali JK Nutritional Products Holding Limited) represent approximately 22.93%, 0.36%, 33.70% and 0.45% of the issued share capital of the Company, respectively. This, when aggregated, represents a total of 7,773,894,533 Shares and approximately 57.44% of the issued share capital of the Company. Each of Perfect Advance Holding Limited, Alibaba Investment Limited, Ali JK Nutritional Products Holding Limited and their respective associates (including Antfin (Hong Kong) Holding Limited), will abstain from voting in relation to the ordinary resolutions to be put forward at the SGM. Save as disclosed above, no other Shareholder is required to abstain from voting on the above ordinary resolutions.

2.10 Independent Board Committee and Independent Financial Adviser

The Company has established an Independent Board Committee comprising of all the independent non-executive Directors to advise the Independent Shareholders in connection with the approval of the Share Purchase Agreement, the Exclusive Services Framework Agreement and the connected transactions contemplated thereunder. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Proposed Acquisition, the Share Purchase Agreement, the Exclusive Services Framework Agreement and the transactions thereunder are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) fair and reasonable and in the interests of the Company so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the SGM.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 25 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 54 of this circular.

3. RECOMMENDATION

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

4. GENERAL

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

5. SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the SGM is set out on pages 95 to 97 of this circular. At the SGM, resolutions will be proposed to approve the Proposed Acquisition, the Exclusive Services Framework Agreement and the connected transactions contemplated thereunder.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolutions will be put to vote by way of poll at the SGM.

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

A form of proxy for use at the SGM is enclosed with this circular and is also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (https://www.alihealth.cn/en-us/investmentrelation). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be Wednesday, January 10, 2024. All transfers of Shares accompanied by the relevant share certificates must be lodged with 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 Wednesday, January 10, 2024.

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
ZHU Shunyan
Chairman

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)

December 22, 2023

To the Independent Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND (2) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated December 22, 2023 to its Shareholders of which this letter forms part. Terms defined in the circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you in relation to the Proposed Acquisition, the Exclusive Services Framework Agreement and the connected transactions contemplated thereunder; whether the terms of the Share Purchase Agreement and the Exclusive Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and how to vote on the resolutions regarding (i) the Share Purchase Agreement and the connected transaction contemplated thereunder, (ii) the issue of the Consideration Shares under the specific mandate and (iii) the Exclusive Services Framework Agreement and the non-exempt continuing connected transactions contemplated thereunder, taking into account the recommendations from the Independent Financial Adviser.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Share Purchase Agreement and the Exclusive Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote on the relevant resolutions.

Your attention is drawn to:

(a) the letter from the Board set out on pages 1 to 24 of this circular which contains its recommendation to the Independent Shareholders and the additional information set out in the Appendix to this circular; and

(b) the letter from the Independent Financial Adviser set out on pages 27 to 54 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

Having considered the advice from Independent Financial Adviser, we are of the view that:

(a) the Proposed Acquisition (including the Share Purchase Agreement and the issue of the Consideration Shares under the specific mandate) is fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole; and

(b) the terms of the Exclusive Services Framework Agreement (including the proposed annual caps) are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions in relation to:

- the Share Purchase Agreement and the connected transaction contemplated thereunder;
- the issue of the Consideration Shares under the specific mandate; and
- the non-exempt continuing connected transactions contemplated under the Exclusive Services Framework Agreement,

to be presented at the SGM.

Yours faithfully,
Independent Board Committee
Ms. HUANG Yi Fei (Vanessa), Dr. SHAO Rong
and Ms. WU May Yihong
Independent Non-Executive Directors

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder, which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

22 December 2023

To the Independent Board Committee and the Independent Shareholders

Alibaba Health Information Technology Limited
26/F, Tower One
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Dear Sir and Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND (2) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder. Details of the Proposed Acquisition and the continuing connected transactions contemplated under the Exclusive Services Framework Agreement are set out in the "Letter from the Board" contained in the circular of the Company dated 22 December 2023 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

On 28 November 2023, the Company and the Vendor entered into the Share Purchase Agreement, pursuant to which the Company had conditionally agreed to acquire, and the Vendor had conditionally agreed to sell, the entire issued share capital of the Target Company subject to the terms and conditions of the Share Purchase Agreement. The Consideration payable by the Company to the Vendor is HK$13,512,000,000, which will be satisfied by (i) the Company issuing 2,558,222,222 Consideration Shares at the Issue Price of HK$4.50 per Share to the Vendor (and/or its nominee) at Completion; and (ii) the Company paying the USD Equivalent of HK$2,000,000,000 in cash to the Vendor at Completion, which shall be funded by internal resources of the Group.

On 27 November 2023, the WFOE and Alimama Software entered into the Exclusive Services Framework Agreement pursuant to which the WFOE would operate and manage the Target Business with the Exclusive Marketing Materials Review Right to provide the Marketing Materials Review Services in respect of products and services under the Healthcare Categories and an ancillary right to provide the Value-added Services to the Target Merchants under the Healthcare Categories. The initial term of the Exclusive Services Framework Agreement is three years commencing from the date of signing of the Exclusive Services Framework Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Share Purchase Agreement exceed 5% but are all below 25%, the Share Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Each of Perfect Advance Holding Limited and Ali JK Nutritional Products Holding Limited is a Substantial Shareholder and a connected person of the Company. Alibaba Holding is the ultimate holding company of Perfect Advance Holding Limited, Ali JK Nutritional Products Holding Limited and the Vendor. Accordingly, the Vendor is a connected person of the Company and therefore the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders at the SGM.

In addition, Alimama Software is an indirect wholly-owned Subsidiary of Alibaba Holding and therefore is a connected person of the Company. Consequently, the transactions contemplated under the Exclusive Services Framework Agreement will, upon the Completion, constitute continuing connected transactions for the Company under the Listing Rules. It is expected that the highest of the applicable percentage ratios in respect of the Exclusive Services Framework Agreement will be more than 5%. Accordingly, the transactions contemplated under the Exclusive Services Framework Agreement will constitute non-exempt continuing connected transactions and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, each of Perfect Advance Holding Limited, Alibaba Investment Limited, Ali JK Nutritional Products Holding Limited and Antfin (Hong Kong) Holding Limited (being the close associate of Alibaba Holding) held 3,103,816,661 Shares, 48,716,465 Shares, 4,560,785,407 Shares and 60,576,000 Shares respectively, and these Shares (which included all the shares held by the respective associates of Perfect Advance Holding Limited, Alibaba Investment Limited and Ali JK Nutritional Products Holding Limited) represent approximately 22.93%, 0.36%, 33.70% and 0.45% of the issued share capital of the Company respectively. This, when aggregated, represents a total of 7,773,894,533 Shares and approximately 57.44% of the issued share capital of the Company. Each of Perfect Advance Holding Limited, Alibaba Investment Limited, Ali JK Nutritional Products Holding Limited and their respective associates (including Antfin (Hong Kong) Holding Limited), will abstain from voting in relation to the ordinary resolutions to be put forward at the SGM. Save as disclosed above, no other Shareholder is required to abstain from voting on the above ordinary resolutions.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Huang Yi Fei (Vanessa), Dr. Shao Rong and Ms. Wu May Yihong have been formed to advise the Independent Shareholders as to whether the terms of the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole, are fair and reasonable so far as the Independent Shareholders are concerned, and whether the proposed annual caps in respect of the fees receivable by the Company under the Exclusive Services Framework Agreement (the "**Proposed Annual Caps**") are fair and reasonable; and how the Independent Shareholders should vote in respect of the proposed resolutions at the SGM to approve the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder, taking into account the recommendation from the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole, are fair and reasonable so far as the Independent Shareholders are concerned, and whether the Proposed Annual Caps are fair and reasonable; and how the Independent Shareholders should vote in respect of the proposed resolutions at the SGM to approve the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder.

We acted as the independent financial adviser for the Company with regards to the continuing connected transactions in relation to contractual arrangements, details of which were set out in the announcement of the Company dated 30 June 2023. Save for the aforesaid transaction, we have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company or provided any other service(s) to the Company in the last two years prior to the date of the Circular. We do not have any relationships with the Company that could be regarded as relevant to our independence. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the transactions contemplated under the Share Purchase

Agreement and the Exclusive Services Framework Agreement is at market level and not conditional upon successful passing of the resolutions, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Share Purchase Agreement; (ii) the Exclusive Services Framework Agreement; (iii) the interim report of the Company for the six months ended 30 September 2023 (the "**FY2024 Interim Report**"); (iv) the Valuation Report of the Target Group as set out in Appendix II to the Circular; (v) the annual report of the Company for the year ended 31 March 2023 (the "**FY2023 Annual Report**"); (vi) the unaudited financial information of the Target Business as set out in Appendix I to the Circular; and (vii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the SGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

1.1 Principal business of the Group

The Company is an investment holding company and the Group provides accessible and affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families. The principal activities of the Group comprise the sale of pharmaceutical and healthcare products and services, the provision of internet-based medical and healthcare services, and digital tracking services and other innovative services.

1.2 Financial information of the Group

Set out below is a table summarising certain key financial information of the Group extracted from the FY2024 Interim Report and the FY2023 Annual Report.

Extract of consolidated statement of profit or loss

	For the year ended 31 March		**For the six months ended 30 September**	
	2022	**2023**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	20,577,616	26,763,016	11,500,569	12,956,000
— *Pharmaceutical direct sales business*	*17,911,088*	*23,591,577*	*10,081,462*	*11,446,663*
— *Pharmaceutical e-commerce platform business*	*2,025,855*[(1)]	*2,237,953*	*999,769*	*1,021,241*
— *Healthcare and digital services business*	*640,673*[(1)]	*933,486*	*419,338*	*488,096*
Gross profit	4,107,993	5,701,334	2,300,656	2,868,668
Profit/(Loss) for the year/ period attributable to owners of the Company	(265,555)	533,407	162,194[(2)]	445,891

Extract of consolidated statement of financial position

	As at 31 March		**As at 30 September**
	2022	**2023**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*
Total assets	19,201,969	20,747,820[(2)]	21,439,690
Cash and cash equivalents	*10,547,851*	*10,917,171*	*11,697,450*
Total liabilities	5,129,737	5,600,621[(2)]	5,377,931
Total equity attributable to owners of the Company	14,098,419	15,173,573[(2)]	16,088,751

Notes:

1. According to the FY2023 Annual Report, these figures have been reclassified and restated to better reflect the Group's business and revenue streams. For details, please refer to Note 5 of the Independent Auditor's Report in the FY2023 Annual Report.

2. According to the FY2024 Interim Report, these figures have been restated as the Group has applied the amendments on temporary differences related to leases as at 1 April 2022, with any cumulative effect recognised as an adjustment to the balance of accumulated losses or other component of equity as appropriate at that date. For details, please refer to the FY2024 Interim Report.

Year ended 31 March 2022 compared to year ended 31 March 2023

The Group recorded revenue of approximately RMB26,763.0 million during the year ended 31 March 2023 ("**FY2023**"), representing an increase of approximately 30.1% from approximately RMB20,577.6 million during the year ended 31 March 2022 ("**FY2022**"). Such increase was due to the improvement in revenue generated from all of the three business lines of the Group. For pharmaceutical direct sales business, revenue increased by approximately 31.7% from approximately RMB17,911.1 million in FY2022 to approximately RMB23,591.6 million in FY2023, which was mainly attributable to the constant enrichment of categories of goods sold through the direct business-to-customer ("**B2C**") retail and stock keeping units ("**SKUs**"), the increased sales volume of prescription drugs driven by in-depth cooperation with pharmaceutical companies, as well as the continuous optimisation of user experience by adopting a number of measures, such as improving information security and providing more professional consultation services. For pharmaceutical e-commerce platform business, revenue increased by approximately 10.5% from approximately RMB2,025.9 million in FY2022 to approximately RMB2,238.0 million in FY2023, which was mainly attributable to the Group's continued collaboration with partners to explore new development trends and to provide a wide spectrum of users with accessible and quality healthcare services. Lastly, for healthcare and digital services business, revenue increased by approximately 45.7% from approximately RMB640.7 million in FY2022 to approximately RMB933.5 million in FY2023 as the Group continued to penetrate into areas of Internet healthcare and healthcare services, to acquire user traffic and offer a wide variety of medical and healthcare services to end users.

As a result of the above, the Group recorded an increase in gross profit from approximately RMB4,108.0 million in FY2022 to approximately RMB5,701.3 million in FY2023, representing gross profit margins of approximately 20.0% and 21.3% respectively. Such increase was mainly attributable to the Group's improvement in operating efficiency and pricing capabilities.

Due mainly to the improvement in revenue and gross profit, the Group recorded a turnaround from a loss attributable to owners of the Company of approximately RMB265.6 million in FY2022 to a profit of approximately RMB533.4 million in FY2023.

The Group's total assets increased by approximately 8.1% from approximately RMB19,202.0 million as at 31 March 2022 to approximately RMB20,747.8 million as at 31 March 2023 mainly due to an increase in inventories by approximately 35.6% from approximately RMB1,550.2 million as at 31 March 2022 to approximately RMB2,102.3 million as at 31 March 2023. Cash and cash equivalents increased slightly by approximately 3.5% from approximately RMB10,547.9 million as at 31 March 2022 to approximately RMB10,917.2 million as at 31 March 2023. In terms of liabilities, it increased by approximately 9.2% from approximately RMB5,129.7 million as at 31 March 2022 to approximately RMB5,600.6 million as at 31 March 2023 mainly due to an increase in contract liabilities by approximately 89.9% from approximately RMB260.7 million as at 31 March 2022 to approximately RMB495.1 million as at 31 March 2023. In line with the Group's profitability in FY2023, equity attributable to owners of the Company increased by approximately 7.6% from approximately RMB14,098.4 million as at 31 March 2022 to approximately RMB15,173.6 million as at 31 March 2023.

Six months ended 30 September 2022 compared to six months ended 30 September 2023

The Group recorded revenue of approximately RMB12,956.0 million during the six months ended 30 September 2023 ("**1HFY2024**"), representing an increase of approximately 12.7% from approximately RMB11,500.6 million during the six months ended 30 September 2022 ("**1HFY2023**"). Such increase was due to the continued improvement in revenue generated from all of the three business lines of the Group. For pharmaceutical direct sales business, revenue increased by approximately 13.5% from approximately RMB10,081.5 million in 1HFY2023 to approximately RMB11,446.7 million in 1HFY2024, which was mainly attributable to the constant enrichment of categories of goods sold through the direct B2C retail and SKUs, the increased sales volume of prescription drugs as well as the continuous optimisation of user experience. For pharmaceutical e-commerce platform business, revenue increased by approximately 2.1% from approximately RMB999.8 million in 1HFY2023 to approximately RMB1,021.2 million in 1HFY2024, which was mainly due to the Group having continued to expand its partnership with global pharmaceutical companies, nutritional and healthcare product manufacturers and distributors. Lastly, for healthcare and digital services business, revenue increased by approximately 16.4% from approximately RMB419.3 million in 1HFY2023 to approximately RMB488.1 million in 1HFY2024 as the Group continued to enhance user experience of its professional healthcare services and provide seamless online-to-offline healthcare services to end users through various channels.

As a result of the above, the Group recorded an increase in gross profit from approximately RMB2,300.7 million in 1HFY2023 to approximately RMB2,868.7 million in 1HFY2024, representing gross profit margins of approximately 20.0% and 22.1% respectively.

Due mainly to the improvement in revenue and gross profit, as well as the Group's enhanced operational efficiency, the Group recorded a significant increase in profit attributable to owners of the Company from approximately RMB162.2 million in 1HFY2023 to approximately RMB445.9 million in 1HFY2024, representing an increase of approximately 174.9%.

The Group's total assets increased by approximately 3.3% from approximately RMB20,747.8 million as at 31 March 2023 to approximately RMB21,439.7 million as at 30 September 2023 mainly due to an increase in cash and cash equivalents by approximately 7.1% from approximately RMB10,917.2 million as at 31 March 2023 to approximately RMB11,697.5 million as at 30 September 2023. In terms of liabilities, it decreased by approximately 4.0% from approximately RMB5,600.6 million as at 31 March 2023 to approximately RMB5,377.9 million as at 30 September 2023 mainly due to a decrease in trade and bills payables by approximately 6.9% from approximately RMB3,714.0 million as at 31 March 2023 to approximately RMB3,458.8 million as at 30 September 2023. In line with the Group's profitability in 1HFY2024, equity attributable to owners of the Company increased by approximately 6.0% from approximately RMB15,173.6 million as at 31 March 2023 to approximately RMB16,088.8 million as at 30 September 2023.

1.3 Outlook and strategy of the Group

The Company stated in the FY2024 Interim Report and FY2023 Annual Report that, as a leading player in the healthcare services industry, the Group will take initiative to keep abreast of the latest policy developments, uphold its original intention to make healthcare services accessible, and build a one-stop healthcare system that combines both online-to-offline services with a focus on users' underlying needs. In particular, the Group will continue to (i) leverage on its digital capabilities to address the needs of its growing user base for healthcare services that are more convenient and of better quality; (ii) cooperate with partners to explore new trends in the industry so as to accelerate sectoral development; (iii) explore and enhance its professional healthcare service capabilities; and (iv) strengthen its collaboration with partners from the Alibaba Group's ecosystem, undertake in-depth cooperation on localised services such as medical checkups and examinations. All in all, with "cloud-based infrastructure" as the foundation, "cloud-based pharmacy" as the core, and "cloud-based hospital" as the engine, the Group aims to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

Overall, we noted that the Group's continued revenue growth in FY2023 and 1HFY2024 has strengthened its financial position and has provided it with the foundation and resources to conduct acquisition activities such as the Proposed Acquisition which can position it for further growth and development.

Based on a market report published by QuestMobile, a research institution, in relation to the digital marketing industry in the PRC on 25 July 2023 (the "**QuestMobile Report**"), we noted that the digital marketing industry has resumed its growth in 2023 following the gradual recovery of the PRC economy where it achieved a period-on-period growth of approximately 2.3% during the first quarter of 2023. The industry's growth is projected to further pick up in the remaining of the year. We also noted from the QuestMobile Report that in the first half of 2023, digital marketing expenses for healthcare products and drugs experienced a period-on-period growth of approximately 7.9%. Having considered the above data, we believe that the Target Group, being one of the players in this market, may potentially capture the recovery trend post pandemic.

2. Background information of the Target Group

2.1 Principal business of the Target Group

The Target Group, which comprises the Target Company, the HK Subsidiary and the WFOE, operates and manages the Target Business. The Target Company, an offshore holding vehicle incorporated under the laws of the Cayman Islands on 2 November 2023, holds the entire issued share capital of the HK Subsidiary which in turn holds 100% of the equity interest in the WFOE. The HK Subsidiary is a private company incorporated in Hong Kong on 2 November 2023 and the WFOE is a limited liability company incorporated in the PRC on 9 November 2023.

The Target Business comprises the provision of (i) the Marketing Materials Review Services under the Exclusive Marketing Materials Review Right; and (ii) the Value-added Services.

For further details, please refer to the paragraph headed "2.5 Information on the Target Group and the Target Business" in the "Letter from the Board" of the Circular.

2.2 Financial information of the Target Group

Set out below is a table summarising certain key unaudited adjusted financial information of the Target Business for the years ended 31 March 2022 and 2023, and the three months ended 30 June 2022 and 2023 respectively.

	For the year ended 31 March		**For the three months ended 30 June**	
	2022	**2023**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue	1,200,899	1,202,212	290,077	342,735
Gross profit	1,198,976	1,199,639	289,296	342,068
Net profit (before taxation)	1,198,963	1,199,626	289,293	342,065
Net profit (after taxation)	899,222	899,719	216,970	256,549

Note: The unaudited adjusted revenue, gross profit and net profit (both before and after taxation) of the Target Business were provided by the Alimama Group and adjusted on the assumption that the Exclusive Services Framework Agreement was in effect from 1 April 2021 for illustrative purposes. For details of the adjustments and assumptions, please refer to the paragraph headed "2.5 Information on the Target Group and the Target Business" in the "Letter from the Board" of the Circular.

The Target Business's revenue amounted to approximately RMB1,202.2 million in FY2023, representing a nominal increase of approximately 0.1% as compared to the revenue of approximately RMB1,200.9 million in FY2022. The Target Business's gross profit margins remained at high levels of approximately 99.8% in FY2022 and FY2023 respectively, resulting in gross profits of approximately RMB1,199.0 million and RMB1,199.6 million respectively. As a result of the above, the Target Business recorded a slight increase in net profit (after taxation) from approximately RMB899.2 million in FY2022 to approximately RMB899.7 million in FY2023.

During the three months ended 30 June 2023 ("**1QFY2024**"), we noted that the Target Business recorded double-digit growth as compared to the corresponding period in 2022. The Target Business's revenue amounted to approximately RMB342.7 million in 1QFY2024, representing an increase of approximately 18.2% as compared to the revenue of approximately RMB290.1 million during the three months ended 30 June 2022 ("**1QFY2023**"). The Target Business's gross profit margins remained at high levels of approximately 99.7% and 99.8% in 1QFY2023 and 1QFY2024 respectively, resulting in gross profits of approximately RMB289.3 million and RMB342.1 million respectively. As a result of the above, the Target Business recorded an increase in net profit (after taxation) of approximately 18.2% from approximately RMB217.0 million in 1QFY2023 to approximately RMB256.5 million in 1QFY2024.

3. Principal terms of the Share Purchase Agreement

On 28 November 2023, the Company (as the purchaser) and Taobao Holding Limited (as the Vendor) entered into the Share Purchase Agreement, pursuant to which the Company had conditionally agreed to acquire, and the Vendor had conditionally agreed to sell, the entire issued share capital of the Target Company subject to the terms and conditions of the Share Purchase Agreement. The Consideration payable by the Company to the Vendor is HK$13,512,000,000, which will be satisfied by (i) the Company issuing 2,558,222,222 Consideration Shares at the Issue Price of HK$4.50 per Share to the Vendor (and/or its nominee) at Completion; and (ii) the Company paying the USD Equivalent of HK$2,000,000,000 in cash to the Vendor at Completion, which shall be funded by internal resources of the Group.

For details of the principal terms of the Share Purchase Agreement, please refer to the "Letter from the Board" of the Circular. When considering the fairness and reasonableness of the terms of the Share Purchase Agreement, we have taken into account the following factors.

3.1 The Consideration

According to the Share Purchase Agreement, the Consideration shall be HK$13,512,000,000, which was arrived at after arm's length negotiations between the Company and the Vendor, taking into account various factors, including (i) the strategic value of the Target Business which will be a synergistic addition to the Group's healthcare ecosystem; (ii) the financial performance and the growth potential in the scale and profitability of the Target Business; (iii) the unique technology capabilities of the Target Business; (iv) the appraised value of the entire issued share capital of the Target Business as at 30 September 2023 in the amount of HK$13,794,000,000 according to the Valuation Report prepared by the Valuer; and (v) the price-to-earnings ratios of the Target Business relative to that of the other publicly traded comparable companies which are similarly engaged in the provision of digital marketing services.

We noted that the Consideration is determined mainly based on, and represents a discount of approximately 2.0%, to the Appraised Value (as defined below) of the Target Group as assessed by the Valuer. Given such discount, we are of the view that the method of arriving at the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. For discussion of the Appraised Value of the Target Group, please refer to the paragraph headed "3.2 Valuation of the Target Group" below.

When assessing the fairness and reasonableness of the Consideration, we have additionally considered that such amount of Consideration entails a return of investment of approximately 7.3% (calculated based on (i) the Target Group's net profit (after taxation) of approximately RMB899.7 million (equivalent to approximately HK$980.5 million) in FY2023; and divided by (ii) the Consideration of HK$13,512,000,000), which is higher than the Group's return on equity of approximately 3.5% (calculated based on (i) the Group's profit attributable to owners of the Company of approximately RMB533.4 million in FY2023; and divided by (ii) the Group's equity attributable to owners of the Company of approximately RMB15,173.6 million as at 31 March 2023). Coupled with the reasonableness of the Appraised Value of the Target Group as further discussed below, we are of the view that the Consideration is fair and reasonable.

3.2 Valuation of the Target Group

When assessing the fairness and reasonableness of the valuation of the Target Group, we have in particular considered the Valuation Report. In this respect, we noted that Asia-Pacific Consulting and Appraisal Limited, the Valuer, has been engaged to issue the Valuation Report on the market value of 100% equity interests in the Target Group. According to the Valuation Report, the details of which are set out in Appendix II to the Circular, the appraised value of the Target Group amounted to RMB13,794,000,000 (the "**Appraised Value**") as at 30 September 2023 (the "**Valuation Date**"). The Consideration of HK$13,512,000,000 therefore represents an approximate 2.0% discount to the Appraised Value.

We have considered the following factors in assessing the fairness and reasonableness of the Appraised Value.

3.2.1 Valuer's qualification

We have conducted an independent interview with the Valuer where we have enquired, and the Valuer has confirmed, its independence from the Company. In addition to the Valuer's firm wide experience and expertise, we have obtained relevant qualifications and credentials of the specific team members involved in this valuation exercise.

We noted that the Valuer is a valuation and consulting firm specialising in the provision of listing, mergers and acquisitions, and financial-related valuation services in the Asia-Pacific region where all aspects of a valuation assignment can be carried out in-house. According to the Valuer, it has been appointed as valuer by over 100 Hong Kong listed companies in the past; it also has the relevant experience in valuing over ten companies/businesses similar to the Target Group (i.e. those who derive revenue principally from provision of advertising and marketing services). The person who is responsible for signing off the Valuation Report, Mr. Jack Li, is a Chartered Surveyor who has more than 15 years of experience in the relevant field in the PRC, Hong Kong and the Asia-Pacific region. We also noted that Mr. Jack Li is being supported by other employees of the Valuer who have the necessary qualification and experience for preparation of the Valuation Report.

We have also obtained and reviewed the Valuer's terms of engagement and discussed with the Valuer its work performed in connection with this valuation. We are satisfied that the Valuer is qualified to give the opinion as set out in the Valuation Report having taken into account its relevant experience and expertise, its independence, and its scope of work.

3.2.2 Valuation methodology

We noted that the Valuer, having considered the suitability of three valuation methodologies, being market approach, cost approach and income approach, has adopted the market approach in conducting valuation of the Target Group. We have discussed with the Valuer with regards to its rationale for adopting the market approach as follows:

(i) **Market approach**: the market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. We understand from the Valuer that, having considered (i) there exist an established secondary market where information of comparable companies to the Target Group with similar businesses are publicly available; (ii) the limitations for cost approach and income approach given characteristics of the Target Group as further discussed below; and (iii) the simplicity, clarity and need of fewer assumptions, the market approach has been adopted.

(ii) **Cost approach**: the cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. We understand that the Valuer has not adopted the cost approach since such approach does not take into account or consider the economic benefits generated by the Target Group. Instead, it focuses on the cost of replacement.

(iii) **Income approach**: the income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. We understand that the Valuer has not adopted the income approach since such approach relies on numerous subjective assumptions over a long-time horizon and the result may be very sensitive to certain inputs.

Having considered the above and from our experience, it is common for valuers to adopt single methodology in valuation, and the Valuer's rationale for not adopting the cost and income approaches has been explained in the Valuation Report, we concur with the Valuer that the market approach is appropriate for valuing the Target Group, which takes into account the Target Group's economic benefits without having to rely on numerous subjective assumptions.

3.2.3 Basis and assumptions

The Valuer's valuation is conducted with reference to the International Valuation Standards issued by the International Valuation Standards Council. We understand that the Appraised Value was determined subject to certain valuation assumptions, including no major change in political, legal, economic and social environment in which the Target Group operates or intend to operate, the interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially, and no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value, etc. We also noted that the Valuer relied on the financial and operational information provided by the Company. Based on our interview conducted with the Valuer, we noted that these assumptions adopted in the Valuation Report are commonly adopted in valuation reports for equity interest and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the assumptions adopted in the Valuation Report.

For the market approach, the Valuer firstly conducted research to select a group of comparable companies (the "**Comparable Companies**") and a suitable comparison multiple, which in this case, being the price-to-earnings ratio (the "**P/E Ratio**"). After calculating the average of Comparable Companies' P/E Ratios based on publicly available information, such average is applied by multiplying with the Target Group's last twelve months' ("**LTM**") earnings ended 30 June 2023 to derive the 100% equity value of the Target Group. The Valuer also adjusted for a market liquidity discount of 20% and a control premium of 25%. In assessing the fairness and reasonableness of the valuation basis adopted by the Valuer, we have considered the following aspects:

Selection of Comparable Companies

We understand that the Valuer has adopted the following criteria in selecting Comparable Companies: (i) the Comparable Companies are publicly listed in mature stock markets of Hong Kong and the United States; (ii) the Comparable Companies generate more than 50% of their revenues from the same or similar industry of Target Group such as advertising and precision marketing; (iii) the Comparable Companies' market capitalisations exceed one billion dollars; and (iv) the P/E Ratios of the Comparable Companies are available as at the Valuation Date. On top of the above, we noted that Alibaba Holding has been added as one of the Comparable Companies considering that the Target Business itself has been a part of Alibaba Holding's digital marketing business (Alimama), from an operational perspective. As a result of the above, ten Comparable Companies have been identified by the Valuer which, based on our review, have been selected in accordance to the Valuer's abovementioned selection criteria. For the full list of Comparable Companies selected, please refer to the Valuation Report set out in Appendix II to the Circular.

We consider the selection criteria adopted are fair and reasonable as they capture companies whose principal businesses and scales are comparable to the Target Group, and where market data is publicly and readily accessible.

Selection of multiple

The multiple adopted by the Valuer for comparison, being the P/E Ratio, is calculated based on the market capitalisation value of each of the Comparable Companies as at the Valuation Date and divided by their respective LTM earnings. We are of the view that P/E Ratio is a commonly used valuation yardstick in conducting market comparable analysis.

Further, we noted from the Valuation Report that out of the Comparable Companies selected based on the abovementioned criteria, two of the Comparable Companies, namely The Trade Desk, Inc. and Integral Ad Science Holding Corp., were excluded due to their exceptionally high P/E Ratios of approximately 66.89 times and 65.89 times respectively. We have discussed with the Valuer and understand that it is a common market practice to exclude certain outliers when their multiples significantly differ from the rest of the comparable companies as they are considered not representative of the broader market. In this regard, we noted that the P/E Ratios of the excluded Comparable Companies are significantly higher than those of the remaining Comparable Companies ranging from approximately 9.83 times to 20.89 times.

After excluding the two outliers, the average P/E Ratio of the Comparable Companies of approximately 13.48 times is being adopted to multiply the Target Group's LTM earnings of approximately RMB939.3 million to derive at the 100% equity value of the Target Group.

We considered that the adoption of P/E Ratio as the valuation multiple, as well as the exclusion of two outliers with exceptionally high P/E Ratios, is fair and reasonable.

*Discount for lack of marketability ("**DLOM**")*

Marketability is defined as the ability to convert the business interest into cash quickly at a known price with minimum transaction costs. For privately held company, there is usually a cost and a time lag associated with locating interested and capable buyers as there is no established market of readily-available buyers and sellers. All other factors being constant, an interest in a privately held company is worth less than an interest in a publicly traded company because no established market exists. We understand that DLOM is a downward adjustment to the value of the business interest to reflect its reduced level of marketability. Based on our discussion with the Valuer, we noted that a DLOM of 20% is being adopted with reference to the "Option Pricing Model" to adjust the equity value of the Target Group according to the Valuer's research regarding volatility of the Comparable Companies. In this regard, we have referenced to a widely adopted research study named "Stout Restricted Stock Study Companion Guide (2023 edition)" issued by Stout Risius Ross, LLC and noted that based on their research conducted on 776 private placement transactions, the average DLOM is 20.5%, which is similar to the level of DLOM adopted by the Valuer. As such, we considered that the DLOM being applied is fair and reasonable.

Control premium

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise that reflects the power of a control. Since the P/E Ratio adopted in the valuation was calculated from publicly listed companies and thus market value calculated using such P/E Ratio represents the minority ownership interest. Control premium was adopted to adjust such minority interest market value to controlling interest market value. Based on our discussion with the Valuer, we noted that a control premium of 25% is being adopted with reference to the control premium of closed transactions in the advertising and targeted marketing industry. In this regard, we have referenced to a widely adopted research report named "Control Premium Study: 4th Quarter 2022" published by FactSet Mergerstat, LLC, where the median of equity control premium of a list of 519 cases of acquisitions globally for the year ended 31 December 2022 is 28.0%. Considering that the control premium of 25% adopted by the Valuer is slightly lower than the aforementioned median of equity control premium, we consider the control premium being applied is fair and reasonable.

3.2.4 Section conclusion

Taking into account the above, we are of the view that the Consideration, which represents an approximate 2.0% discount to the Appraised Value, is fair and reasonable.

3.3 The settlement terms

According to the Share Purchase Agreement, approximately 85.2% of the Consideration or approximately HK$11,512,000,000 shall be settled by the allotment and issuance of 2,558,222,222 Consideration Shares at the Issue Price of HK$4.50 per Share; and the remaining 14.8% or USD Equivalent of HK$2,000,000,000 shall be settled in cash.

3.3.1 The cash payment

The Management advised that the portion of Consideration to be settled by cash, being USD Equivalent of HK$2,000,000,000, shall be funded by internal resources of the Group. In this regard, we noted that the Group had a cash and cash equivalents balance of approximately RMB11,697.5 million (equivalent to approximately HK$12,747.9 million) as at 30 September 2023, which the cash settlement portion of the Consideration accounted for approximately 15.7% of the aforesaid balance. In this regard, we concur with the Management's view that the Group has the necessary financial resources to settle the cash settlement portion of Consideration without significantly compromising its liquidity position required for its normal business operations.

3.3.2 The Issue Price

As stated in the paragraph headed "2.1 Principal terms of the Share Purchase Agreement" in the "Letter from the Board" of the Circular, the Company will issue 2,558,222,222 Consideration Shares at Completion to the Vendor to satisfy part of the Consideration, which represent approximately 18.90% of the issued share capital of the Company as at the Latest Practicable Date and approximately 15.90% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares will be issued at HK$4.50 per Consideration Share, which represents:

(a) a discount of approximately 3.23% to the closing price of the Shares of HK$4.65 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 3.10% to the average closing price for the five consecutive trading days up to and including the Last Trading Day of approximately HK$4.64 per Share;

(c) a discount of approximately 4.66% to the average closing price for the ten consecutive trading days up to and including the Last Trading Day of approximately HK$4.72 per Share;

(d) a discount of approximately 5.38% to the average closing price for the fifteen consecutive trading days up to and including the Last Trading Day of approximately HK$4.76 per Share;

(e) a discount of approximately 5.33% to the average closing price for the twenty consecutive trading days up to and including the Last Trading Day of approximately HK$4.75 per Share;

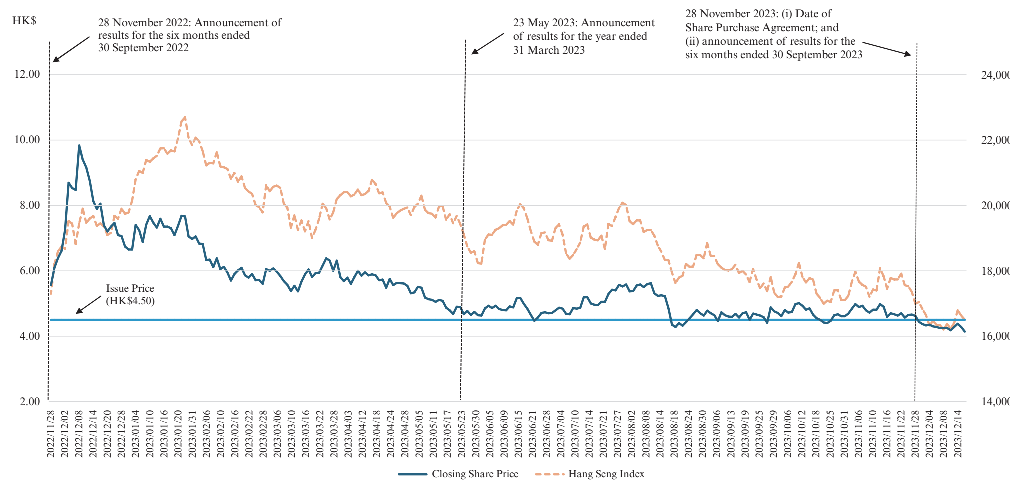
(f) a discount of approximately 4.28% to the average closing price for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK$4.70 per Share;

(g) a premium of approximately 8.70% to the closing price on the Latest Practicable Date of approximately HK$4.14 per Share; and

(h) a premium of approximately 248.3% to the consolidated net asset value per Share of approximately RMB1.19 (equivalent to approximately HK$1.29) of the Company based on a total of 13,533,499,542 Shares in issue, the consolidated net asset value of approximately RMB16,062 million, and the exchange rate of RMB1.0 to HK$1.0886 as of 27 November 2023.

3.3.3 Analysis of historical price performance of the Share

In assessing the reasonableness of the Issue Price, we have considered the historical movement of the Share closing price. Set out below is a chart illustrating the historical closing prices of Shares from 28 November 2022 (i.e. being one year prior to the date of the Share Purchase Agreement) to the Last Trading Day and subsequent to that up to the Latest Practicable Date (the "**Review Period**"). We consider that a review period of around one year is adequate to illustrate the historical Share price movements for conducting a reasonable comparison between the closing prices of Shares and the Issue Price.



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the highest and lowest closing prices of the Shares were HK$9.83 and HK$4.14 per Share recorded on 8 December 2022 and 19 December 2023 respectively.

As illustrated in the graph above, the Share closing price increased sharply to its high of HK$9.83 per Share on 8 December 2022 subsequent to the Company's publication of its interim results announcement for the six months ended 30 September 2022 on 28 November 2022. However, this did not sustain long as the closing price declined to HK$6.65 per Share by end of December 2022. The Share closing price thereafter hovered between HK$6.65 per Share and HK$7.68 per Share from 3 January 2023 to 27 January 2023. Since then, the Share closing price was generally on a downward trend and dropped to a level around the Issue Price on 23 May 2023 when the Company published its annual results announcement for the year ended 31 March 2023. We noted that the aforesaid decreasing trend in Share closing price was highly correlated to the overall market movements as shown by the performance of Hang Seng Index, which decreased from 22,070 on

30 January 2023 to 19,431 on 23 May 2023. The Share price then traded around the Issue Price and closed between HK$4.28 per Share and HK$5.62 per Share during the period from 24 May 2023 to 27 November 2023. As at the Last Trading Day, the Share closing price was HK$4.65 per Share. The Share closing price subsequently was HK$4.14 per Share as at the Latest Practicable Date.

The Issue Price, being HK$4.50 per Share, is within the range of the lowest and highest closing prices of Shares during the Review Period and close to the levels of Share closing price in the recent three months and represents a discount of approximately 3.2% to the last closing price of Share prior to the date of the Share Purchase Agreement.

3.3.4 Comparable issues analysis

To assess the fairness and reasonableness of the Issue Price, we have also conducted a comparable analysis through identifying companies listed on the Main Board of the Stock Exchange which announced issuance of consideration shares for acquisition activities during the period from 28 May 2023 up to and including 28 November 2023, being the date of the Share Purchase Agreement. On such basis, we have identified 14 comparable companies (the "**Consideration Shares Comparables**"), which we consider to be an exhaustive list of the relevant comparable companies based on the abovementioned criteria. We consider that a review period of around six months prior to the date of the Share Purchase Agreement is a reasonable timeframe for identifying recent Consideration Shares Comparables that reflect the prevailing market sentiment, economic conditions and financial market cycles for the purpose of assessing the reasonableness of the Issue Price. In addition, we believe the 14 Consideration Shares Comparables identified based on the abovementioned selection criteria provide a representative sample for our comparable issues analysis purpose.

It should be noted that the Consideration Shares Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company. Circumstances leading the Consideration Shares Comparables to issue consideration shares may differ from that of the Company. Notwithstanding this, considering the similarity in nature of the issue of the Consideration Shares and the Consideration Shares Comparables that both involved issuing new shares to satisfy transaction consideration, we consider that the Consideration Shares Comparables can provide a valid general reference for similar type of transactions in the Hong Kong market under the recent market environment.

The following table sets out the issue price of the consideration shares and the discount/premium of issue price to the respective (average) closing price on the last trading day prior to/on the date of the relevant agreement, and for the last five, ten and 30 consecutive trading days prior to/including the date of the relevant agreement of the Consideration Shares Comparables.

				(Discount)/Premium of the issue price to			
Date of announcement	**Company name**	**Stock code**	**Issue price**	**the closing price on the last trading day prior to/ on the date of the relevant agreement**	**the average closing price over the last five consecutive trading days prior to/ including the date of the relevant agreement**	**the average closing price over the last ten consecutive trading days prior to/ including the date of the relevant agreement**	**the average closing price over the last 30 consecutive trading days prior to/ including the date of the relevant agreement**
			HK$	*%*	*%*	*%*	*%*
29 May 2023	Huili Resources (Group) Limited	1303	0.25	(12.30)	(5.30)	(8.26)	(19.14)
15 June 2023	TFG International Group Limited	542	0.20	(11.50)	(10.00)	(11.00)	(11.24)
29 June 2023	Affluent Partners Holdings Limited	1466	0.2628	(23.83)	(24.70)	(26.28)	(31.20)
7 July 2023	Tongguan Gold Group Limited	340	0.50	(16.70)	(18.00)	(18.00)	(15.30)
24 August 2023	Asia Resources Holdings Limited	899	0.23	0.00	2.40	8.34	62.12
28 August 2023	Xpeng Inc.	9868	64.03	(1.69)	0.00	(0.37)	(4.51)
4 September 2023	Anchorstone Holdings Limited	1592	0.085	66.67	42.14	41.67	30.37
8 September 2023	Infinities Technology International (Cayman) Holding Limited	1961	1.40	0.00	(3.40)	(2.51)	(4.91)
14 September 2023	MOS House Group Limited	1653	0.34	(4.23)	(3.41)	(4.49)	(7.65)
19 September 2023	Alibaba Pictures Group Limited	1060	0.52	(5.50)	(0.30)	(0.10)	0.70
16 October 2023	Gome Finance Technology Co., Ltd.	628	0.08	0.00	(2.68)	(1.00)	(10.11)
30 October 2023	China Rongzhong Financial Holdings Company Limited	3963	0.38	(9.52)	(9.09)	(8.87)	(7.47)
31 October 2023	Vongroup Limited	318	0.242	(13.57)	(14.79)	(18.40)	(16.55)
13 November 2023	Sanergy Group Limited	2459	3.6	(17.2)	(16.70)	(17.90)	(19.07)
			Maximum	**66.67**	**42.14**	**41.67**	**62.12**
			Minimum	**(23.83)**	**(24.70)**	**(26.28)**	**(31.20)**
			Mean	**(3.53)**	**(4.56)**	**(4.80)**	**(3.85)**
			Median	**(7.51)**	**(4.36)**	**(6.38)**	**(8.88)**
28 November 2023	The Company	241	4.50	(3.23)	(3.10)	(4.66)	(4.28)

Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in the above table, the issue prices of the Consideration Shares Comparables to the respective (average) closing price on the last trading day prior to/on the date of the relevant agreement, and for the last five, ten and 30 consecutive trading days prior to/including the date of the relevant agreement are in a range of premium of approximately 66.67% to discount of approximately 31.20%, with mean discount between approximately 3.53% and 4.80% and median discount between approximately 4.36% and 8.88%.

We noted that (i) the discount of Issue Price to the closing price on the Last Trading Day of approximately 3.23% is (a) within the range of premium of approximately 66.67% to discount of approximately 23.83%; (b) lower than the mean discount of approximately 3.53%; and (c) lower than the median discount of approximately 7.51%; (ii) the discount of Issue Price to the average closing price for the last five trading days up to and including the Last Trading Day of approximately 3.10% is (a) within the range of premium of approximately 42.14% to discount of approximately 24.70%; (b) lower than the mean discount of approximately 4.56%; and (c) lower than the median discount of approximately 4.36%; (iii) the discount of Issue Price to the average closing price for the last ten trading days up to and including the Last Trading Day of approximately 4.66% is (a) within the range of premium of approximately 41.67% to discount of approximately 26.28%; (b) lower than the mean discount of approximately 4.80%; and (c) lower than the median discount of approximately 6.38%; and (iv) the discount of Issue Price to the average closing price for the last 30 trading days up to and including the Last Trading Day of approximately 4.28% is (a) within the range of premium of approximately 61.12% to discount of approximately 31.20%; (b) slightly higher than the mean discount of approximately 3.85%; and (c) lower than the median discount of approximately 8.88%.

In assessing the fairness and reasonableness of the Issue Price, we have considered, amongst others, (i) the Issue Price, relative to the Share's closing price on the Last Trading Day and the last five, ten and 30 trading days are at discounts and within the range of those of the Consideration Shares Comparables; (ii) the discounts as represented by the Issue Price relative to the Share's (average) closing price on the Last Trading Day, last five and ten trading days are lower than the means of the Consideration Shares Comparables; (iii) the discounts as represented by the Issue Price relative to the Share's (average) closing price on the Last Trading Day, last five, ten and 30 trading days are lower than the medians of the Consideration Shares Comparables; (iv) notwithstanding the discount as represented by the Issue Price relative to the Share's average closing price for the last 30 trading days is slightly higher than the mean of the Consideration Shares Comparables, we have also considered the reasons for and benefits of the Proposed Acquisition as elaborated in the paragraph headed "4. The Company's rationale for the Proposed Acquisition and the Exclusive Services Framework Agreement" below; (v) the Issue Price is within the range of closing prices of the Shares during the Review Period and close to the levels of Share closing price in the recent three months; and (vi) the issue of Consideration Shares is construed as a means to finance part of the Proposed Acquisition without having significant cash outlay to the Group. Based on the above, we are of the view that the Issue Price is fair and reasonable.

Overall, we are of the view that the settlement terms are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

3.4 Section summary

Having considered the factors above, we are of the view that the terms of the Share Purchase Agreement (including the allotment and issue of the Consideration Shares at the Issue Price) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

4. The Company's rationale for the Proposed Acquisition and the Exclusive Services Framework Agreement

As stated in the paragraph headed "2.8 Reasons for and benefits of the Proposed Acquisition and the Exclusive Services Framework Agreement" in the "Letter from the Board" of the Circular, the Management considers that the Proposed Acquisition will enable the Company to, among others, offer one-stop solutions to better serve healthcare merchants' needs and capture potential cross-selling opportunities to encourage healthcare category merchants from the Alimama Group to adopt the Group's existing service offerings, and in turn, improve the Group's revenue growth and profitability outlook.

In this regard, we understand that the Group has established a strong presence in the internet healthcare and digital health sectors. Through the Proposed Acquisition, the Group can leverage on its expertise and know-how developed over the years to further complete its presence in the industry's ecosystem by providing marketing materials review services and related value-added services to healthcare category merchants, augmenting its existing business offerings. This can solidify the Group's competitive strengths and integrate resources to provide a full range of services to healthcare category merchants in line with the Group's strategy. In addition, through the Proposed Acquisition and the provision of Market Materials Review Services pursuant to the Exclusive Services Framework Agreement, the Group can gain access to Alimama Group's healthcare category merchants; this presents opportunities for potential cross-selling, expanding the Group's customer base and achieving further business growth. Furthermore, we noted that the business model of the Target Group enable it to command high gross profit margins as elaborated in the paragraph headed "2.2 Financial information of the Target Group" above. The Proposed Acquisition should enable the Group to enhance its overall profitability.

Overall, we concur with the Management that the entering into of the Share Purchase Agreement and the Exclusive Services Framework Agreement is in line with the Group's business strategy and in the interests of the Company and the Shareholders as a whole.

5. Effect of the Proposed Acquisition on the shareholding structure of the Company

As at the Latest Practicable Date, the Company had 13,533,499,542 Shares in issue. As set out in the paragraph headed "2.4 Effect of the Proposed Acquisition on the shareholding structure of the Company" in the "Letter from the Board" of the Circular, the following table illustrates the effect of the allotment and issuance of Consideration Shares on the shareholding structure of the Company.

	As at the Latest Practicable Date		**Immediately after Completion**	
	Number of Shares	*%*	*Number of Shares*	*%*
— Perfect Advance Holding Limited	3,103,816,661	22.93	3,103,816,661	19.29
— Alibaba Investment Limited	48,716,465	0.36	48,716,465	0.30
— Ali JK Nutritional Products Holding Limited	4,560,785,407	33.70	4,560,785,407	28.34
— Antfin (Hong Kong) Holding Limited	60,576,000	0.45	60,576,000	0.38
— Uni-Tech International Group Limited	777,484,030	5.74	777,484,030	4.83
— Taobao Holding Limited	—	—	2,558,222,222	15.90
— Directors of the Company	3,201,442	0.02	3,201,442	0.02
— Other shareholders	4,978,919,537	36.80	4,978,919,537	30.94
Total	13,533,499,542	100%	16,091,721,764	100%

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion (save for the issue and allotment of the Consideration Shares), the interest of public Shareholders in the Company's total number of issued Shares will be diluted from approximately 36.80% to 30.94%. Meanwhile, it is observed that Alibaba Holding will remain as the majority Shareholder with its shareholding interests in the Company (i.e. sum of shareholding interests of Perfect Advance Holding Limited, Alibaba Investment Limited, Ali JK Nutritional Products Holding Limited and Taobao Holding Limited) increasing from approximately 56.99% to approximately 63.83%, which can be viewed as a reinforcement of its commitment towards the Company.

Taking into account (i) the entering into of the Share Purchase Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the Consideration under the Share Purchase Agreement is fair and reasonable; and (iii) the settlement terms (including the Issue Price) are fair and reasonable, we consider that such potential dilution effect on the shareholding interests of the public Shareholders to be acceptable and justifiable.

6. Potential financial effects as a result of the Proposed Acquisition

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company. As a result, the financial results of the Target Group will be consolidated into the financial statements of the Group.

As the Consideration will be partially settled by Consideration Shares, the equity of the Group is expected to increase as a result of the enlarged capital base following the issue of Consideration Shares. Meanwhile, the Group's cash and cash equivalents balance is expected to decrease by the same amount of cash settlement portion of the Consideration, being USD Equivalent of HK$2,000,000,000.

7. The Exclusive Services Framework Agreement

On 27 November 2023, the WFOE and Alimama Software entered into the Exclusive Services Framework Agreement pursuant to which the WFOE would operate and manage the Target Business with the Exclusive Marketing Materials Review Right to provide the Marketing Materials Review Services in respect of products and services under the Healthcare Categories and an ancillary right to provide the Value-added Services to the Target Merchants under the Healthcare Categories. Upon Completion, the transactions contemplated under the Exclusive Services Framework Agreement constitute non-exempt continuing connected transactions for the Company under the Listing Rules.

To assess the fairness and reasonableness of the Exclusive Services Framework Agreement, we have considered the followings.

7.1 Principal terms of the Exclusive Services Framework Agreement

The principal terms of the Exclusive Services Framework Agreement are summarised below. For details, please refer to the paragraph headed "2.2 The Exclusive Services Framework Agreement" in the "Letter from the Board" of the Circular.

Term:	Initial term is three years commencing from the date of signing of the Exclusive Services Framework Agreement, which shall be renewed subject to compliance with the reporting, announcement and shareholders' approval requirements under applicable laws and regulations.
Services to be provided:	After Completion, the Group will, through the WFOE, operate and manage the Target Business with the Exclusive Marketing Materials Review Right to provide the Marketing Materials Review Services in respect of products and services under the Healthcare Categories and an ancillary right to provide the Value-added Services to the Target Merchants under the Healthcare Categories, in accordance with the relevant marketing policies and quality requirements made by the Alimama Group from time to time.

Fees:	The Alimama Software shall pay the Marketing Materials Review Services Fees to the WFOE equal to 20% of the Marketing Services Fees.
Settlement:	The Marketing Materials Review Services Fees shall be settled in cash on a quarterly basis.

Our views

We understand from the Management that the pricing terms of 20% was arrived at after arm's length negotiations between the Group and the Alimama Group, taking into account various factors, including (i) the value of the Marketing Materials Review Services and Value-added Services to be provided by the Group to the Target Merchants; (ii) resources committed by both parties and indirect benefits of such healthcare-related marketing to the Group's business; (iii) the typical marketing spending take rate of approximately 10% to 20% charged by agencies who are engaged in comparable marketing services and act as demand side marketing service suppliers within the wider digital marketing industry in the PRC; and (iv) the gross profit margin of other listed companies or listing applicants who are principally engaged in similar marketing business, which ranges from approximately 9% to 20% in their respective latest available financial years, as discussed in the paragraph headed "2.2 The Exclusive Services Framework Agreement" in the "Letter from the Board" of the Circular.

In this regard, we understand that the Management has taken into account a public industry report prepared by i-Research in relation to the wider digital marketing industry value chain in the PRC, as well as certain public information disclosed by other listed companies or listing applicants who are principally engaged in similar marketing business. We have obtained and reviewed the aforesaid materials and have in particular noted from i-Research's industry report that the typical take rate of marketing agencies, who generally provide support to advertisers in matching potential demands for their products/services as well as certain technical support in digital marketing, ranged from 10% to 20%, where the 20% pricing terms pursuant to the Exclusive Services Framework Agreement represents the high end of the aforesaid range. We note that i-Research is a well-known PRC-based research company founded in 2002 which from time to time publishes research reports covering various industries, and its industry reports are made available to public on its official website. Considering that both marketing agencies and the services provided under the Exclusive Services Framework Agreement involve the provision of marketing services to merchants/advertisers, we believe that it is a reasonable reference for assessing the Group's pricing terms in relation to the provision of Marketing Materials Review Services and the Value-added Services. Furthermore, we have also considered the fact that the provision of Marketing Materials Review Services and Value-added Services is expected to entail minimal additional costs on the part of the Group as evidenced by the high level of gross profit margin generated by the

Target Business as discussed in the paragraph headed "2.2 Financial information of the Target Group" above, the return to the Group generated from the 20% of Marketing Services Fees is beneficial to and in the interests of the Group.

Taking into account the above, we considered that the terms of the Exclusive Services Framework Agreement are on normal commercial terms or better and are fair and reasonable.

7.2 Proposed Annual Caps

The following table sets out the Proposed Annual Caps in respect of the fees receivable by the Company under the Exclusive Services Framework Agreement for the year ending 31 March 2024, 2025 and 2026 respectively.

	For the year ending 31 March		
	2024	**2025**	**2026**
		(RMB' million)	
Proposed Annual Caps	391	2,032	2,641

In determining the above Proposed Annual Caps, we understand from the Management that the Company has mainly taken into consideration (a) the unaudited adjusted revenue of the Target Business based on the revenue for marketing services in the management accounts of the Alimama Group and adjusted in accordance with the agreed pricing policy as set out in the Exclusive Services Framework Agreement for (i) the recent two financial years (i.e., approximately RMB1,201 million and RMB1,202 million in the financial years ended 31 March 2022 and 2023 respectively); and (ii) the three months ended 30 June 2022 and 2023 (i.e. approximately RMB290 million and RMB343 million respectively); (b) the Company's own expectations of marketing services spending of the Target Merchants based on projections for the growth of the overall e-commerce healthcare in the PRC, driven by the lifting of COVID-19 pandemic restriction policies in the PRC and various economic stimulus policies introduced by the PRC government; and (c) the Company's marketing plans for onboarding additional Target Merchants and enhancing the services that the Company seeks to provide to the Target Merchants as the Company continues to deepen its strategic cooperation with merchants and expand its business scale as further discussed in the paragraph headed "2.2 The Exclusive Services Framework Agreement" in the "Letter from the Board" of the Circular.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have discussed with the Management and obtained the relevant working for review. We understand that the Management has assumed Completion to take place in or around end of 2023; therefore, the Proposed Annual Caps for the year ending 31 March 2024 represents the estimated fees receivable for the quarter ending 31 March 2024. We further understand that the Proposed Annual Caps are arrived at after discussions among the Group and the Alimama Group with a targeted 30% year-on-year growth rate of Marketing Services Fees during the next three financial years. In this regard, we have firstly considered the historical unaudited revenue of the Target Business as discussed in the paragraph headed "2.2 Financial information of the Target Group" above. Although the revenue remained largely stable at approximately RMB1,201 million and RMB1,202 million in FY2022 and FY2023 respectively, there was a notable period-on-period growth of approximately 18.2% during the three months ended 30 June 2023. We believe this may indicate a gradual increase in demand for advertising services from Target Merchants as the PRC economy progressively opened up from COVID-19 pandemic restrictions since end 2022. Secondly, we have also considered that since the COVID-19 pandemic restriction policies had been lifted in the PRC at the end of 2022, the PRC government has introduced a number of economic stimulus policies to reinforce market confidence. Examples of key measures include cutting reserve requirement ratio for banks with an effect to adding liquidity to the market, helping private businesses to access funding, and encouraging additional spending on consumer goods and cars. According to the latest data published by the National Bureau of Statistics of China, the total retail sales of consumer goods in November 2023 increased by approximately 10.1% on a period-on-period basis; such figure demonstrates potential recovery in consumer confidence when compared to the period-on-period decrease of total retail sales of consumer goods of approximately 5.9% in November 2022. Against this backdrop, we are of the view that it is reasonable to assume potential increase in demand for the Group's Marketing Materials Review Services and Value-added Services over the next three financial years.

In addition to the above, we have also considered that (i) the Group is not obliged under the Exclusive Services Framework Agreement to use up the Proposed Annual Caps; and (ii) the Proposed Annual Caps can provide flexibility for the Group to provide Marketing Materials Review Services and Value-added Services to the Alimama Group and the Target Merchants subject to their future demand. Overall, we are of the view that the Proposed Annual Caps are fair and reasonable.

7.3 Internal control

As noted in the "Letter from the Board" of the Circular, the Company has internal controls in place to monitor the implementation of the Proposed Annual Caps, including a written policy which sets out the proper steps for escalating information regarding the usage of the Proposed Annual Caps from the operating team to the executive officers, including monthly reports to the Company's chief executive officer, chief financial officer and general counsel and then to the independent non-executive Directors when required. The Company's operating team will have day-to-day interaction with the Target Merchants. The accounting department of the Company is primarily responsible for reviewing and monitoring the continuing connected transactions ensuring (i) the transactions to be conducted are in accordance with the pricing policy under the Exclusive Services Framework Agreement (i.e. the 20% of the Marketing Services Fees); and (ii) the annual caps of the relevant continuing connected transactions are not exceeded.

In addition, we understand that the external auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions contemplated under the Exclusive Services Framework Agreement pursuant to the requirements of Chapter 14A of the Listing Rules.

In light of the above, the Management is of the view, and we concur, that the internal control measures in relation to the Exclusive Services Framework Agreement are adequate and reasonable.

7.4 Section summary

Taking into account the above, we are of the view that the Exclusive Services Framework Agreement is on normal commercial terms or better and are fair and reasonable, and the Proposed Annual Caps have been fairly and reasonably arrived at.

RECOMMENDATION

Having considered the above principal factors, we are of the view that terms of the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole, are fair and reasonable so far as the Independent Shareholders are concerned, and the Proposed Annual Caps are fair and reasonable.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the proposed resolutions at the SGM to approve the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder.

Yours faithfully,
For and on behalf of|
Altus Capital Limited
Chang Sean Pey
Responsible Officer

*Mr. Chang Sean Pey ("**Mr. Chang**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

KEY UNAUDITED ADJUSTED FINANCIAL INFORMATION OF THE TARGET BUSINESS

The key unaudited adjusted financial information of the Target Business set out below has been prepared by the Directors based on the information provided by the Vendor.

	For the year ended March 31		For the three months ended June 30	
	2022	**2023**	**2022**	**2023**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,200,899	1,202,212	290,077	342,735
Cost of revenue	(1,923)	(2,573)	(781)	(667)
Gross profit	1,198,976	1,199,639	289,296	342,068
General and administrative expenses	(13)	(13)	(3)	(3)
Profit before income tax	1,198,963	1,199,626	289,293	342,065
Income tax expense	(299,741)	(299,907)	(72,323)	(85,516)
Net profit	899,222	899,719	216,970	256,549

The key unaudited adjusted financial information of the Target Business has been prepared by the Director with reference to the management accounts of the Alimama Group provided by the Vendor, and adjusted on the assumption that the Exclusive Services Framework Agreement was in effect from April 1, 2021, as detailed below:

- the unaudited adjusted revenue of the Target Business was based on the revenue for marketing services in the management accounts of Alimama Group, which was either recognised ratably over the period in which the marketing promotion is displayed as the merchants simultaneously consume the benefits as the marketing promotion is displayed or when the marketing promotion is viewed by users, depending on the type of marketing services selected by the merchants, and adjusted in accordance with the agreed pricing policy as set out in the Exclusive Services Framework Agreement;

- the unaudited adjusted cost of revenue and general and administrative expenses of the Target Business were identified from the management accounts of Alimama Group, including but not limited to staff costs and rental expenses relevant to the Target Business, which were recognised as incurred on accrual basis; and

- the unaudited adjusted income tax expense of the Target Business was based on a standard tax rate of 25% under the Corporate Income Tax Law of the People's Republic of China.

PricewaterhouseCoopers, the professional accountant has performed certain agreed-upon procedures in respect of the key unaudited adjusted financial information of the Target Business in accordance with the Hong Kong Standard on Related Services 4400 (revised), Agreed-Upon Procedures Engagements issued by the Hong Kong Institute of Certified Public Accountants. As part of its agreed-upon procedures, the professional accountant: (a) compared the amounts shown in the Key Unaudited Adjusted Financial Information of the Target Business to the corresponding amounts in the schedules prepared by the Alimama Group and provided by the Directors of the Company (the "**Schedules**"); (b) checked the mathematical accuracy of the corresponding Schedules; and (c) agreed the amounts in the Schedules to the management accounts or the extracts of the books and records of the Alimama Group or the amounts calculated based on the extracts of the books and records of the Alimama Group and the fee rate stated in the Exclusive Services Framework Agreement. The professional accountant reported the agreed-upon procedures to the Directors of the Company that those amounts were in agreement and the Schedules are arithmetically accurate. The work performed by the professional accountant in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the professional accountant on the unaudited adjusted financial information of the Target Business.

CONSULTING & APPRAISAL
亚太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/RM A 12/F Kiu Fu Commercial Bldg.,
300 Lockhart Road,
Wan Chai, Hong Kong

27 November 2023

The Board of Directors
Alibaba Health Technology (China) Co., Ltd.

Dear Sirs,

In accordance with the instructions received from Alibaba Health Technology (China) Co., Ltd. ("**Alibaba Health**" or the "**Company**"), we have undertaken a valuation exercise which requires Asia-Pacific Consulting and Appraisal Limited ("**APA**") to express an independent opinion on the market value of 100% equity interests of marketing related business (the "**Target Business**") which mainly provides marketing materials review services (the "**Marketing Materials Review Services**") and the value-added services (the "**Value-added Services**") as at 30 September 2023 (the "**Valuation Date**").

The purpose of this valuation is for internal reference of the Company.

Our valuation was carried out on a market value basis which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

INTRODUCTION

On September 2023, the Company is planning to purchase the 100% equity interests of the Target Business from a direct wholly-owned subsidiary of Alibaba Group Holding Limited (the "**Alibaba Holding**"). The Company will hold the Target Business at the completion of the transaction.

The Target Business comprises the provision of the following services under the healthcare categories (the "**Healthcare Categories**"): (i) the Marketing Materials Review Services pursuant to the exclusive marketing materials review right (the "**Exclusive Marketing Materials Review Right**"), and (ii) the Value-added Services.

The "Exclusive Marketing Materials Review Right" is defined as the exclusive right to operate and manage the Marketing Materials Review Services under the Healthcare Categories on the Tmall Platform, to the absolute exclusion of the Alimama Group and the Taobao and Tmall Group.

The "Marketing Materials Review Services" are defined as the marketing materials review services provided by the WFOE under the Exclusive Services Framework Agreement, as may be amended from time to time, comprising (i) the review services in respect of marketing materials for the performance-based marketing ("**the Performance-based Marketing**") and/or the brand-based marketing ("**the Brand-based Marketing**") placed by the target merchants (the "**Target Merchants**") through the Alimama Group, and (ii) the review services in respect of corresponding qualifications of such marketing materials for products and services under the Healthcare Categories.

The "Value-added Services" are defined as the value-added services, within the scope of written authorisation from the Alimama Group and in accordance with the standards and requirements imposed by the Alimama Group, provided by the WFOE to the Target Merchants whose primary categories are the Healthcare Categories under the Exclusive Services Framework Agreement, as may be amended from time to time, which shall include providing consultation and suggestions to and responding to questions from such Target Merchants relating to marketing promotions under the Healthcare Categories.

The "Brand-based Marketing (品牌營銷)" is defined as the marketing products and services provided by the Alimama Group through including without limitation Pin Xiao Bao (品銷寶) for the purposes of enhancing brand exposures and awareness.

The "Performance-based Marketing (效果營銷)" is defined as the marketing products and services provided by the Alimama Group through including without limitation Zhi Tong Che (直通車) and Wan Xiang Tai (萬相台) for the purposes of enhancing operation results of the merchants.

The "Healthcare Categories (醫療健康類目)" has the meaning ascribed to it under the Exclusive Services Framework Agreement, as may be amended from time to time, which shall comprise the following categories at Completion:

(i) OTC Drugs/International Drugs (OTC藥品／國際醫藥類目);

(ii) Prescription Drugs (處方藥類目);

(iii) Health Food/Dietary Supplements (保健食品／膳食營養補充食品類目);

(iv) Medical Devices (醫療器械類目);

(v) Family Planning Products (計生用品類目);

(vi) Contact Lenses/Contact Lens Solution (隱形眼鏡／護理液類目);

(vii) Adult Products/Sexual Health Products (成人用品／情趣用品類目)；

(viii) Healthcare Products (保健用品類目);

(ix) Medical and Health Services (醫療及健康服務類目);

(x) Examination/Medical Insurance Card (體檢／醫療保障卡類目);

(xi) Vaccine Services (疫苗服務類目);

(xii) Chinese Medicines (精緻中藥材類目); and

(xiii) Traditional Nutritional Products (傳統滋補營養品類目).

We have conducted our valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include the review of economic condition of the subject asset and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the characteristics of Target Business, there are substantial limitations for the income approach and the cost approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive.

Detailed operational information and long-term financial projections are also needed to arrive at an indication of value but such information is not available as at the Valuation Date. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few assumptions. It also introduces objectivity in application as publicly available inputs are used.

In this valuation exercise, the market value of 100% equity interests in Target Business was developed through the application of the market approach technique known as the guideline public company method. This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of Target Business. We have considered price-to-book ("**P/B**"), price-to-sales ("**P/S**") and price-to-earnings ("**P/E**") multiples, selecting the P/E ratio as the most appropriate metric for assessing the value of the Target Business.

The P/B multiple is considered not appropriate for this valuation because book value captures only the tangible assets of a company and also does not take into account the intangible company-specific competencies and advantages. In general, the equity's book value has little bearing with fair value for asset-light company. Thus, the P/B multiple is not a good measurement of the fair value of the Target Business.

The P/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company, which is critical in reflecting the fair value. Hence, we are of the view that it is not appropriate to adopt the P/S multiple to assess the fair value of the Target Business.

P/E multiple is one of the most commonly used valuation multiples and is suitable for the company with stable profit. It is also widely used in advertising revenue-based companies by many research analysts from various international investment banks. It relates the market value of the equity interest in the Target Business to its earnings, an important driver of shareholders' value. We consider that it is fair and reasonable to use the P/E multiple for assessing the value of the Target Business because net income is a more direct economic measurement of earning attributable to the equity value of the Target Business. Meanwhile, we note that the historical profits for the Target Business were stable in the last two years which are RMB899.22 million and RMB899.72 million for the year ended March 31, 2022 and 2023 respectively according to the disclosed unaudited adjusted financial information of the Target Business. Hence, it is considered that the suitable multiple in this valuation is the Price-to-Earnings ratio (the "**P/E Ratio**"), which is calculated by using comparable companies' market value as at the Valuation Date and the earnings to determine the 100% equity value of Target Business, and then take into account of market liquidity discount and control premium as the appropriate adjustment.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of legal status and economic condition of Target Business and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and historical financial performance of Target Business;
- Financial and business risks of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the subject business; and
- Other operational and market information in relation to Target Business's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on Target Business.

VALUATION ASSUMPTIONS

In determining the market value of the equity interest in Target Business, we make the following key assumptions:

- All relevant legal approvals and business certificates or licenses to operate the business in which Target Business operates or intends to operate have been or would be officially obtained and renewable upon expiry;
- There will be no major change in the political, legal, economic and social environment in which Target Business operates or intends to operate;
- Interest rates and exchange rates in the localities for the operation of Target Business will not differ materially from those presently prevailing;
- It is assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- The financial and operational information provided by the Company is accurate and it is relied to a considerable extent on such information in arriving at the opinion of value; and

- There are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value.

FINANCIAL INFORMATION OF THE TARGET BUSINESS

Set out below is an extract from the unaudited consolidated financial statements of Target Business for the year ended 31 March 2022, 31 March 2023 and for the three months ended 30 June 2022 and 2023 which were prepared by the management of the Company:

	For the year ended March 31		For the three months ended June 30	
	2022	**2023**	**2022**	**2023**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Earnings	899,222	899,719	216,970	256,549

PricewaterhouseCoopers, the professional accountant, has performed certain agreed-upon procedures in respect of the above key unaudited adjusted financial information of the Target Business in accordance with the Hong Kong Standard on Related Services 4400 (Revised), Agreed-Upon Procedures Engagements issued by the Hong Kong Institute of Certified Public Accountants.

Based on the above financial information of the Target Business, the earnings for the twelve months ended 30 June 2023 is calculated as below:

	For the year ended 31 March 2023		For the three months ended 30 June 2023		For the three months ended 30 June 2022		For the last twelve months ended 30 June 2023
	RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
	(Unaudited)		*(Unaudited)*		*(Unaudited)*		*(Unaudited)*
Earnings	899,719	+	256,549	–	216,970	=	939,298

It is respectfully submitted that it's common practice to use the latest available financial information to conduct the valuation. As of the Valuation Date of 30 September 2023, the latest publicly available financial information for the comparable companies are for the twelve months ended 30 June 2023, and to maintain consistency for the corresponding period, the unaudited financial information of the Target Business for the twelve months ended 30 June 2023 was selected to perform the valuation.

The market value of Target Business was then derived using the P/E Ratio as at the Valuation Date and the earnings for last twelve months ended 30 June 2023 of the Target Business.

For the avoidance of doubt, PricewaterhouseCoopers, the professional accountant, has not reviewed the financial information of the Target Business for the twelve months ended June 30, 2023. The financial information of the Target Business for the twelve months ended June 30, 2023 is calculated based on the unaudited adjusted financial information of the Target Business for the years ended March 31, 2022 and 2023 and for the three months ended June 30, 2022 and 2023. PricewaterhouseCoopers has performed certain agreed-upon procedures in respect of the above key unaudited adjusted financial information of the Target Business for the years ended March 31, 2022 and 2023 and for the three months ended June 30, 2022 and 2023 in accordance with the Hong Kong Standard on Related Services 4400 (Revised), Agreed-Upon Procedures Engagements issued by the Hong Kong Institute of Certified Public Accountants.

MARKET MULTIPLE FOR TARGET BUSINESS

In determining the enterprise value multiple, the initial selection criteria include the followings:

- The comparable companies are publicly listed and are searchable in Capital IQ;
- The comparable companies are mainly listed in mature markets of Hong Kong and United States;
- The comparable companies' market capitalization exceeds one billion dollars;
- P/E ratios of the comparable companies are available as at the Valuation Date.

Below is the selection procedure of the comparable companies:

- Companies derive their revenues from the same or similar industry with the Target Business, i.e., advertising and precision marketing. First, the search was performed in Capital IQ using the industry classification "Advertising" and "Marketing Services", which yielded around 3,751 companies. Then the companies which are not mainly listed in mature markets of Hong Kong and United States under the Capital IQ Exchange Listing Standard and the market value which are less than USD one billion are excluded. These companies are operating on similar advertising and precision marketing model as the Target Business and are considered as relevant even though they may not serve in the same geographical location, which yielded about 335 companies. Next, we added "advertising and marketing" as an additional key word criterion and identified about 107 companies. Last, we reviewed these 107 companies and found that 9 companies (namely The Trade Desk, Inc., Omnicom Group Inc., AppLovin Corporation, Integral Ad Science Holding Corp., Criteo S.A., Perion Network Ltd., Weimob Inc., Magnite, Inc. and PDD Holdings Inc.) generated more than 50% of their revenue from advertising and marketing.
- Alibaba Group Holding Limited (the "**Alibaba Holding**") has been added as a comparable company considering that the Target Business itself has been a part of Alibaba Holding's digital marketing business (Alimama), from an operational

perspective. Alibaba Holding operates its marketing and advertising related business primarily in its Taobao and Tmall Group. In the twelve months ended March 31, 2023, Taobao and Tmall Group contributes to approximately 48% of the consolidated revenue of Alibaba Holding and serves as the only substantially profitable segment which accounts for approximately 128% of the adjusted consolidated EBITA. In addition to Taobao and Tmall Group, advertising and marketing related business is also a major component of Alibaba Holding's other segments such as Alibaba International Digital Commerce Group and Digital Media and Entertainment Group. Thus, Alibaba Holding is selected as one of the main comparable companies in this valuation.

As sourced from Capital IQ, a reliable third-party database service provider designed by Standard & Poor's (S&P), an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis and the details of these comparable companies are shown below:

Stock Code	**Company Name**	**Business Description**	**Revenue from Advertising and Precision Marketing among Total Revenue**
NYSE: BABA	Alibaba Group Holding Limited	Alibaba Holding is a holding company of six major business groups: Taobao and Tmall Group, Alibaba International Digital Commerce Group, Cloud Intelligence Group, Local Services Group, Cainiao Smart Logistics Network Limited, and Digital Media and Entertainment Group, along with various other businesses. It offers pay-for-performance, in-feed, and display marketing services; and operates Taobao Ad Network and Exchange, a real-time online bidding marketing exchange. It derives a majority profits from marketing and advertising, and commissions on transactions where merchants pay a commission based on a percentage of transactions value generated on its platform and certain other marketplaces.	Not directly disclosed *(Note 1)*

Stock Code	Company Name	Business Description	Revenue from Advertising and Precision Marketing among Total Revenue
NasdaqGS: PDD	PDD Holdings Inc.	PDD Holdings Inc., owns and operates a portfolio of businesses. It operates Pinduoduo, an e-commerce platform that offers products in various categories and Temu, an online marketplace. Its revenue mainly derives from performance-based marketing services that match product listings appearing in search or browser results on its online marketplaces, and transaction-related services where merchants pay a commission based on a percentage of transactions value generated on its platform and marketplaces. PDD Holdings Inc. was incorporated in 2015 and is based in Dublin, Ireland.	79%
NasdaqGM: TTD	The Trade Desk, Inc.	The Trade Desk, Inc. mainly engages in the provision of data-driven digital advertising services to advertising agencies, brands and other service providers for advertisers in the United States and internationally. Its clients can execute integrated advertising campaigns across ad formats and various channels on a multitude of devices through its platform. It generates revenue mainly by charging fee based on a percentage of a client's total spend on advertising. It also generates revenue from providing data and other value-added services related to advertising business through its platform. The Trade Desk, Inc. was incorporated in 2009 and is headquartered in Ventura, California.	100%

Stock Code	Company Name	Business Description	Revenue from Advertising and Precision Marketing among Total Revenue
NasdaqGS: IAS	Integral Ad Science Holding Corp.	Integral Ad Science Holding Corp. is a global digital advertising verification company. It mainly provides independent measurement and verification services of digital advertising to help advertisers, publishers, and media platforms improve the effectiveness and quality of advertising across various devices, channels and formats through its platform. It generates revenue based on the volume of purchased digital ads that measured by the solution. Most customers pay a fee based on the total volume of ads measured. The company was founded in 2009 and is headquartered in New York.	100%
NasdaqGS: CRTO	Criteo S.A.	Criteo S.A., mainly provides marketing and monetization services on the open Internet in many countries. It provides marketing solutions that helps brands, retailers, and agencies to address various marketing goals by engaging their consumers with personalized ads; and retail media solutions, which helps retailers to generate advertising revenues from consumer brands and to drive sales by monetizing their data and audiences. It leverages pricing models consistent with industry standards that include cost-per click, cost-per-impression and cost-perinstall, as well as volume-based fees for brands and large retailers using its retail media solutions. Criteo S.A. was incorporated in 2005 and is headquartered in Paris, France.	87%

Stock Code	Company Name	Business Description	Revenue from Advertising and Precision Marketing among Total Revenue
NasdaqGS: PERI	Perion Network Ltd.	Perion Network Ltd. provides digital advertising solutions to brands, agencies, and publishers in North America, Europe, and internationally. Its main businesses are display advertising and search advertising. Display advertising generates revenue from delivering high impact ad formats through different channels, content optimization solutions and services and from the use of its platform in online media channels. Search advertising generates revenue primarily from transaction volume-based fees generated on its platform. The company was formerly known as IncrediMail Ltd. and changed its name to Perion Network Ltd. in November 2011. Perion Network Ltd. was incorporated in 1999 and is headquartered in Holon, Israel.	100%
SEHK: 2013	Weimob Inc.	Weimob Inc., an investment holding company, provides digital commerce and media services in the People's Republic of China. It operates through subscription solutions and merchant solutions segments. The subscription solutions segment provides cloud-hosted commerce and marketing SaaS products, the merchant solutions segment offers value-added services for merchants to meet merchants' online digital commerce, marketing and financing needs, including assisting merchants to purchase online advertising traffic in various media platforms. It also provides online marketing support services and in-depth operation and marketing services. The company was incorporated in 2013 and is headquartered in Shanghai, the People's Republic of China.	100%

Stock Code	Company Name	Business Description	Revenue from Advertising and Precision Marketing among Total Revenue
NasdaqGS: MGNI	Magnite, Inc.	Magnite, Inc. provides a solution to automate the purchase and sale of digital advertising inventory for buyers and sellers globally, across all channels, formats and auction types through its platform. It generates revenue from the purchase and sale of digital advertising inventory through its platform. Generally, its revenue is mainly based on a percentage of the ad spend, for certain clients or transaction types it may receive a fixed fee for each impression sold, and for advertising campaigns transacted through insertion orders, it earns revenue based on the full amount of ad spend that runs through its platform. The company was formerly known as The Rubicon Project, Inc. and changed name to Magnite, Inc. in July 2020. Magnite, Inc. was incorporated in 2007 and is headquartered in New York.	100%
NYSE: OMC	Omnicom Group Inc.	Omnicom Group Inc., is a global advertising, marketing and corporate communications company which provides a range of services in the areas of advertising and media, precision marketing, commerce and brand consulting, and public relations through various client-centric networks to meet specific client objectives. Its core ability is to create and develop a client's marketing or corporate communications message into content that can be delivered to a target audience across different communications medium, and derives revenue by delivering the above services to clients. The company was incorporated in 1944 and is based in the New York.	69%

Stock Code	Company Name	Business Description	Revenue from Advertising and Precision Marketing among Total Revenue
NasdaqGS: APP	AppLovin Corporation	AppLovin Corporation provides marketing software solutions for mobile app developers to enhance the marketing and monetization of their apps in the United States and internationally through its software-based platform. Its marketing software solution help match advertiser demand with publisher supply through auctions and help marketers grow their mobile apps with solutions for measuring, optimizing campaigns and protecting user data. It primarily generates revenue from fees paid by mobile app advertisers who use its platform to grow and monetize their apps. It also generates revenue from advertisers that purchase ad inventory from its Apps. The company was incorporated in 2011 and is headquartered in Palo Alto, California.	58%

Source: Capital IQ, annual reports and official websites of the comparable companies.

Note 1: Alibaba Group Holding Limited (the "**Alibaba Holding**") has been added as a comparable company considering that the Target Business itself has been a part of Alibaba Holding's digital marketing business (Alimama), from an operational perspective. However, since Alibaba Holding itself is a listed company, it has not publicly directly disclosed the relevant specific data regarding the percentage of revenue or the profit from the advertising and marketing-related business as of the total revenue or the total profit in the past, so it is inconvenient to publicly disclose them in this valuation.

Below are the details of the comparable companies:

Ticker	Location of the Principal Business	Listing Market	For the twelve months ended June 30 2023 Revenue	Profits	June 30 2023 Net Asset Value	30 September 2023 Market Capitalization
				(USD'MM)		
NYSE: BABA	China and internationally	United States	123,725	21,568	139,749	220,617
NasdaqGS: PDD	China and internationally	United States	22,785	6,845	20,041	130,295
NasdaqGM: TTD	United States and internationally	United States	1,733	573	2,071	38,309
NasdaqGS: IAS	United Kingdom, France, Germany, Italy, Singapore, Australia, Japan, and India	United States	439	28	878	1,863
NasdaqGS: CRTO	North and South America, Europe, the Middle East, Africa, and the Asia-Pacific	United States	1,925	143	1,012	1,630
NasdaqGS: PERI	North America, Europe, and internationally	United States	692	147	636	1,441
SEHK:2013	China	Hong Kong	296	–113	411	1,210
NasdaqGS: MGNI	United States and internationally	United States	604	80	653	1,033
NYSE: OMC	North and Latin America, Europe, the Middle East and Africa (EMEA), and Asia Pacific	United States	14,365	1,478	3,154	14,715
NasdaqGS: APP	United States and internationally	United States	2,881	665	1,517	13,898

Source: Capital IQ.

Based on the above-mentioned selection criteria, the list of ten comparable companies shown above was identified and we are of the opinion that each of them is considered as a fair and representative sample. Further details of these ten comparable companies with available P/E ratios are shown as follows:

Stock Code	Company Name	P/E Ratio as at the Valuation Date	Note
NYSE:BABA	Alibaba Group Holding Limited	10.23	
NasdaqGS:PDD	PDD Holdings Inc.	19.03	
NasdaqGM:TTD	The Trade Desk, Inc.	66.89	Outlier excluded *(Note 2)*
NasdaqGS:IAS	Integral Ad Science Holding Corp.	65.89	Outlier excluded *(Note 2)*
NasdaqGS:CRTO	Criteo S.A.	11.41	
NasdaqGS:PERI	Perion Network Ltd.	9.83	
SEHK: 2013	Weimob Inc.	N/A	Negative excluded *(Note 3)*
NasdaqGS:MGNI	Magnite, Inc.	12.98	
NYSE:OMC	Omnicom Group Inc.	9.96	
NasdaqGS:APP	AppLovin Corporation	20.89	
Average:		13.48	

Source: *Capital IQ*

Note 2: The Trade Desk, Inc. and Integral Ad Science Holding Corp. were excluded in the average P/E ratios calculation due to their respective P/E ratios as at the Valuation Dates being outliers (extremely high and negative ratios).

The significantly higher P/E ratio of Integral Ad Science Holding Corp was due to its operations being at a relatively early stage of development and the earnings being at an unstable level. It is noted that its earnings have been negative for the fiscal years from 2019 to 2021, and has just turned from a loss-making to a breakeven status (with minimal profits) by the end of the fiscal year of 2022, which indicates that the profit is not yet at a stable stage, resulting in a relatively high P/E and thus is not suitable as a reference.

	For year ended				Six months ended
	2019/12/31	**2020/12/31**	**2021/12/31**	**2022/12/31**	**2023/6/30**
	USD' 000	*USD' 000*	*USD' 000*	*USD' 000*	*USD' 000*
	audited	*audited*	*audited*	*audited*	*unaudited*
Revenue	213,486	240,633	323,513	408,348	219,743
YOY Growth Rate		*13%*	*34%*	*26%*	
Net Income	–51,348	–32,374	–52,437	15,373	10,823
YOY Growth Rate		*37%*	*–62%*	*129%*	

The significantly higher P/E ratio of The Trade Desk, Inc. was due to its operations being at a rapid development stage and the earnings being an unstable level. It is noted that its earnings fluctuated dramatically for the fiscal years from 2019 to 2022, and were on a downward trend since the fiscal years of 2021, which indicates that the profit is not yet at a stable stage, resulting in a relatively high P/E and thus is not suitable as a reference.

	For year ended				Six months ended
	2019/12/31	**2020/12/31**	**2021/12/31**	**2022/12/31**	**2023/6/30**
	USD' 000	*USD' 000*	*USD' 000*	*USD' 000*	*USD' 000*
	audited	*audited*	*audited*	*audited*	*unaudited*
Revenue	661,058	836,033	1,196,467	1,577,795	847,057
YOY Growth Rate		*26%*	*43%*	*32%*	
Net Income	108,318	242,317	137,762	53,385	42,265
YOY Growth Rate		*124%*	*–43%*	*–61%*	

Considering the operations and profits of the Target Business were relatively stable, the significantly higher P/E ratios of The Trade Desk, Inc. and Integral Ad Science Holding Corp are due to their early development stages and highly fluctuating earnings and the two extreme P/E ratios could be misleading in this exercise. Therefore, the two significantly higher P/E are not included in the valuation which is in line with industry practice.

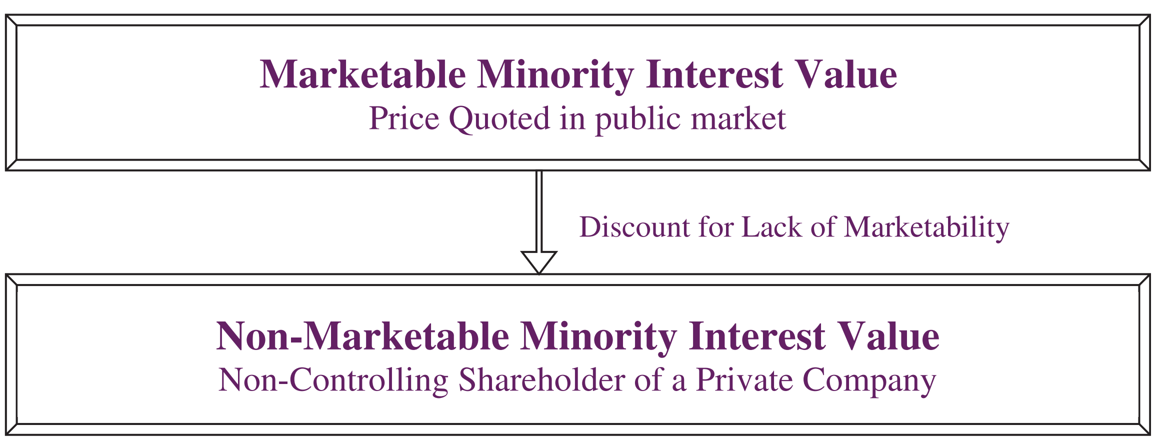
Note 3: Weimob Inc. was excluded in the average P/E ratios calculation due to negative profits in the last twelve months end June 30, 2023. It is noted from below table that Weimob Inc. was loss-making for the last 2.5 years and the calculated P/E was negative as at the Valuation Date and is therefore not suitable to be adopted.

		For year ended		**Six months ended**
	2020/12/31	**2021/12/31**	**2022/12/31**	**2023/6/30**
	USD' 000	*USD' 000*	*USD' 000*	*USD' 000*
	audited	*audited*	*audited*	*unaudited*
Revenue	301,568	309,623	266,628	166,784
YOY Growth Rate		*3%*	*–14%*	
Net Income	–177,162	–123,260	–265,117	–62,358
YOY Growth Rate		*30%*	*–115%*	

Considering the operation of the Target Business is relatively stable, the significantly higher P/E ratios of The Trade Desk, Inc. and the Integral Ad Science Holding Corp are not included due the different development stage which is in line with industry practice. For the comparable companies with negative ratio, it is generally not adopted in the valuation.

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

The level of a company value can be described as below:



A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

Most of the businesses or financial interests that we are valuing do not enjoy immediate liquidity. We thus face the task of making an adjustment from the value we have estimated from the transactions observed in the market approach to account for the lack of marketability of the business or business interest that we are valuing. That adjustment is what we refer to as the discount for lack of marketability.

In this valuation exercise, we have assessed the DLOM using the put option method, which is one of the most commonly used theoretical models. The concept is that when comparing a public share and a private share, holder of a public share has the ability to sell the shares (i.e., a put option) to the stock market right away.

The estimated DLOM is calculated based on the option pricing model. The formular is: DLOM = P/S*100%, the details are as follows:

$$P = Se^{-qT}\left[N\left(\frac{v\sqrt{T}}{2}\right) - N\left(-\frac{v\sqrt{T}}{2}\right)\right]$$

$$v\sqrt{T} = \left\{\sigma^2 T + \ln\left[2\left(e^{\sigma^2 T} - \sigma^2 T - 1\right)\right] - 2\ln\left(e^{\sigma^2 T} - 1\right)\right\}^{\frac{1}{2}}$$

Where:
S: spot price of underlying asset
T: time to maturity
σ : volatility*
q: Expected Annualized dividend yield
N: a normal distribution

* Volatility is a statistical measure of the dispersion of returns for a given security or market index. The Valuer calculated the historical volatility of the comparable companies with a term commensurate with the remaining term of the maturity.

DLOM for Target Business

Parameter	**Value**	**Remarks**
Spot Price	1.00	The spot price is set to be 1.00 in the valuation to calculate DLOM.
Exercise Price	1.00	An at-the-money put option is used to estimate DLOM.
Volatility	67.19%	With reference to the comparable companies, as sourced from Capital IQ.

Parameter	Value	Remarks
Target event expected date	30 September 2026 (3 years)	As there is no specific indication of the time to maturity, it is assumed that a liquidity event will occur at 30 September 2026. A liquidity event is an event, such as IPO, merger or sales, from which the subject asset will have marketability. The assumption of occurrence of a liquidity event is the normal approach to determine the maturity. The type of the liquidity event is not relevant for the purpose of determining the parameter used.

By using the put option method and based on the above assumptions, the estimated DLOM is around 20%.

Based on the above analysis, we apply 20% DLOM in the valuation of Target Business.

CONTROL PREMIUM

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

The control premium formula consists of the two inputs.

Offer Price per Share: The acquirer's offer to purchase the target on a per-share basis.

Current Price per Share: The share price of the target before news of the acquisition leaked, which causes upward or downward share price movement based on how the market perceives the deal.

The control premium equals the offer price per share divided by the current price per share, minus one.

The control premium adopted in this valuation is 25% for Target Business, with reference to the control premium of closed transactions in advertising and precision marketing.

The details of the closed transactions in advertising and precision marketing transactions are stated as below:

Target Company	Buyers	Acquisition Ratio	Control Premium
Focus Media Holding Ltd.	The Carlyle Group Inc. (NasdaqGS: CG); China Everbright Limited (SEHK: 165); Trustar Capital; CDH Investment Management Company Limited; Fosun International Limited (SEHK: 656); FountainVest Partners	100%	17.6%
Digitas, Inc.	Publicis Groupe S.A. (ENXTPA: PUB)	100%	23.5%
Dentsu International Limited	Dentsu Group Inc. (TSE: 4324)	100%	48.0%
UBM plc	Informa plc (LSE:INF)	100%	23.6%
Nielsen Audio, Inc.	Nielsen Holdings plc (NYSE:NLSN)	100%	26.2%
True North Communications, Inc.	The Interpublic Group of Companies, Inc. (NYSE:IPG)	100%	2.4%
ACNielsen Corporation	Nielsen Holdings plc (NYSE:NLSN)	100%	49.2%
Saatchi & Saatchi Group Limited	Publicis Groupe S.A. (ENXTPA: PUB)	100%	29.3%
VMLY&R, Inc.	WPP plc (LSE:WPP)	100%	9.6%
Conversant LLC	Alliance Data Systems Corporation (NYSE:ADS)	100%	31.2%
Median(rounded):			25.0%

Source: Capital IQ

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value depends on the market multiples of the comparable companies, sourced from Capital IQ, as at the Valuation Date and we have taken into account of DLOM and control premium. The calculation of the market value of the 100% equity interests in Target Business as at 30 September 2023 is as follows:

	As at the Valuation Date
Applied P/E Ratio	13.48
Earnings for last twelve months ended 30 June 2023 of Target Business *(RMB'000)*	939,298
Equity Value of Target Business before DLOM and Control Premium *(RMB'000)*	12,658,228
Adjusted for DLOM at 20%	(1–20%)
Adjusted for Control Premium at 25%	(1+25%)
100% Equity Value of Target Business after DLOM and Control Premium *(RMB'000) (rounded)*	12,658,000
Exchange Rate: HKD:RMB	0.9176
100% Equity Value of Target Business after DLOM and Control Premium (HKD'000) *(rounded)*	13,794,000

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and Asia-Pacific Consulting and Appraisal Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of Target Business over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interests of Target Business as at the Valuation Date is reasonably stated approximately at the amount of **HKD13,794,000,000 (HONG KONG DOLLARS THIRTEEN BILLION SEVEN HUNDRED AND NINETY-FOUR MILLION ONLY).**

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

Jack W. J. Li
CFA, MRICS, MBA
Partner

Note: Jack W. J. Li is a Chartered Surveyor who has more than 15 years experience in the valuation in the PRC, Hong Kong and the Asia-Pacific region.

LIMITING CONDITIONS

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. The calculation of value arrived at herein is valid only for the stated purpose as of the effective date of the calculations and it is neither intended nor valid for any other use.

3. Possession of this report or any copy thereof does not carry with it the right of publication. Neither all nor any part of the contents of this report (especially the calculation of value, the identity of any valuation specialist(s), or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Asia-Pacific Consulting and Appraisal Limited.

4. Asia-Pacific Consulting and Appraisal Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein.

5. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

6. Financial statements and other related information provided by the Company or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. Asia-Pacific Consulting and Appraisal Limited has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

7. We do not provide assurance on the achievability of the results forecasted for the subject company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted result is dependent on actions, plans and assumptions of management.

8. This report and the calculation of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore, the report and calculation of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The calculation of value represents the considered opinion of Asia-Pacific Consulting and Appraisal Limited based on limited information furnished to them by the subject company and other sources.

9. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

10. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

11. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

12. The management and the Board of the Company has reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

13. The calculation of value arrived at here in is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DIRECTORS' INTERESTS OR SHORT POSITIONS IN EQUITY SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long position in shares and underlying shares of the Company

Name of Director	Nature of interest	Total interest in Shares	% of the existing issued Shares
Mr. ZHU Shunyan	Beneficial owner and equity derivative interests(1)	8,510,696	0.06
Mr. SHEN Difan	Beneficial owner and equity derivative interests(2)	4,777,568	0.04
Mr. TU Yanwu	Beneficial owner and equity derivative interests(3)	1,701,678	0.01

Notes:

(1) Mr. ZHU Shunyan beneficially held 1,298,196 ordinary shares of the Company and subject to vesting, he is interested in 7,212,500 shares underlying the 5,992,625 options and 1,219,875 RSUs granted to him in accordance with the share award scheme.

(2) Mr. SHEN Difan beneficially held 1,168,043 ordinary shares of the Company and subject to vesting, he is interested in 3,609,525 shares underlying the 2,702,250 options and 907,275 RSUs granted to him in accordance with the share award scheme.

(3) Mr. TU Yanwu beneficially held 735,203 ordinary shares of the Company and subject to vesting, he is interested in 966,475 shares underlying the 751,250 options and 215,225 RSUs granted to him in accordance with the share award scheme.

Long position in shares and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO

Long positions in shares and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO.

Name of Director	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Mr. ZHU Shunyan	Beneficial owner, equity derivative interests and interests of spouse(1)	2,847,432*	0.01
Mr. SHEN Difan	Beneficial owner, equity derivative interests and interests of spouse(2)	171,896*	0.00
Mr. TU Yanwu	Beneficial owner, equity derivative interests(3)	26,680*	0.00
Ms. HUANG Jiaojiao	Beneficial owner, equity derivative interests and interests of spouse(4)	253,928*	0.00
Mr. XU Haipeng	Beneficial owner, equity derivative interests(5)	85,305*	0.00

Notes:

(1) These interests represented 2,066,864* ordinary shares or underlying ordinary shares and 620,568* restricted share units beneficially held by Mr. ZHU Shunyan and 160,000* ordinary shares or underlying shares held by his spouse.

(2) These interests represented 67,624* ordinary shares or underlying ordinary shares and 2,000* restricted share units beneficially held by Mr. SHEN Difan and 102,272* ordinary shares or underlying shares held by his spouse.

(3) These interests represented 1,880* ordinary shares or underlying ordinary shares and 24,800* restricted share units beneficially held by Mr. TU Yanwu.

(4) These interests represented 46,928* ordinary shares or underlying ordinary shares and 202,000* restricted share units beneficially held by Ms. HUANG Jiaojiao and 5,000* ordinary shares or underlying shares held by her spouse.

(5) These interests represented 17,305* ordinary shares or underlying ordinary shares and 68,000* restricted share units beneficially held by Mr. XU Haipeng.

* Alibaba Holding approved to effect a one-to-eight share subdivision of its ordinary shares (the "**Share Subdivision**") at the annual general meeting held on July 15, 2019. The Share Subdivision was effective on July 30, 2019. Accordingly, Alibaba Holding has changed its ratio of American depositary shares to ordinary shares from 1:1 to 1:8. The ratio of restricted share units to ordinary shares of Alibaba Holding has also changed from 1:1 to 1:8.

Long position in shares and underlying shares of Cainiao Smart Logistics Network Limited, an associated corporation of the Company within the meaning of Part XV of the SFO

Long positions in shares and underlying shares of Cainiao Smart Logistics Network Limited, an associated corporation of the Company within the meaning of Part XV of the SFO.

Name of Director	Nature of interest	Number of shares/ underlying shares held	% of issued shares of associated corporation
Ms. HUANG Jiaojiao	Beneficial owner	146,975*	0.15

* These interests represented 146,975 class A ordinary shares beneficially held by Ms. HUANG Jiaojiao.

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

Interests of Directors as Director or Employee of a substantial shareholder or any Subsidiaries of a substantial shareholder

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

— Mr. ZHU Shunyan is a partner of the Alibaba Partnership;

— Ms. HUANG Jiaojiao is a senior finance director of Alibaba Holding; and

— Mr. XU Haipeng is the business head on platform user operation and interaction at the User Development and Operation Center of the Taobao and Tmall Group within the Alibaba Holding Group, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO.

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

As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2023, the date to which the latest published audited financial statements of the Group were made up; and, except for any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its Subsidiaries, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

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

6. CONSENT OF EXPERTS

Set forth below are the qualification of the professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Asia-Pacific Consulting and Appraisal Limited	an independent professional valuer
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Cap. 588)

The letters from Altus Capital and Asia-Pacific Consulting have been provided as of the date of this circular for incorporation herein. Each of Altus Capital and Asia-Pacific Consulting has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear. PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of the circular with the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of Altus Capital, Asia-Pacific Consulting and PricewaterhouseCoopers has: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; or (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since March 31, 2023, the date to which the latest published audited financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since March 31, 2023, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.alihealth.cn) for a period of 14 days from the date of this circular:

(a) the Share Purchase Agreement;

(b) the Exclusive Services Framework Agreement;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 25 of this circular;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 27 to 54 of this circular;

(e) the Valuation Report, the text of which is set out in Appendix II of this circular;

(f) the written consent referred to in the section headed "**Consent of Expert**" of this Appendix; and

(g) this circular.

9. LANGUAGE

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

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

"Affiliates"	(a) with respect to any person that is an individual, his or her Immediate Family Members, and (b) with respect to any person that is not an individual, any other person that directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such person; provided, however, that for purposes of this circular, the Vendor and its Affiliates (other than the Company and its Controlled subsidiaries), on the one hand, and the Company and its Controlled subsidiaries, on the other hand, shall not be deemed to be Affiliates of each other
"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 (HKD Counter) and 89988 (RMB Counter))
"Alibaba Holding Group"	the group of companies comprising Alibaba Holding and its Subsidiaries, for the purpose of this circular, excluding the Group
"Alimama"	Hangzhou Alimama Technology Co., Ltd.* (杭州阿里媽媽網絡技術有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Alibaba Holding
"Alimama Group"	Alimama and its Subsidiaries
"Alimama Software"	Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Alimama
"Board"	the board of Directors
"Brand-based Marketing (品牌營銷)"	the marketing products and services provided by the Alimama Group through including without limitation Pin Xiao Bao (品銷寶) for the purposes of enhancing brand exposures and awareness
"Business Day"	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong, the PRC, Bermuda and Cayman Islands are generally open for business

"Company"	Alibaba Health Information Technology Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00241)
"Completion"	the completion of the sale and purchase of the entire issued share capital of the Target Company under the Share Purchase Agreement
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of HK$13,512,000,000 for the Proposed Acquisition
"Consideration Shares"	2,558,222,222 Shares in aggregate to be issued to the Vendor pursuant to the Share Purchase Agreement
"Control"	the power or authority, whether exercised or not, to direct the business, management and policies of such 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. The term "Controlled" shall be construed accordingly
"CSRC"	has the meaning given to it in the sub-section "The Share Purchase Agreement — (7) Further Undertakings" in this circular
"Director(s)"	director(s) of the Company
"Exclusive Marketing Materials Review Right"	the exclusive right to operate and manage the Marketing Materials Review Services under the Healthcare Categories, to the absolute exclusion of the Alimama Group and the Taobao and Tmall Group
"Exclusive Services Framework Agreement"	the exclusive services framework agreement entered into between the WFOE and Alimama Software on November 27, 2023

"Governmental Entity"	any foreign, domestic, multinational, federal, territorial, state or local governmental authority, quasi-governmental authority, government-owned or government-controlled (in whole or in part) enterprise, public international organization, regulatory body, court, tribunal, commission, board, bureau, agency, instrumentality, or any regulatory, administrative or other department, or agency, or any political or other subdivision of any of the foregoing, or any political party or official thereof, or any candidate for political office
"Group"	the Company and its Subsidiaries
"Healthcare Categories (醫療健康類目)"	has the meaning ascribed to it under the Exclusive Services Framework Agreement, as may be amended from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Subsidiary"	AJK Technology (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned Subsidiary of the Target Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Immediate Family Members"	for any natural person, (a) such person's spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and siblings-in-law (in each case whether adoptive or biological), (b) spouses of such person's children, grandchildren and siblings (in each case whether adoptive or biological) and (c) estates, trusts, partnerships and other persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing
"Independent Board Committee"	the independent committee of the Board, comprising Ms. Huang Yi Fei (Vanessa), Dr. Shao Rong and Ms. Wu May Yihong, being the independent non-executive Directors, established to advise the Independent Shareholders on the Share Purchase Agreement, the Exclusive Services Framework Agreement and the connected transactions contemplated thereunder

"Independent Financial Advisor" or "Altus Capital"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Share Purchase Agreement, the Exclusive Services Framework Agreement and the continuing connected transactions contemplated thereunder
"Independent Shareholders"	the Shareholders, other than (i) Alibaba Holding and its associates, including Perfect Advance Holding Limited, Alibaba Investment Limited, Ali JK Nutritional Products Holding Limited and Antfin (Hong Kong) Holding Limited; and (ii) those who are required to abstain from voting at the SGM to be convened to approve the Share Purchase Agreement, the Exclusive Services Framework Agreement and the connected transactions contemplated thereunder
"Issue Price"	the per share price of HK$4.50 for the issue of each Consideration Share
"Last Trading Day"	November 27, 2023, being the last full trading day prior to the date of the Share Purchase Agreement
"Latest Practicable Date"	December 19, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Marketing Materials Review Services"	the marketing materials review services provided by the WFOE under the Exclusive Services Framework Agreement, as may be amended from time to time, comprising (i) the review services in respect of marketing materials for the Performance-based Marketing and/or the Brand-based Marketing placed by the Target Merchants through the Alimama Group, and (ii) the review services in respect of corresponding qualifications of such marketing materials for products and services under the Healthcare Categories

"Marketing Materials Review Services Fees"	the service fees relating to the Target Business payable by the Alimama Group to the WFOE as determined in accordance with an agreed pricing policy under the Exclusive Services Framework Agreement, which may be amended from time to time
"Marketing Services Fees"	the various types of services fees received by the Alimama Group in respect of the Performance-based Marketing and the Brand-based Marketing, the specific forms of which include, but not limited to, the software service fees and the technical support service fees in connection with performance-based and brand-based marketing software services and any other forms of marketing software services adopted from time to time
"Material Adverse Effect"	means any circumstance which will cause material adverse effect to the Alimama Group or the Taobao and Tmall Group's financial status, operation and/or assets including but not limited to: (i) the Governmental Entity having initiated an administrative process against the Alimama Group and/or the Taobao and Tmall Group (a) ordering an administrative penalty in aggregate amount exceeding a total of RMB12,500,000 (or the equivalent in other currencies), or (b) making an administrative order including operation restriction or suspension order, business licences or permits revocation or cancellation order, or rectification order which will result in similar adverse effect as the foregoing; (ii) the Alimama Group and/or the Taobao and Tmall Group being subject to third-party compensation in the aggregate amount exceeding a total of RMB12,500,000 (or the equivalent in other currencies); or (iii) the key management of the Alimama Group and/or the Taobao and Tmall Group being subject to administrative or criminal liabilities
"Performed-based Marketing (效果營銷)"	the marketing products and services provided by the Alimama Group through including without limitation Zhi Tong Che (直通車) and Wan Xiang Tai (萬相台) for the purposes of enhancing operation results of the merchants
"Person"	any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, government authority or other entity

"PRC" or "China"	the People's Republic of China, and for the purposes of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Primary Categories"	the nature and category of products or services for sale by the merchants which are automatically identified by the system in accordance with the merchant service agreements, rules and standards
"Proposed Acquisition"	the sale and purchase of the entire issued share capital of the Target Company as contemplated under the Share Purchase Agreement
"Rectification Period"	has the meaning given to it in the sub-section "The Exclusive Services Framework Agreement — (7) Rectification and Suspension" in this circular
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be convened for the Independent Shareholders to consider, and vote, on the Share Purchase Agreement, the Exclusive Services Framework Agreement and the connected transactions contemplated thereunder
"Share Purchase Agreement"	the share purchase agreement dated November 28, 2023 entered into between the Company and the Vendor in respect of the Proposed Acquisition
"Shareholder(s)"	holder(s) of the Shares
"Shares"	ordinary shares of par value HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary" or "Subsidiaries"	an entity or entities which are Controlled
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Suspension Period"	has the meaning given to it in the sub-section "The Exclusive Services Framework Agreement — (7) Rectification and Suspension" in this circular

"Taobao"	the companies within the Taobao and Tmall Group that operate the Taobao Platforms, including Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司) and Zhejiang Taobao Network Co., Ltd.* (浙江淘寶網絡有限公司)
"Taobao and Tmall Business Group"	the business group under the Alibaba Holding Group that operates its online retail trading and digital marketing businesses on platforms including Taobao Platform (淘寶平台), Tmall Platform (天貓平台), Tmall Global (天貓國際), Taobao Live (淘寶直播), Tmall Supermarket (天貓超市) and Taobao Grocery (淘寶買菜)
"Taobao Platform (淘寶平台)"	the e-commerce platform and interface providing internet information services and related software and technical support which are operated by Taobao, with the URL being Taobao website (淘寶網) (www.taobao.com) or such URL as may be amended from time to time in accordance with the business needs of Taobao, including but not limited to the URL of computer internet or mobile device internet
"Target Business"	the business relating to the provision of the Marketing Materials Review Services and the Value-added Services under the Healthcare Categories to be directly or indirectly injected into the Group pursuant to the terms of the Share Purchase Agreement
"Target Company"	AJK Technology Holding Limited, a company incorporated under the laws of Cayman Islands and a direct wholly-owned Subsidiary of the Vendor
"Target Group"	the Target Company and its Subsidiaries
"Target Merchant"	a merchant or a brand on the Taobao Platform or the Tmall Platform, or the marketing agent engaged by a merchant or a brand, who have engaged the Alimama Group to market products and/or services
"Tmall"	the companies within the Taobao and Tmall Group that operate the Tmall Platforms, including Zhejiang Tmall Technology Co., Ltd.* (浙江天貓技術有限公司) and Zhejiang Tmall Network Co., Ltd.* (浙江天貓網絡有限公司)
"Tmall Healthcare Platform"	a healthcare e-commerce platform operated by the Company supplying medicines, medical equipment, health supplements and traditional Chinese medicine etc.

"Tmall Platform (天貓平台)"	the e-commerce platform and interface providing internet information services and related software and technical support which are operated by Tmall, with the URL being www.tmall.com (or such URL as may be amended from time to time in accordance with the business needs of the Tmall, including but not limited to the URL of the computer internet or mobile device internet)
"USD Equivalent"	an amount in USD converted based on the USD/HKD exchange rate prevailing at 12:00 noon (Hong Kong time) on the Business Day immediately preceding the date of the Share Purchase Agreement as such rate is displayed on or derived from the relevant Bloomberg page "BFIX" (or its equivalent successor page if such page is not available)
"Valuation Report"	the valuation report on the Target Business as at September 30, 2023 prepared by the Valuer
"Value-added Services"	the value-added services, within the scope of authorisation from the Alimama Group and in accordance with the standards and requirements imposed by the Alimama Group, provided by the WFOE to the Target Merchants whose Principal Categories are the Healthcare Categories under the Exclusive Services Framework Agreement, as may be amended from time to time, which shall include providing consultation and suggestions to and responding to questions from such Target Merchants relating to marketing promotions under the Healthcare Categories
"Valuer" or "Asia-Pacific Consulting"	Asia-Pacific Consulting and Appraisal Limited, an independent valuer appointed by the Company
"Vendor"	Taobao Holding Limited, a company incorporated under the laws of Cayman Islands and a direct wholly-owned Subsidiary of Alibaba Holding
"Vendor Group"	the Vendor and its Subsidiaries
"Wan Xiang Tai (萬相台)"	the software service system through which Alimama provides cross-channel placement services to its consumers. A user may select a business scenario, set target group for placement, and place an order therefor on the system, which will, based on the targets set by the user, provide cross-channel placement services, and the user may check the performance of such order and other relevant information via the system

"WFOE"	Hangzhou Jingzhun Health Information Technology Co., Ltd.* (杭州精準健康信息科技有限公司), a company incorporated under the laws of the PRC and a direct wholly-owned Subsidiary of the HK Subsidiary
"Zhi Tong Che (直通車)"	the system through which Alimama provides software services and information release-related services to its users. A user may conduct keyword setting, bidding and other operations on such system, so as to enable the publication of information specified by the user, if reasonably matching consumer's searches, in certain positions on Alimama's website and/or other websites for which Alimama and its affiliates provide technical support
"%"	per cent

* *English name for identification purposes only.*

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00241)

Notice is hereby given that a special general meeting (the "**SGM**") 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 Tuesday, January 16, 2024 at 2:30 p.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolutions:

ORDINARY RESOLUTIONS

Resolutions in relation to the Share Purchase Agreement

1. "**THAT**

(a) the share purchase agreement entered into between the Company and Taobao Holding Limited on November 28, 2023 (the "**Share Purchase Agreement**") and the connected transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one or more of the directors of the Company (the "**Directors**") for and on behalf of the Company, be and are hereby authorized to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary, desirable or expedient to give effect to and/or to implement the transactions contemplated in resolution 1(a)."

Resolutions in relation to the conditional grant of the specific mandate for the allotment and issue of the Consideration Shares

2. "**THAT**

(a) subject to the passing of resolutions no. 1(a) and 1(b) and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the 2,558,222,222 Shares in aggregate as consideration under the Share Purchase Agreement (the "**Consideration Shares**"), the grant of a specific mandate to the Directors with the power and authority to allot and issue the Consideration Shares to Taobao Holding Limited in accordance with the terms of the Share Purchase Agreement be and are hereby approved; and

(b) any one or more of the Directors for and on behalf of the Company, be and are hereby authorized to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary, desirable or expedient to give effect to and/or to implement the transactions contemplated in resolution 2(a)."

Resolutions in relation to the Exclusive Services Framework Agreement

3. "**THAT**

(a) subject to the passing of resolutions no. 1(a) and (b), the non-exempt continuing connected transactions contemplated under the exclusive services framework agreement entered into between Hangzhou Jingzhun Health Information Technology Co., Ltd.*(杭州精準健康信息科技有限公司) and Hangzhou Alimama Software Services Co., Ltd.* (杭州阿里媽媽軟件服務有限公司) on November 27, 2023 and the proposed annual caps for the years ending March 31, 2024, 2025 and 2026, be and are hereby approved, confirmed and ratified; and

(b) any one or more of the Directors for and on behalf of the Company, be and are hereby authorized to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary, desirable or expedient to give effect to and/or to implement the transactions contemplated in resolution 3(a)."

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
ZHU Shunyan
Chairman

Hong Kong, December 22, 2023

Notes:

1. All resolutions at the SGM will be taken by poll pursuant to the Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (CCASS) or maintained with a licensed securities dealer (i.e. not directly recorded in his own name in the Register of Members of the Company) shall only be entitled to vote by providing its instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through its licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the meeting, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him.

4. In order to be valid, the form of proxy must be deposited at the Company's 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 SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the above meeting will be Wednesday, January 10, 2024. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with 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 Wednesday, January 10, 2024.

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

7. As at the date of this notice, the Board comprises eight directors, of whom (i) three are executive Directors, namely, Mr. ZHU Shunyan, Mr. SHEN Difan and Mr. TU Yanwu; (ii) two are non-executive Directors, namely Ms. HUANG Jiaojiao and Mr. XU Haipeng; and (iii) three are independent non-executive Directors, namely Ms. HUANG Yi Fei (Vanessa), Dr. SHAO Rong and Ms. WU May Yihong.

* *English name for identification purposes only*