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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Alibaba Health Information Technology Limited (the “**Company**” or “**Alibaba Health**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended September 30, 2024 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period of the preceding year (the “**Corresponding Period**”). The interim condensed consolidated financial statements have been reviewed by the audit committee of the Company.

HIGHLIGHTS

During the Reporting Period, the Group achieved a steady growth in revenue, with its total revenue and net profit increasing to RMB14,273.7 million and RMB769.0 million, representing a year-on-year growth of 10.2% and 72.8%, respectively. Adjusted net profit increased by 52.2% year-on-year to RMB977.6 million. As at September 30, 2024, our Taobao and Tmall Group Pharmaceutical and Healthcare Products Service Platform served over 300 million annual active consumers who made actual purchase(s) on Taobao and Tmall Healthcare Platform within the past 12 months. The gross merchandise volume (“**GMV**”) of Tmall Healthcare Platform recorded a remarkable and stable year-on-year growth over the past six months, with the number of stock keeping units (“**SKUs**”) of online goods increasing by more than 20% to 78 million and the number of merchants served increased by over 25% year-on-year to over 40,000. Meanwhile, revenue from the pharmaceutical e-commerce platform business saw a strong growth of 67.5% to RMB1,710.5 million, driven by enhanced capabilities in platform-based advertising services. During the Reporting Period, the pharmaceutical direct sales business increased the proportion of its non-pharmaceutical direct sales operation in an active effort to adjust product mix. In addition to a significant enhancement in profitability, this also led its revenue to grow 5.9% year-on-year to RMB12,120.9 million. As at September 30, 2024, the number of SKUs available under the direct sales business grew by 6.1% to 810,000 while the number of members was on the rise.

During the Reporting Period, the Group continued to enhance user experience of professional healthcare services by providing its users with a seamless online-to-offline healthcare service (including traditional Chinese medicine (“TCM”), medical checkups, testing, medical consultation and appointment-booking) through a variety of channels such as Tmall, Taobao and Alipay. As at September 30, 2024, over 230,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of over 20,000 professionals as compared with the number as at September 30, 2023. During the Reporting Period, Alibaba Health streamlined some of its innovative businesses. While revenue generated from the healthcare and digital services business decreased by 9.4% year-on-year to RMB442.4 million, the revenue from Xiaolu TCM and tracking code maintained stable and sound growth.

As at September 30, 2024, the “Ma Shang Fang Xin”^ (碼上放心) platform has established in-depth cooperations with more than 600 top pharmaceutical companies on traditional drug tracking services. The tracking codes serve as a digital infrastructure for drug production and distribution, ensuring drug safety and providing assistance to relevant authorities in combating counterfeit drugs and fraudulent sales activities aimed at withdrawing funds from medical insurance accounts. Leveraging our “one object, one code” product operation and digital service capabilities, we remain committed to innovation by introducing two services, namely, automated electronic drug test report generation and direct sales push notifications services. These innovative measures enable companies to generate drug test reports automatically on “Ma Shang Fang Xin” platform, bringing convenience to hundreds of drug production companies, marketing authorization holders as well as more than 3,000 distribution companies.

KEY FINANCIAL FIGURES

	Six months ended		Change %
	2024	2023	
	RMB'000	RMB'000	
Revenue	14,273,724	12,956,000	10.2
Gross profit	3,533,765	2,868,668	23.2
Profit for the period	769,048	445,143	72.8
Adjusted net profit ^(Note)	977,582	642,473	52.2

Note: Adjusted net profit is based on the profit for each period after excluding non-operating profit or loss items such as share-based compensation, change in fair value of financial assets at fair value through profit or loss (“FVPL”), net of tax, gain on deemed disposal of associates, net of tax, gain on partial disposal of an associate, net of tax, and impairment of investment in associates, net of tax. With the exclusion of the impact of such items, which are not indicative of our key operational performance, investors can better compare our operational performance across various periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended September 30, 2024, the Chinese government rolled out a series of policies on economic development and consumption promotion, which further encouraged the crucial role of Internet healthcare served in the national economy and people's livelihoods. On August 3, 2024, the State Council issued the "Opinions on Promoting the High-Quality Development of Service Consumption"[^] (《關於促進服務消費高品質發展的意見》), which proposed the development of "Internet + Healthcare", facilitating the information flow of health information system, gradually optimizing medical insurance payment policies for "Internet+" healthcare services, as well as strengthening the roles of retail pharmacies in areas such as health improvement, nutrition and health care. In August 2024, the National Development and Reform Commission, along with relevant authorities, earmarked approximately RMB300 billion in ultra-long special treasury bonds for large-scale equipment upgrades, consumer goods trade-ins, as well as quality and quantity enhancement to the consumption of education, eldercare, childcare, housekeeping, and other services in a proactive manner. In Sichuan, Fujian, Jiangxi, Hunan, Tianjin, Shandong, Shaanxi, Gansu and other provinces, subsidies are provided for the trade-ins of elderly care products, such as nursing beds, wheelchairs, hearing aids, pulse oximeters, blood pressure monitors, oxygen concentrators and other health-related products. Alibaba Health also actively responded to the call of local governments by participating in the policy initiatives. As a top-notch Internet healthcare company, Alibaba Health stays committed to providing users with long-term value. As a result, all business segments continued to achieve steady growth during the Reporting Period.

During the Reporting Period, the Group achieved a steady growth in revenue, with its total revenue and net profit increasing to RMB14,273.7 million and RMB769.0 million, representing a year-on-year growth of 10.2% and 72.8%, respectively. As at September 30, 2024, our Taobao and Tmall Group Pharmaceutical and Healthcare Products Service Platform served over 300 million annual active consumers who made actual purchase(s) on Taobao and Tmall Healthcare Platform within the past 12 months. The GMV of Tmall Healthcare Platform recorded a remarkable and stable year-on-year growth over the past six months, with the number of SKUs of online goods increasing by more than 20% to 78 million and the number of merchants served increased by over 25% year-on-year to over 40,000. During the Reporting Period, the revenue of the pharmaceutical direct sales business reached RMB12,120.9 million, representing a year-on-year growth of 5.9%. As at September 30, 2024, the number of SKUs available under the direct sales business grew by 6.1% to 810,000 while the number of members was on the rise. In connection with healthcare services, as at September 30, 2024, over 230,000 licensed physicians, pharmacists, and nutritionists contracted with the Group to provide online health consultation services, representing an increase of nearly 20,000 professionals (including those from Xiaolu TCM) compared with the figure as at September 30, 2023.

As the flagship healthcare platform of Alibaba Group Holding Limited (“**Alibaba Holding**”, together with its subsidiaries, “**Alibaba Group**”), the Group upholds its aspiration in making healthcare services accessible and affordable while adhering to the industry’s high standards of compliance and quality control. With this in mind, the Group will continue to consolidate and strengthen its existing competitive strengths and business foundations in healthcare, while at the same time preparing for the future by exploring innovative business models and fostering the development of its business segments to align with the evolving needs of its customers. The Group will utilize its leading digital technology and digital operation capabilities, with “cloud-based infrastructure” as the foundation, “cloud-based pharmacy” as the core, and “cloud-based hospital” as the engine to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

Pharmaceutical E-commerce Business

The customer-centric pharmaceutical e-commerce business of Alibaba Health makes full use of its strong brand and resources in the healthcare sector accumulated over the years. Building on its strengths in e-commerce, big data and cloud computing, Alibaba Health actively expands its partnerships with upstream quality pharmaceutical, nutritional and healthcare product manufacturers and distributors to diversify its product portfolio, improve shopping experience, and provide quality and affordable healthcare solutions for users in need.

- ***Pharmaceutical E-Commerce Platform Business — Tmall Healthcare Platform***

As the largest online B2C healthcare retail platform with the highest number of annual active users and annual GMV in China, Alibaba Health continued to enhance product diversity on the supply side and customer experiences to meet the ever-growing health-related needs of our users. As of September 30, 2024, the number of SKUs continued to grow by over 20% to 78 million while the number of merchants served grew to over 40,000, along with enhanced product mix and user search conversion efficiency. The number of annual active consumers who made actual purchase(s) on Taobao and Tmall Healthcare Platform under the operation of Alibaba Health within the past 12 months reached over 300 million. Meanwhile, the GMV of Tmall Healthcare Platform achieved remarkable and stable year-on-year growth over the past six months. By effectively integrating services across various platforms and leveraging its operating experience in the healthcare sector, Alibaba Health was committed to providing comprehensive solutions that enabled merchants to effectively attract, interact with and retain consumers, thereby enhancing transaction volume, brand influence and operational efficiency of Tmall Healthcare Platform as a whole.

On April 11, 2024, Tmall Healthcare Platform announced a proactive deployment of funding and dedicated teams for its “New Product Go-to-Market Plan”[^] (新品躍爆計劃), which focused on supporting 100 new healthcare products with a tenfold increase in resources. A “One Product, One Strategy” approach was adopted for 10 of the new products that were considered heavyweights to develop marketing strategies, incentives and sales plans in different phases for each product. Implemented throughout the life cycle of new products, these marketing plans successfully enabled brand merchants to further explore opportunities in the industry, expand their reach, and achieve win-win growth. During the Reporting Period, Tmall Healthcare Platform collaborated with 27 brands, including Hydron, Voolga, and Wonderlab, to launch more than 40 mega IP events, such as Tmall Super Brand Day (天貓超級品牌日), Tmall Brand Super Membership Day (天貓品牌超級會員日), and Tmall Health Big Brand Day (天貓健康大牌日). Through joint marketing campaigns, omni-marketing strategy, crowd marketing, and targeted customer acquisition, we gradually boosted the reputation and sales volume of merchants, allowing them to promote the value and viability of their brands in the long run.

- ***Pharmaceutical Direct Sales Business***

Upholding its operation motto that highlights “authenticity, affordability, professionalism and reliability”, the Group’s pharmaceutical direct sales business is committed to providing consumers from Tmall, Taobao, Alipay and Ele.me with comprehensive and affordable healthcare services, including prescription drugs, over-the-counter drugs, nutritional supplements, medical devices and contact lenses. Seizing the opportunity to structurally optimize the supply side of healthcare products and leveraging the Group’s competitive edge in operation and brand recognition, Alibaba Health maintained stable growth in various product categories, such as medical devices and nutritional supplements, during the Reporting Period. The revenue of the pharmaceutical direct sales business reached RMB12,120.9 million, representing a year-on-year growth of 5.9%. As at September 30, 2024, the number of SKUs available under the direct sales business grew by 6.1% to 810,000 while the number of members was on the rise.

During the Reporting Period, Alibaba Health continued to improve the operational capabilities of its pharmaceutical direct sales business, actively introduce top brands, expand cooperation channels, and further raise user awareness. On May 28, 2024, Alibaba Health collaborated with Sinqi Pharmaceutical to address myopia in children and adolescents by debuting online low-concentration atropine eye drops for myopia mitigation in children. This effort was coupled with a series of services including online diagnosis and treatment, popularization of disease science, drug supply and professional consultation, and provision of safer, more effective and convenient myopia controls at a more reasonable price. On October 20, 2024, the Group and Organon launched Mercilon, an oral medication for women, online for the first time at Alibaba Health Pharmacy to provide Chinese women with innovative treatment solutions and drug services that were professional, effective,

authentic and of high-quality. Regarding warehousing and logistics, the Group extended its next-day home delivery services to cover more core cities and improved its service fulfilment capabilities. As of the end of the Reporting Period, Alibaba Health further optimized logistics fulfillment costs without compromising next-day delivery rates.

Healthcare and Digital Services Business

During the Reporting Period, the Group continued to enhance user experience of professional healthcare services by providing its users with a seamless online-to-offline healthcare service (including TCM, medical checkups, testing, medical consultation and appointment-booking) through a variety of channels such as Tmall, Taobao and Alipay. As at September 30, 2024, over 230,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of over 20,000 professionals as compared with the number as at September 30, 2023. During the Reporting Period, Alibaba Health streamlined some of its innovative businesses. While revenue generated from the healthcare and digital services business decreased by 9.4% year-on-year to RMB442.4 million, the revenue from Xiaolu TCM and tracking code maintained stable and sound growth during the Reporting Period.

- ***Healthcare Services***

Leveraging its Internet hospitals as a network and its core advantages such as digital operations, Alibaba Health penetrates the core sector of chronic diseases and provides more convenient and efficient Internet healthcare services for patients with chronic diseases. On April 20, 2024, Alibaba Health announced the launch of the “Smart Healthcare”^ (健康智醫) Campaign in collaboration with the China Anti-Cancer Association (CACA) at the 30th National Anti-Cancer Week cum China Anti-Cancer Day CACA Anti-Cancer All-around Science Popularization Campaign. With a focus on patient education, brand lift for doctors, primary healthcare and other cancer-related aspects, Alibaba Health will carry out activities by leveraging the professional resources of the CACA and Alibaba Health’s digital capabilities. We have taken a critical step forward in early screening and treatment of cancer under a three-pronged approach, namely more extensive patient education, more efficient medical tools and better healthcare resources. The deployment of Internet healthcare technology offers accessibility and innovation elements, which contribute to prevention and treatment of cancer. In terms of the TCM services, Xiaolu TCM maintained stable business growth during the Reporting Period. As we continued to promote brand building and refinement strategies to enhance service quality and gross profits, the sales orders of traditional Chinese medicine ointment, Sanfu patches and similar products increased in triple amount year-on-year. As of September 30, 2024, Xiaolu TCM had over 130,000 registered TCM practitioners and its drug service network further improved. In terms of the consumer healthcare segment, China has gradually lifted restrictions on online vaccine services, such as

Gardasil 9, in the post-pandemic era. Accordingly, consumers can make reservations directly with vaccination providers and the number of appointments made through our online consumer healthcare platforms has declined.

- ***Digital Tracking Business***

During the Reporting Period, the Group's proprietary "Ma Shang Fang Xin"[^] (碼上放心) tracking platform business maintained steady development momentum. In terms of its drug tracking services, as China strengthens the implementation of its drug tracking policy for key drug varieties across the entire chain, the "Ma Shang Fang Xin" platform has further expanded its coverage of the entire value chain from drug production, distribution, retail-end pharmacies and healthcare institutions.

As at September 30, 2024, the "Ma Shang Fang Xin" platform has formed in-depth cooperations with more than 600 top pharmaceutical companies on traditional drug tracking services. The tracking codes serve as a digital infrastructure for drug production and distribution, ensuring drug safety and providing assistance to relevant authorities in combating counterfeit drugs and fraudulent sales activities aimed at withdrawing funds from medical insurance accounts. Leveraging our "one object, one code" product operation and digital service capabilities, we introduced two innovative services, namely, automated electronic drug test report generation and direct sales push notifications services, enabling companies to generate drug test reports automatically by daily tracking and code-scanning. Such services have benefited hundreds of drug production companies, marketing authorization holders as well as more than 3,000 distribution companies.

During the Reporting Period, the "Ma Shang Fang Xin" platform continued to seek such application in non-pharmaceutical categories such as medical devices, TCM supplements, agricultural products and imported goods, and achieved more rapid development. Going forward, we will continue to explore the digital application of "Ma Shang Fang Xin" platform tracking codes with drug distribution companies to reduce cost and enhance efficiency of drug distribution.

In the field of healthcare large-scale model, we continued to explore the application in pharmaceutical e-commerce, while constantly enhancing user experience and search conversion efficiency. Riding on its leading digital capability, Alibaba Health established an overarching "Commodity Center" through its ongoing efforts to structuralize commodities data, involving commodity category, models, as well as factors and attributes that would influence users' decision-making. When users search and seek customer service consultation, the results so produced can reflect the objective attributes of the commodities in an accurate and comprehensive manner based on decision-making priorities with the help of large-scale models, which helps improve customer experience and search efficiency. During the Reporting Period, user search conversion efficiency continued to rise.

Public Service

Chinese patients with rare congenital metabolic disorders were unable to buy and afford specialized formula that serves as life-saving food. To alleviate this problem, Alibaba Health, Alibaba Foundation and Illness Challenge Foundation jointly rolled out a public service program which continued to receive widespread attention during the Reporting Period. The program, in partnership with Maeil Dairies, launched a heart-warming initiative to raise awareness for special powdered milk for rare diseases in May 2024, following the introduction of Maeil Dairies on Alibaba Health Pharmacy. The program also initiated the first “Exchange Meeting on Rare Congenital Metabolic Disorders between Healthcare Professionals and Patients in China and South Korea”, which received staunch support from many medical experts in both countries, Korea Population, Health and Welfare Association and other parties. In September 2024, Alibaba Health stepped up the “Care Campaign for Babies with Methylmalonic Acidemias” and published the Rare Disease Care Platform, engaging the concerted efforts of various parties including industry experts, charity organizations and manufacturers of specialized formula to secure the supply of specialized formula, medical service assistance, financial aids, dietary management and other services for child patients of 17 rare congenital metabolic disorders up from two originally. As at the end of the Reporting Period, the program has served thousands of patients, and will continue to invest during the financial year, contributing over RMB7.43 million in total, to benefit more rare disease patients. The program was selected as a “Practice and Responsibility” case of the 2024 Healthy China Innovation Practice Case and has been shortlisted for the CHIP Award 2024.

Alibaba Health continued to pay close attention to the hearing problems of elderly people. During the Double 11 event this year, Tmall Healthcare Platform and Sonova, together with the China Association of Gerontology and Geriatrics, China Ageing Development Foundation, Alibaba Foundation and Alibaba Health Philanthropy jointly launched the “Hearing Aid Campaign 2024” and promoted the “Hearing Aid Campaign • Hearing Test Points” for communities across the country. The “Hearing Test Centres” have been launched within the community, which introduced professional test applets to senior citizens aged over 60 and provided them with free and accessible hearing test services. Professional audiologists were also regularly invited to hold public services, such as hearing health education, free hearing consultation and hearing aid donation, to help improving hearing impairment and quality of life of senior citizens in their golden years. The “Hearing Aid Campaign • Hearing Test Points” is being promoted in communities across the country, and the trial scheme will cover 10 cities, namely Beijing, Shanghai, Wuhan, Hangzhou, Guangzhou, Shenzhen, Tianjin, Chengdu, Xi’an and Nanjing. 25 community-based “Hearing Test Centres” are expected to be put into service by late November 2024, covering more than 200,000 community users.

Driven by the mission of “Making Healthcare Accessible”, Alibaba Health sets an example by pursuing an enhanced culture of philanthropy, and encouraging its employees to realize their abilities in public services and give back to the society. In September 2024, Alibaba Health launched another “Three Hours for a Better World” public service initiative targeting at all employees, and announced an enhanced version of the “1-5-100 Public Service Plan”. The “One Stretch of Alibaba Health Public Service Forest” program, where Alibaba Health plants one tree for every three hours of voluntary services completed by its employees, helped Aohan Banner, Inner Mongolia plant Alibaba Health’s first public service forest, 2,000 apricot trees and protected 20 acres of land.

Future Prospects

As China’s economy continues to develop and its population structure evolves, the “Internet + Healthcare” industry faces growing demands and challenges. Taking pride in its leadership in the “Internet + Healthcare” industry, Alibaba Health will always prioritise user value. It will actively utilize the capabilities and service experiences accumulated in the fields of Internet and other technological innovations over the years to empower the strategy of “cloud-based pharmacy”, “cloud-based hospital” and “cloud-based infrastructure”, and strive to deliver quality and efficient healthcare services to more users.

For pharmaceutical e-commerce business, we will continue to optimize our operational efficiency and digitalization capabilities, keeping user experience and user value at the core of its guiding principles. In collaboration with our partners within the ecosystem, we will provide users with more affordable and accessible services, aspiring to become the preferred platform for health consumption for all. In the area of medical services, we will continue to actively explore innovative modes of medical and healthcare services, with a view to providing patients with multi-level and diversified medical services. In the area of cloud-based infrastructure, Alibaba Health will continue to digitalize and empower Internet healthcare, and explore further the application of AI large speech models in e-commerce, healthcare and medical fields. As a leading player in the health services industry, the Group will always uphold its original intention to make health services affordable and accessible, with a focus on its users’ underlying needs, and utilize its leading digital technology and digital operation capabilities, with an aim to achieve the development vision of “becoming a digital health management company serving 500 million people within five years”.

FINANCIAL REVIEW

The key financial data of the Group for the six months ended September 30, 2024 and September 30, 2023 is summarized as follows:

	Six months ended		Change %
	September 30,		
	2024	2023	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	14,273,724	12,956,000	10.2
Gross profit	3,533,765	2,868,668	23.2
Gross profit margin	24.8%	22.1%	N/A
Fulfillment	(1,265,604)	(1,248,808)	1.3
Selling and marketing expenses	(980,698)	(869,376)	12.8
Administrative expenses	(182,867)	(169,531)	7.9
Product development expenses	(319,221)	(319,314)	0
Other income and gains	326,586	336,078	-2.8
Other expenses and losses	(267,956)	(105,802)	153.3
Share of (losses)/profits of a joint venture	(9,982)	1,588	N/A
Share of losses of associates	(11,469)	(9,779)	17.3
Profit for the period	769,048	445,143	72.8
NON-HKFRS ADJUSTMENTS			
Adjusted net profit	<u>977,582</u>	<u>642,473</u>	<u>52.2</u>

— Revenue

Revenue of the Group for the Reporting Period amounted to RMB14,273,724,000, representing an increase of RMB1,317,724,000 or 10.2%, compared with RMB12,956,000,000 for the Corresponding Period. The increase in revenue was mainly attributable to the steady growth of the pharmaceutical direct sales business and healthcare and pharmaceutical e-commerce platform business during the Reporting Period.

— *Pharmaceutical Direct Sales Business*

The pharmaceutical direct sales business of the Group comprises the direct business-to-customer (“**B2C**”) retail, related advertisement business and the business-to-business (“**B2B**”) centralized procurement and distribution business. During the Reporting Period, the overall revenue from pharmaceutical direct sales business reached RMB12,120,866,000, representing an increase of 5.9% year-on-year. The growth in revenue from the direct sales business was mainly attributable to the constant enrichment of categories of goods sold through the

direct B2C retail and SKUs, as well as the continuous optimization of user experience by adopting a number of measures, such as improving information security and providing more professional consultation services.

— ***Pharmaceutical E-commerce Platform Business***

The pharmaceutical e-commerce platform business of the Group comprises the e-commerce platform business acquired from Alibaba Group (including categories of, among others, pharmaceutical products, healthcare food, medical devices, adult and family planning products and contact lenses), and the provision of outsourced services to Tmall Healthcare Platform (in respect of categories other than those that have already been acquired) and new pharmaceutical retail business. At the same time, by incorporating its marketing materials review services and value-added services into the closed loop of health brand merchant solutions, Alibaba Health further improved the completeness of the platform's business model. During the Reporting Period, total revenue of the above businesses amounted to RMB1,710,492,000, representing an increase of 67.5% year-on-year.

— ***Healthcare and Digital Services Business***

During the Reporting Period, the Group continued to enhance user experience of professional healthcare services by providing its users with a seamless online-to-offline healthcare service (including TCM, medical checkups, testing, medical consultation and appointment-booking) through a variety of channels such as Tmall, Taobao and Alipay. Digital services business includes tracking business. "Ma Shang Fang Xin" (碼上放心), the Group's proprietary tracking platform, continued to grow steadily, by offering more value-added services with further penetration into the area of distribution and increasing the coverage of retail terminals. During the Reporting Period, the Group streamlined some of its innovative businesses, and therefore the revenue generated from the healthcare and digital services business decreased by 9.4% year-on-year to RMB442,366,000.

— **Gross profit and gross profit margin**

The Group recorded a gross profit of RMB3,533,765,000 for the Reporting Period, representing an increase of RMB665,097,000 or 23.2% from RMB2,868,668,000 for the Corresponding Period. Gross profit margin for the Reporting Period was 24.8%, representing an increase of 2.7 percentage points comparing with 22.1% for the Corresponding Period. This was mainly attributable to the Group's penetration in the areas of operation refinement and digital upgrades during the Reporting Period, resulting in an optimization in operating efficiency and an improvement in pricing capabilities.

— **Fulfillment**

Warehousing, logistics, operation and customer service costs incurred by the Group's pharmaceutical direct sales business were included in fulfillment costs. Fulfillment expenses for the Reporting Period amounted to RMB1,265,604,000, representing an increase of RMB16,796,000 from RMB1,248,808,000 for the Corresponding Period. During the Reporting Period, fulfillment costs as a proportion of the revenue generated from pharmaceutical direct sales business decreased by approximately 0.5 percentage points to 10.4%, as compared with 10.9% for the Corresponding Period, reflecting higher operational efficiencies achieved by the Group in areas such as warehousing, logistics and customer service.

— **Selling and marketing expenses**

Selling and marketing expenses for the Reporting Period amounted to RMB980,698,000, representing an increase of RMB111,322,000 or 12.8% compared with RMB869,376,000 for the Corresponding Period. The selling and marketing expenses as a proportion of the Group's total revenue for the Reporting Period increased to 6.9% from 6.7% as recorded for the Corresponding Period.

— **Administrative expenses**

Administrative expenses for the Reporting Period amounted to RMB182,867,000, representing an increase of RMB13,336,000 or 7.9% as compared with RMB169,531,000 for the Corresponding Period. The administrative expenses as a proportion of the Group's total revenue remained relatively stable at 1.3% as compared with the Corresponding Period.

— **Product development expenses**

Product development expenses for the Reporting Period amounted to RMB319,221,000, representing a decrease of RMB93,000 as compared with RMB319,314,000 for the Corresponding Period. The product development expenses as a proportion of the Group's total revenue for the Reporting Period decreased to 2.2% from 2.5% as recorded for the Corresponding Period, which was mainly due to optimization of cost controls and research and development strategies during the Reporting Period.

— **Other income and gains**

Other income and gains for the Reporting Period amounted to RMB326,586,000, which primarily comprised interest income and gain on investments incurred during the Reporting Period. The decrease from RMB336,078,000 for the Corresponding Period was mainly due to the decrease in gain on disposal of investments for the period.

— **Other expenses and losses**

Other expenses and losses for the Reporting Period amounted to RMB267,956,000. The increase from RMB105,802,000 for the Corresponding Period was mainly due to the impairment incurred by investments in associates held for the Reporting Period.

— **Share of (losses)/profits of a joint venture**

Share of losses or profits of a joint venture represents the share of net operating results of the joint venture held as to 13.7% by the Group, Jiangsu Zijin Hongyun Health Industry Investment Partnership (Limited Partnership)^ (江蘇紫金弘雲健康產業投資合夥企業 (有限合夥)). For the Reporting Period, share of losses of a joint venture amounted to RMB9,982,000, as compared with profits of RMB1,588,000 for the Corresponding Period.

— **Share of losses of associates**

The Group actively invests in the healthcare segment. The Group's share of losses of associates for the Reporting Period amounted to RMB11,469,000, representing an increase of RMB1,690,000 as compared with losses of RMB9,779,000 for the Corresponding Period. Share of losses of associates for the Reporting Period was mainly attributable to the fact that some associates were still at the transformation or growing stage.

— **Non-Hong Kong Financial Reporting Standard indicator in relation to profit for the Reporting Period: Adjusted net profit**

The Group's profit for the Reporting Period amounted to RMB769,048,000, as compared with a profit of RMB445,143,000 for the Corresponding Period. The Group's adjusted net profit for the Reporting Period amounted to RMB977,582,000, as compared with an adjusted net profit of RMB642,473,000 for the Corresponding Period. Adjusted net profit is based on the profit for the corresponding period after excluding non-operating profit or loss items such as share-based compensation, change in fair value of financial assets at FVPL, net of tax, gain on deemed disposal of associates, net of tax, gain on partial disposal of an associate, net of tax and impairment of investment in associates, net of tax. The adjusted net profit for the Reporting Period increased as compared with the Corresponding Period, mainly attributable to the continuous growth in the number of users on pharmaceutical direct sales business platforms, the operation refinement of the Group's business which has improved its bargaining and pricing capabilities and enhanced its operational efficiency, and the improvement in efficiency and cost sharing driven by the economies of scale on the platform.

To supplement the Group’s consolidated financial statements presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), the Group has also reported its adjusted net profit, which is not required under, or presented in accordance with, HKFRSs, as an additional financial indicator. The Group believes that presenting the non-HKFRS indicator together with the relevant HKFRS indicator will facilitate investors to compare its operational performance across various periods by removing the potential impact of items which its management considers as not indicative of its operational performance. The Group believes that the non-HKFRS indicator provides investors and others with helpful information to understand and assess its consolidated operational results in the same way as its management does. However, the presentation of adjusted net profit may not be comparable with similar indicators presented by other companies. Such non-HKFRS indicator has its limitations as an analytical tool, and it should not be considered as independent of the operational results or financial position presented under HKFRSs, or as a substitute for analyzing the relevant operational results or financial position. In addition, the definition of such non-HKFRS indicator may differ from the definitions of similar indicators used by other companies.

The adjusted net profits for the six months ended September 30, 2024 and 2023 set out in the table below represent adjustments to the most direct and comparable financial indicator calculated and presented in accordance with HKFRSs (i.e. profit for the period):

	Six months ended	
	September 30,	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Profit for the period		
Excluding	769,048	445,143
— Share-based compensation	124,195	155,207
— Fair value losses/(gains) on financial assets at FVPL, net of tax	(59,756)	95,018
— Gain on deemed disposal of associates, net of tax	(1,661)	(18,066)
— Gain on partial disposal of an associate, net of tax	—	(34,829)
— Impairment of investment in associates, net of tax	145,756	—
	<u>977,582</u>	<u>642,473</u>
Adjusted net profit		

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

For the six months ended September 30, 2024, the Group met its cash requirements primarily through cash generated from operating activities. The Group's cash and cash equivalents represent cash and bank balances. As at September 30, 2024 and March 31, 2024, the Group's cash and cash equivalents amounted to RMB7,442,897,000 and RMB9,553,110,000, respectively.

Cash flows of the Group for the six months ended September 30, 2024 and September 30, 2023 were as follows:

	Six months ended	
	September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows generated from operating activities	562,160	910,177
Net cash flows used in investing activities	(733,871)	(979,406)
Net cash flows used in financing activities	(38,693)	(30,112)
	<u>(210,404)</u>	<u>(99,341)</u>
Cash and cash equivalents at the beginning of the period	3,490,169	9,236,850
Effects of exchange rate changes	(50,703)	183,172
	<u>3,229,062</u>	<u>9,320,681</u>
Cash and cash equivalents at the end of the period as stated in the interim condensed consolidated statement of cash flows		
	<u>3,229,062</u>	<u>9,320,681</u>
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	7,442,897	11,697,450
	<u>7,442,897</u>	<u>11,697,450</u>
Non-pledged short-term time deposits with original maturity over three months	(4,213,835)	(2,376,769)
	<u>(4,213,835)</u>	<u>(2,376,769)</u>
Cash and cash equivalents at the end of period as stated in the interim condensed consolidated statement of cash flows	3,229,062	9,320,681
	<u>3,229,062</u>	<u>9,320,681</u>

Net cash flows generated from operating activities

For the Reporting Period, net cash flows generated from operating activities amounted to RMB562,160,000, primarily attributable to profit before tax of RMB821,069,000, as adjusted by: (i) non-cash or non-operating activities expense items, which primarily comprised the addition of share-based compensation expenses of RMB124,195,000, the addition of impairment of investments in associates of RMB191,199,000, and the deduction of bank and other interest income of RMB229,028,000; (ii) changes in working capital, which primarily comprised a decrease in trade and bills payables of RMB313,755,000, a decrease in prepayments, other receivables and other assets of RMB62,742,000, an increase in other payables and accruals of RMB50,512,000, an increase in inventories of RMB336,801,000; and (iii) receipt of interest income of RMB51,452,000.

Net cash flows used in investing activities

For the Reporting Period, net cash flows used in investing activities amounted to RMB733,871,000, which was primarily attributable to the placement of long-term time deposits of RMB2,601,554,000, net withdrawal of short-term time deposits with original maturity over three months upon maturity of RMB1,973,686,000, purchase of financial assets at FVPL of RMB2,090,000,000, receipt of disposal proceeds of financial assets at FVPL of RMB1,803,716,000, and receipt of interest income of RMB173,042,000 during the Reporting Period.

Net cash flows used in financing activities

For the Reporting Period, net cash flows used in financing activities was RMB38,693,000, which was primarily attributable to the principal portion of lease payments of RMB16,105,000 and the payment of RMB22,928,000 for repurchase of shares.

Gearing ratio

As at September 30, 2024, the Group did not have any borrowings, and hence no gearing ratio was shown.

Charged on assets and contingent liabilities

As at September 30, 2024, the Group did not have any material contingent liabilities and had not pledged any Group assets for bank loans or banking facilities.

Liquidity

The Group's operations and transactions are principally conducted in the PRC. The Group prudently managed its treasury functions and maintained a healthy liquidity position throughout the Reporting Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet the Group's funding requirements from time to time.

Foreign exchange exposures

Except for a certain amount of bank balances and cash, most of the Group's bank balances and cash are placed in fixed deposits and are denominated in Hong Kong dollars, Renminbi and United States dollars, while other assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi. The Group does not have foreign exchange hedging policy, but the management will continue to closely monitor exchange rate fluctuations and will take appropriate measures to keep foreign exchange risk exposure to the minimum. The Group does not use any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

The number of full-time employees of the Group as at September 30, 2024 was 1,422 (March 31, 2024: 1,435). Total staff costs of the Group for the Reporting Period amounted to RMB533.1 million (for the six months ended September 30, 2023: RMB571.2 million). All staff employed by the Group in Hong Kong participated in the Mandatory Provident Fund Scheme.

The Group's policy is to maintain a competitive pay structure and its employees are rewarded based on their performance.

Besides, the Group adopted the 2014 Share Award Scheme (the "**2014 Share Award Scheme**") as approved by the shareholders of the Company on November 24, 2014 and amended on August 11, 2023. The Company further adopted the 2024 Share Award Scheme (the "**2024 Share Award Scheme**") pursuant to Chapter 17 of the Listing Rules on August 30, 2024, the terms of which are largely similar in material respects to the terms of the 2014 Share Award Scheme to ensure the consistent practice of share awards of the Group. Pursuant to the 2024 Share Award Scheme, the Board may grant awards in the form of restricted share units (the "**RSUs**") or share options to eligible participants, including the Directors, the directors of the Company's subsidiaries, the employees of the Group or any other persons who, as determined by the Board in its absolute discretion, have contributed or will contribute to the Group.

Upon adoption of the 2024 Share Award Scheme, the 2014 Share Award Scheme was terminated in order to avoid administrative inconvenience. As such, upon adoption of the 2024 Share Award Scheme, no further share awards may be offered or granted under the 2014 Share Award Scheme, but in all other respects the terms of the 2014 Share Award Scheme shall remain in full force and effect. Further, the outstanding options and RSUs granted pursuant to the 2014 Share Award Scheme, which remain unvested or which have vested but not yet been exercised or in respect of which shares not yet issued to the participants at the time of its termination, shall remain in full force and effect.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has its own treasury policy setting out the selection guidelines and relevant approval procedures for acceptable short-term investments and financial assets with reference to its risk management policy. According to such treasury policy, the Company can invest in products including non-equity financial asset investments with strong liquidity which can be realized either at any time or within a short period of time. According to the Company's prevailing approval procedures, any investment decision related to financial assets shall be approved by the financial and treasury manager of the Company, and shall, depending on the size of the investment, be approved by the financial controller or chief financial officer. As at September 30, 2024, the Company's short-term investment at FVPL amounted to approximately RMB290.8 million (balance as at March 31, 2024: Nil).

During the Reporting Period, the Group did not have any significant investments nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures.

INTERIM DIVIDEND

The Board has resolved that no interim dividend be declared for the six months ended September 30, 2024 (for the six months ended September 30, 2023: Nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended September 30, 2024

	<i>Notes</i>	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
REVENUE	4	14,273,724	12,956,000
Cost of sales		(10,739,959)	(10,087,332)
Gross profit		3,533,765	2,868,668
Other income and gains	5	326,586	336,078
Operating expenses			
Fulfilment	6	(1,265,604)	(1,248,808)
Selling and marketing expenses		(980,698)	(869,376)
Administrative expenses		(182,867)	(169,531)
Product development expenses		(319,221)	(319,314)
Other expenses and losses		(267,956)	(105,802)
Finance costs	7	(1,485)	(2,453)
Share of profits/(losses) of:			
A joint venture		(9,982)	1,588
Associates		(11,469)	(9,779)
PROFIT BEFORE TAX	8	821,069	481,271
Income tax expense	9	(52,021)	(36,128)
PROFIT FOR THE PERIOD		<u>769,048</u>	<u>445,143</u>
Attributable to:			
Owners of the parent		768,953	445,891
Non-controlling interests		95	(748)
		<u>769,048</u>	<u>445,143</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		<u>RMB4.79 cents</u>	<u>RMB3.30 cents</u>
Diluted		<u>RMB4.78 cents</u>	<u>RMB3.29 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended September 30, 2024

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
PROFIT FOR THE PERIOD	<u>769,048</u>	<u>445,143</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of subsidiaries with non-RMB functional currencies	<u>13,481</u>	<u>(208,011)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the Company	(115,707)	606,397
Changes in fair value of the equity investment at fair value through other comprehensive income	(8,739)	(12,837)
Share of other comprehensive income of an associate	—	160
Income tax effect	—	(40)
	<u>—</u>	<u>120</u>
Total other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	<u>(124,446)</u>	<u>593,680</u>
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>(110,965)</u>	<u>385,669</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>658,083</u>	<u>830,812</u>
Attributable to:		
Owners of the parent	657,988	831,560
Non-controlling interests	95	(748)
	<u>658,083</u>	<u>830,812</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024

	<i>Notes</i>	September 30, 2024	March 31, 2024
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>12</i>	33,468	35,576
Right-of-use assets		56,804	68,091
Goodwill		810,853	810,853
Other intangible assets		283,629	292,069
Investment in a joint venture		240,498	250,480
Investments in associates		2,077,639	2,285,936
Equity investment designated at fair value through other comprehensive income		89,173	101,659
Financial assets at fair value through profit or loss		1,615,367	1,567,998
Other receivables and other assets		19,012	31,568
Deferred tax assets		43,057	54,870
Long-term time deposits		3,085,190	694,000
		<hr/>	<hr/>
Total non-current assets		8,354,690	6,193,100
CURRENT ASSETS			
Inventories		1,634,184	1,399,738
Trade and bills receivables	<i>13</i>	843,306	785,136
Prepayments, other receivables and other assets		1,444,270	1,490,534
Prepaid tax		7,637	5,313
Financial assets at fair value through profit or loss		290,784	—
Restricted cash		250,808	278,406
Cash and cash equivalents		7,442,897	9,553,110
		<hr/>	<hr/>
Total current assets		11,913,886	13,512,237

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at September 30, 2024

	<i>Note</i>	September 30, 2024 RMB'000 (Unaudited)	March 31, 2024 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	<i>14</i>	3,036,811	3,350,566
Other payables and accruals		1,089,914	997,143
Contract liabilities		604,140	554,683
Lease liabilities		27,468	34,194
Tax payable		111,581	88,872
		<hr/>	<hr/>
Total current liabilities		4,869,914	5,025,458
		<hr/>	<hr/>
NET CURRENT ASSETS		7,043,972	8,486,779
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,398,662	14,679,879
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		40,582	47,976
Deferred tax liabilities		108,582	114,299
		<hr/>	<hr/>
Total non-current liabilities		149,164	162,275
		<hr/>	<hr/>
Net assets		15,249,498	14,517,604
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		142,781	142,780
Treasury shares		(39,174)	(101,946)
Reserves		15,172,358	14,503,378
		<hr/>	<hr/>
		15,275,965	14,544,212
Non-controlling interests		(26,467)	(26,608)
		<hr/>	<hr/>
Total equity		15,249,498	14,517,604
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended September 30, 2024 (the “**Reporting Period**”) has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended March 31, 2024.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended March 31, 2024, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) (continued)

The Group has reassessed the terms and conditions of its liabilities as at April 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business. Given that the chief operating decision maker of the Company considers that the Group's business is operated and managed as a single segment of distribution and development of pharmaceutical and healthcare business, no further segment information is presented.

Geographical information

During the six months ended September 30, 2024, over 95% (September 30, 2023: over 95%) of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets as at September 30, 2024 attributed to Chinese Mainland as determined based on the locations of customers and assets, respectively.

Information about a major customer

During the six months ended September 30, 2024, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (for the six months ended September 30, 2023: Nil).

4. REVENUE

An analysis of revenue from contracts with customers is as follows:

	Six months ended September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Pharmaceutical direct sales business	12,120,866	11,446,663
Pharmaceutical e-commerce platform business	1,710,492	1,021,241
Healthcare and digital services business	442,366	488,096
Total	<u>14,273,724</u>	<u>12,956,000</u>

Disaggregated revenue information

	Six months ended September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Type of goods or services:		
Sale of products	11,258,177	10,842,508
Provision of services	3,015,547	2,113,492
Total	<u>14,273,724</u>	<u>12,956,000</u>
Timing of revenue recognition:		
At a point in time	12,321,927	11,950,035
Over time	1,951,797	1,005,965
Total	<u>14,273,724</u>	<u>12,956,000</u>

5. OTHER INCOME AND GAINS

	Six months ended September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	228,851	203,859
Investment income from financial assets at fair value through profit or loss	3,716	—
Government grants	23,962	58,156
Management fee income from a joint venture	5,697	5,142
Other interest income	177	450
Others	2,544	2,058
	<hr/>	<hr/>
Total other income	264,947	269,665
	<hr/>	<hr/>
Gains		
Fair value gains on financial assets at fair value through profit or loss	59,978	—
Gain on partial disposal of an associate	—	48,337
Gain on deemed disposal of associates	1,661	18,066
Gain on disposal of a joint venture	—	10
	<hr/>	<hr/>
Total gains	61,639	66,413
	<hr/>	<hr/>
Total other income and gains	326,586	336,078
	<hr/> <hr/>	<hr/> <hr/>

6. FULFILMENT

Fulfilment primarily consists of those costs incurred in warehousing, logistics, operation and customer services, which are associated with the Group's pharmaceutical direct sales business.

7. FINANCE COSTS

	Six months ended September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on lease liabilities	1,485	2,453
	<hr/> <hr/>	<hr/> <hr/>

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended September 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of goods sold*	9,521,542	9,116,014
Cost of services provided* (excluding employee benefit expenses)	1,091,340	967,577
Loss on disposal of property and equipment	173	4
Depreciation of property and equipment	4,815	3,622
Depreciation of right-of-use assets	13,154	13,106
Amortisation of intangible assets	8,446	8,497
Fair value loss on contingent consideration included in other payables and accruals**	—	8,457
Fair value loss on financial assets at fair value through profit or loss, net**	—	85,564
Impairment of investments in associates**	191,199	—
Provision/(reversal of provision) of inventories*	102,372	(27,984)
Impairment/(reversal of impairment) of financial assets, net**:		
Impairment of trade receivables	47	85
Impairment of financial assets included in prepayments, other receivables and other assets	11,174	—
Reversal of impairment of a loan to a joint venture	—	(2,500)
Total	<u>11,221</u>	<u>(2,415)</u>
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases**	118	257
Foreign exchange differences, net**	63,820	10,221
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	301,711	293,211
Performance-related bonuses	79,454	95,622
Pension scheme contributions [#]	27,750	28,550
Share-based compensation expenses	124,195	155,207
Total	<u>533,110</u>	<u>572,590</u>

* These items are included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

** These items are included in "Other expenses and losses" in the interim condensed consolidated statement of profit or loss.

[#] There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. INCOME TAX EXPENSE

	Six months ended September 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Overprovision in prior years	(6)	(5)
Current — Chinese Mainland		
Charge for the period	44,870	38,244
Deferred	<u>7,157</u>	<u>(2,111)</u>
Total tax charge for the period	<u>52,021</u>	<u>36,128</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended September 30, 2024 (for the six months ended September 30, 2023: Nil).

In Chinese Mainland, the companies are subject to the PRC corporate income tax rate of 25% (for the six months ended September 30, 2023: 25%) except for two (for the six months ended September 30, 2023: two) PRC subsidiaries which are entitled to a preferential tax rate of 15% because they are accredited as High and New Technology Enterprises and one (for the six months ended September 30, 2023: Nil) PRC subsidiary which is entitled to a preferential tax rate of 15% because it operates in Hainan Free Trade Port and meets the preferential tax treatment requirements.

10. DIVIDENDS

The board of directors of the Company (the “**Board**”) has resolved that no interim dividend be declared for the six months ended September 30, 2024 (for the six months ended September 30, 2023: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 16,064,987,934 (for the six months ended September 30, 2023: 13,512,923,035) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended September 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>768,953</u>	<u>445,891</u>
	Number of shares	
	Six months ended September 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	16,064,987,934	13,512,923,035
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	535,539
Restricted share units	<u>31,532,204</u>	<u>38,575,338</u>
Total	<u>16,096,520,138</u>	<u>13,552,033,912</u>

12. PROPERTY AND EQUIPMENT

During the six months ended September 30, 2024, the Group acquired property and equipment at an aggregate cost of RMB3,114,000 (for the six months ended September 30, 2023: RMB27,389,000) and disposed of property and equipment with an aggregate net book value of RMB407,000 (for the six months ended September 30, 2023: RMB191,000), resulting in a loss on disposal of RMB173,000 (for the six months ended September 30, 2023: RMB4,000).

13. TRADE AND BILLS RECEIVABLES

	September 30, 2024 <i>RMB'000</i> (Unaudited)	March 31, 2024 <i>RMB'000</i> (Audited)
Trade receivables	872,614	815,780
Impairment	<u>(33,734)</u>	<u>(33,687)</u>
Net carrying amount	838,880	782,093
Bills receivable	<u>4,426</u>	<u>3,043</u>
Total trade and bills receivables	<u><u>843,306</u></u>	<u><u>785,136</u></u>

The Group's trading terms with some of its customers are on credit. The Group provides some customers with credit periods from 30 to 90 days. Trade receivables are settled in accordance with the terms of the respective contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

Included in the Group's trade and bills receivables as at September 30, 2024 are amounts due from subsidiaries of Alibaba Group of approximately RMB414,950,000 (March 31, 2024: RMB323,776,000 (audited)), which are repayable on credit terms mutually agreed by the parties involved. There were trade receivables of approximately RMB189,000 (audited) due from the Group's associates at March 31, 2024.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of products received by or services rendered to customers and net of impairment, is as follows:

	September 30, 2024 <i>RMB'000</i> (Unaudited)	March 31, 2024 <i>RMB'000</i> (Audited)
Within 3 months	755,334	694,782
4th to 12th months	75,940	81,010
Over 1 year	<u>7,606</u>	<u>6,301</u>
Total	<u><u>838,880</u></u>	<u><u>782,093</u></u>

14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the date of products and services received by the Group, is as follows:

	September 30, 2024 RMB'000 (Unaudited)	March 31, 2024 RMB'000 (Audited)
Within 3 months	2,654,900	2,779,151
4th to 12th months	347,994	489,845
Over 1 year	33,917	81,570
Total	<u>3,036,811</u>	<u>3,350,566</u>

Included in the Group's trade payables are amounts due to subsidiaries of Alibaba Group of approximately RMB419,701,000 (March 31, 2024: RMB907,537,000 (audited)), which are repayable on credit terms mutually agreed by the parties involved.

15. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim condensed consolidated financial information was approved and authorized for issue by the Board on November 13, 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to continuously attain and maintain high standards of corporate governance as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders, and to enhancing shareholder value. It has adopted the Corporate Governance Code (“**CG Code**”) as set out in Appendix C1 to the Listing Rules.

In the opinion of the Board, throughout the Reporting Period, the Company has complied with all applicable code provisions (the “**Code Provisions**”) set out in the CG Code, except in respect of the following matters:

Code Provision D.1.2 stipulates that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company from time to time, based on business needs and conditions, provides to the Board up-to-date business information and convenes ad hoc meetings for considering material business or management issues, so as to enable the Directors and the Board as a whole to discharge their duties.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code for securities transactions by the (i) Directors; and (ii) certain officers and employees of the Company or its subsidiaries that are considered to be likely in possession of unpublished inside information in relation to the Company or its securities, on terms not less exacting than those in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

In response to specific enquiries made by the Company to all Directors, all Directors have confirmed that they have complied with the Model Code and the Company’s code for securities transactions throughout the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities, except that in April 2024, a trustee of the 2014 Share Award Scheme purchased a total of 7,934,000 shares of the Company on the market for a total consideration of HK\$25,290,000 (equivalent to RMB22,928,000), to satisfy the share awards granted under the 2014 Share Award Scheme to the connected employees of the Company upon vesting.

MATERIAL CHANGES SINCE MARCH 31, 2024

Save for those disclosed in this announcement, there were no other material changes in the Group's financial position since the publication of the annual report for the year ended March 31, 2024 of the Company published on July 30, 2024.

REVIEW OF INTERIM RESULTS

The Group's interim results for the Reporting Period have not been audited, but have been reviewed by the audit committee of the Company (the "Audit Committee") and the independent auditor of the Company, Ernst & Young. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.irasia.com/listco/hk/alihealth). The interim report for the Reporting Period will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Alibaba Health Information Technology Limited
SHEN Difan
Chief Executive Officer and Executive Director

Hong Kong, November 13, 2024

As at the date of this announcement, the Board comprises Mr. Shen Difan and Mr. Tu Yanwu as the executive Directors; Mr. Zhu Shunyan, Ms. Huang Jiaojiao and Mr. Xu Haipeng as the non-executive Directors; and Ms. Huang Yi Fei (Vanessa), Dr. Shao Rong and Ms. Wu May Yihong as the independent non-executive Directors.

[^] *For identification purposes only*