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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED MARCH 31, 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 audited annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended March 31, 2024 (the "**Reporting Period**" or "**FY2024**") together with comparative figures for the preceding financial year (the "**Corresponding Period**"). The annual consolidated financial statements have been reviewed by the audit committee of the Company (the "**Audit Committee**").

HIGHLIGHTS

During the Reporting Period, the total revenue of the Group reached RMB27,026.6 million, representing a slight increase of 1.0% year-on-year given the high comparison base during the pandemic. Meanwhile, with the significant improvement in operating quality, our net profit for the Reporting Period reached RMB883.1 million, representing an increase of 64.6% year-on-year. As at March 31, 2024, the business of the Tmall Healthcare Platform continued to grow at a steady pace. The number of annual active users (those who made one or more actual purchase(s) on the platform within the past 12 months) reached 300 million. Tmall Healthcare Platform served over 35,000 merchants as at March 31, 2024, representing an increase of 28% year-on-year. As at March 31, 2024, the cumulative membership of the Group's direct online stores grew to 77 million, representing a growth in average revenue per user ("**ARPU**") of over 17% year-on-year. Meanwhile, we continued to improve the experience of chronic disease users, with duration of therapy ("**DOT**") hours growing by 7.6% year-on-year. During the Reporting Period, more than 220,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of more than 20,000 professionals as compared to March 31, 2023. The average daily number of consultations (excluding prescription) increased to 11,045 during the Reporting Period.

During the Reporting Period, the Group completed the acquisition of the advertising operation rights of merchants in the healthcare categories of Tmall of Alibaba Group (for further details, please refer to the Company's announcements dated November 28, 2023 and January 17, 2024). The acquisition further enhanced the business offerings of our platform models by integrating advertising services into the closed loop of healthcare brand solutions, thereby improving the capacity of our services operation for product manufacturers and significantly enhancing the Company's profitability.

KEY FINANCIAL FIGURES

	For the year ended March 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	%
		(Restated)	
Revenue	**27,026,555**	26,763,016	1.0
Gross profit	**5,895,321**	5,701,334	3.4
Profit for the year	**883,136**	536,509	64.6
Adjusted net profit *(Note)*	**1,437,928**	753,615	90.8

Note:

Adjusted net profit is based on the profit for the respective year after excluding non-operating profit or loss items such as share-based compensation expenses, 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 loss on deregistration of subsidiaries (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 years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back at FY2024, the "Internet + Healthcare" service model was further refined and well-received under the country's multi-dimensional policy support. On July 28, 2023, the General Office of the State Council of the PRC published the "Measures for Restoring and Expanding Consumption"^ (關於恢復和擴大消費的措施) from the National Development and Reform Commission of the PRC, clearly proposing to enhance the consumption of healthcare services, develop "Internet + Healthcare", further improve Internet diagnosis and treatment payment policy and gradually incorporate eligible "Internet +" healthcare services into the scope of medical insurance payment. As an important indicator of national economy and people's livelihood, there has been a gradual improvement on the relevant policies which support "Internet +" online services within the healthcare sector. The coordination and integration of online and offline models will further enhance the convenience and effectiveness of relevant services. In terms of medical innovation, the National Data Bureau and 16 other departments jointly issued the "Data Element X" Three-Year Action Plan (2024–2026)^ (「數據要素X」三年行動計劃(2024–2026年)), clearly proposing that the value of healthcare data should be realised in an orderly manner, while strengthening the integration and innovation of healthcare data in the healthcare sector. Regarding the direction of the application of data elements, enterprises are encouraged to explore the implementation of new models in various applications such as future health management and primary healthcare. As the industry's leader in innovation, Alibaba Health will follow the government's supervision and guidance, while continuing the exploration in innovation in the health sector. During the Reporting Period, all business segments of the Company achieved sound development.

During the Reporting Period, the total revenue of the Group reached RMB27,026.6 million, representing a slight increase of 1.0% year-on-year given the high comparison base during the pandemic. Meanwhile, with the significant improvement in operating quality, our net profit for the Reporting Period reached RMB883.1 million, representing an increase of 64.6% year-on-year. As at March 31, 2024, the business of the Tmall Healthcare Platform continued to grow at a steady pace. The number of annual active users (those who made one or more actual purchase(s) on the platform within the past 12 months) reached 300 million. Tmall Healthcare Platform served over 35,000 merchants as at March 31, 2024, representing an increase of 28% year-on-year.

As at March 31, 2024, the cumulative membership of the Group's direct online stores grew to 77 million, representing a growth in average revenue per user ("**ARPU**") of over 17% year-on-year. Meanwhile, we continued to improve the experience of chronic disease users, with duration of therapy ("**DOT**") hours growing by 7.6% year-on-year. During the Reporting Period, we further optimized the layout of our pharmaceutical logistics network, maintaining a high standard for next-day delivery of pharmaceuticals while enhancing logistics efficiency by upgrading from next-day delivery to next-day home delivery in core cities such as Shanghai, Hangzhou, Suzhou, Wuxi and Changzhou, committing ourselves to providing our customers with more stable and convenient next-day home delivery service. For the segment of medical and healthcare services, as at the end of the Reporting Period, more than 220,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of more than 20,000 professionals as compared to March 31, 2023. The average daily number of consultations (excluding prescription) increased to 11,045 during the Reporting Period.

As the flagship healthcare platform of Alibaba Group Holding Limited ("**Alibaba Holding**", together with its subsidiaries, "**Alibaba Group**"), the Group upholds its original intention to make healthcare services affordable and accessible. The Group will continue to consolidate and strengthen its existing business foundations in healthcare, and actively explore innovative business models, promote industry development, and maintain a forward-looking approach towards the future to align with the evolving needs of its customers, while maintaining the highest industry standard of compliance and service quality. 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 the Group fully realized and made use of its brand advantages and resources accumulated over the years. Building on its strengths in e-commerce, big data and cloud computing, and based on a synergetic operation model that integrates the Tmall Healthcare E-commerce Platform and its pharmaceutical direct sales business and e-commerce advertisement business, the Group actively expands cooperations with recognized upstream pharmaceutical, nutritional, healthcare, medical device manufacturers and distributors, so as to provide a comprehensive suite of Internet integrated health solutions for users with health needs. During the Reporting Period, the Group completed the acquisition of the advertising operation rights of merchants in the healthcare categories of Tmall of Alibaba Group (for further details, please refer to the Company's announcements dated November 28, 2023 and January 17, 2024). The acquisition further enhanced the business offerings of our platform models by integrating advertising services into the closed loop of health brand solutions, thereby improving the capacity of our services operation for product manufacturers and significantly enhancing the Company's profitability.

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

  As a leading online pharmaceutical and healthcare products service platform in China, we continue to leverage Tmall Healthcare Platform's digital capabilities during the Reporting Period, as it collaborated with partners to jointly explore new development trends within the sector, explore market opportunities and focus on user demand trends, with a view to providing users with more accessible and quality healthcare services. As at March 31, 2024, the number of annual active users (those who made one or more actual purchase(s) within the past 12 months) on the Tmall Healthcare Platform reached 300 million. Tmall Healthcare Platform served over 35,000 merchants as at March 31, 2024, representing an increase of 28% year-on-year.

  In light of rising demands for healthcare consumption in the post-pandemic era, the Group continued to focus on user refinement operation, join hands with the industry to expand its business and products, enrich the supply, establish new channels and new traffic conversion methods, and revitalize the healthcare sector for new momentum. During the Reporting Period, Alibaba Health responded to the promotion and guidance of the government and regulatory authorities and continued to promote the Blue Cap mindset of "safer and more effective" health food products among its customers in the country. Through the release of white papers on trends, business alliances and other means, the layout of Blue Cap Health Food supply was accelerated. Meanwhile, through means such as cognitive education, Alibaba Health promoted Blue Cap Health Food products from both the supply and demand sides, thereby achieving growth in a rapid pace. Regarding the home devices categories, with the continuous advancement of technology, we accurately captured demand of the consumers and continued to develop trending categories while exploring more content channels, resulting in an average growth rate of over 35% for trending categories such as efficacious skincare.

The completeness of the platform business was improved by the injection of the advertising business. During the Reporting Period, the Group successfully acquired the exclusive advertising and marketing review rights of medical and health merchants on Alibaba Group's Tmall platform through the issuance of shares and partial cash payment at a consideration of HK$13.5 billion, as set out in the announcements of the Company dated November 28, 2023 and January 17, 2024. Leveraging on its extensive experience in health category operations and merchant insights, Alibaba Health enhanced merchant experience and satisfaction through its advertising services, providing more customized services to merchants while driving their business growth, thereby achieving a win-win situation for both parties.

- ***Pharmaceutical Direct Sales Business***

Adhering to 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, Ele.me and other segments with comprehensive and affordable healthcare services, including prescription drugs, over-the-counter (OTC) drugs, nutritional supplements, medical devices and contact lenses.

During the Reporting Period, the Group enhanced its operation refinement capability. However, due to the high comparison base during the pandemic, the pharmaceutical direct sales business recorded a revenue of RMB23,739.2 million, representing a slight increase of 0.6% year-on-year. During the Reporting Period, based on the consumers' mindset, the Group joined hands with different manufacturers in the industry to expand its business and products, continuing to enrich the supply to meet the diversified demand of consumers. While continuing to improve the efficiency of category operations, online stock keeping units ("**SKUs**") achieved double-digit growth. As at March 31, 2024, the number of annual active users of the Group's direct online stores remained steady, with cumulative membership increasing to 77 million, and an ARPU growth rate of 17.2% year-on-year. Meanwhile, we continued to improve the experience of our chronic disease users, with DOT hours for chronic disease users increasing by 7.6% year-on-year.

During the Reporting Period, the Group enhanced its operational efficiency, integrated industry, suppliers and self-operated resources, offered hot-selling products, and achieved considerable growth in various categories, as demonstrated by the year-on-year growth of over 50% in revenue deriving from personal care, healthcare and massage equipment industry, as well as the year-on-year growth of 68.3% in revenue from protective gears (devices), each under pharmaceutical direct sales business. As part of the Group's effort to develop new categories, Alibaba Health Pharmacy added new categories of slow-health products such as pet healthcare and some functional skin care masks, delivering satisfactory result of growth.

As the general public becomes increasingly health conscious in the post-pandemic era, the Group has been making further efforts to gain deeper insight into customers' needs, making front-end market preparations with merchants while continuing to create room for growth in the health industry. In the sector of prescription drugs, the Group cooperated with Huadong Medicine to debut Liraglutide Injection, the first online domestic GLP-1 drug, to provide a new, more convenient and accessible treatment option for type 2 diabetes mellitus (T2DM) patients in the country. Meanwhile, we collaborated with Pfizer to launch Litfulo, the first and only innovative drug approved for the treatment of severe baldness in teenagers aged 12 and above and adults, providing consumers with a safer and more effective option.

During the Reporting Period, we further optimized the layout of our pharmaceutical logistics network, maintaining a high standard for next-day delivery of pharmaceuticals while actively enhancing logistics efficiency by continuously upgrading from next-day delivery to next-day home delivery in core cities such as Shanghai, Hangzhou, Suzhou, Wuxi and Changzhou, committing ourselves to providing our customers with more stable and convenient next-day home delivery service.

Healthcare and Digital Services Business

During the Reporting Period, the Group continued to enhance users' experience of the professional healthcare services by providing its users with a seamless online-to-offline system of healthcare services (including traditional Chinese medicine ("**TCM**"), medical checkups, medical consultation, appointment-booking, vaccination, dental care, mental care, optometry and nursing) through a variety of terminals such as Tmall, Taobao, Alipay, AMap, DingTalk, Freshippo and Quark. As at March 31, 2024, over 220,000 licensed physicians, pharmacists and nutritionists contracted with the Group to provide online health consultation services, representing an increase of more than 20,000 professionals as compared with the number as at March 31, 2023. The average daily number of consultations (excluding prescription) increased to 11,045 during the Reporting Period. During the Reporting Period, revenue generated from the healthcare and digital services business amounted to RMB957.8 million, representing an increase of 2.6% year-on-year.

- ***Healthcare Services***

  Leveraging on its Internet hospitals as a network, the Group has fully utilized its technical advantages to improve the efficiency of medical services, optimize service process, and gradually consolidate its presence in the field of chronic disease management by expanding to 23 disease areas, with the addition of chronic disease areas such as women's health and atopic dermatitis. Meanwhile, Alibaba Health Internet hospitals launched more solutions, such as a new digital intelligence solution for doctors. Through popularizing the capability of the video digital human and the big model follow-up platform, doctors are helped to improve the refined management of patients, as well as to improve patient education efficiently. During the Reporting Period, we collaborated with the China Anti-Cancer Association to promote the popularization of guidelines and disease education in areas such as oncology and self-immunization. The business of Xiaolu TCM continued to grow steadily. As at March 31, 2024, Xiaolu TCM had more than 120,000 registered TCM practitioners, and the number of dispensing centers increased to 116, covering 28 provinces and direct-administered municipalities. In March 2024, Xiaolu TCM successfully launched the second edition of Gold Bianque Top 100 TCM Practitioners List^ (金扁鵲中醫百強榜), a word-of-mouth-based ranking which selected nearly 700 reputable TCM practitioners across the country, thereby attracting wide attention from the society.

- ***Digital Tracking Business***

  "Ma Shang Fang Xin"^ (碼上放心) tracking platform business continued to maintain a steady pace of development. During the Reporting Period, with the strengthened implementation of China's drug tracking policy for key drug varieties across the entire chain, the Group explored more business scenarios for its tracking business, including the coverage of the entire value chain from drug production, distribution to the terminals. Leveraging on the advantages such as the "one object, one code" metadata attributes of pharmaceutical products and client coverage, the "Ma Shang Fang Xin" platform completed the construction of data circulation and business synergy links with some of the leading operating enterprises while assisting the pharmaceutical companies in completing the digitization of the corresponding circulation compliance and other requirements. During the Reporting Period, the "Ma Shang Fang Xin" platform responded to the "Pilot Work Plan for Aging and Accessibility Reform of Drug Instruction Manuals"^ (藥品說明書適老化及無障礙改革試點工作方案) launched by the National Medical Products Administration, providing free aging services of drug instruction manuals for pharmaceutical companies. Patients can scan the tracking code to access a large-print version of the digital manual and use the audio function for key information in the manual, thereby optimizing the customer service experience.

In the field of healthcare large-scale model applications under the e-commerce scenario, we created the self-developed large-scale model of Alibaba Health by building on the huge healthcare product knowledge base accumulated over years in the e-commerce industry. With the advancing and optimizing applications of the healthcare knowledge and literature across the industry under the real scenario, the user satisfaction and accuracy of our customer services (pre-sales, in-sales and after-sales) in specific categories improved significantly. In terms of medical service, we developed Doctor U, an intelligent and one-stop platform for doctor and patient education underpinned by the large-scale technology, enabling doctors to establish their own intelligent platform for science popularisation creation and train their own AI models, thus significantly improving their work efficiency and process quality.

Public Service

During the Reporting Period, the Group continued to assist in upgrading rural medical and healthcare resources. While providing direct assistance to rural villages through its own medical and healthcare capabilities, the Group also endeavoured to improve the foundation of local medical equipment and strengthen the training and capacity enhancement of medical personnel. As at March 31, 2024, over RMB39 million has been invested in the "Xiao Lu Lantern"^ (小鹿燈) (Children's Serious Disease Relief Platform) project. We continued to expand on our existing "proactive assistance" model by launching a special leukaemia assistance programme, providing a green channel for children suffering from leukaemia, so that they can receive genetic testing and targeted drug therapy as part of the necessary diagnosis and treatment. The new model won the 18th People's Corporate Social Responsibility Award for Case of the Year^ (第十八屆人民企業社會責任評選年度案例獎) in FY2024. Joining hands with the Ling Feng Foundation of Beijing, Alibaba Health Philanthropy and Alibaba Foundation created "Aidou Rehabilitation Homes"^ (愛豆•康復健康小屋) in FY2024, a health management unit at the village entrance in the county. The project supported the development of village doctors' capacity in various aspects, including hardware, medical technology and management means. As at March 31, 2024, "Aidou Rehabilitation Homes" had served more than 50,000 people.

Future Prospects

FY2024 is a year of challenges and opportunities. Macro and geopolitical factors have brought challenges to the industry, but also more opportunities. As the industry's leading digital health management company, taking user value as the starting point and building on the long-accumulated experience in service capabilities and leading technology innovation of the Internet healthcare industry, we will continue to empower the "cloud-based pharmacy", "cloud-based hospital" and "cloud-based infrastructure" strategies, so as to provide affordable, convenient, efficient and reliable medical and healthcare services to hundreds of millions of families.

For pharmaceutical e-commerce business, guided by the principle of placing user value at the core, we will continue to optimize our operational efficiency and digitalization capabilities. Joining hands with our partners within the ecosystem, we will continue to provide users with more affordable and accessible services, aspiring to become the preferred platform for health consumption for all. Meanwhile, we will actively operate our new advertising business, providing one-stop services to brands and merchants with a complete platform model, so that we can grow together and create new momentum for the growth of the healthcare industry. In the area of medical services, we will continue to explore innovative modes of medical and healthcare services, with a view to providing patients with multi-level and diversified medical services. Under the support of national policies, we will continue to develop the "cloud-based infrastructure" strategy, assisting the regulatory authorities in the exploration of the application scenarios of AI large speech models in the healthcare verticals, so as to enhance the performance of the industry.

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, so as 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 years ended March 31, 2024 and 2023 is summarized as follows:

	2024	2023	Change
	RMB'000	*RMB'000*	*%*
		(Restated)	
Revenue	**27,026,555**	26,763,016	1.0
Gross profit	**5,895,321**	5,701,334	3.4
Gross profit margin	**21.8%**	21.3%	N/A
Fulfilment	**(2,413,212)**	(2,907,137)	(17.0)
Sales and marketing expenses	**(1,776,564)**	(1,768,675)	0.4
Administrative expenses	**(359,980)**	(379,487)	(5.1)
Product development expenses	**(705,382)**	(677,822)	4.1
Other income and gains	**674,755**	618,069	9.2
Other expenses and losses	**(363,644)**	(40,836)	790.5
Share of profits of joint ventures	**1,039**	48,981	(97.9)
Share of losses of associates	**(6,965)**	(37,600)	(81.5)
Income tax expense	**(56,263)**	(14,485)	288.4
Profit for the year	**883,136**	536,509	64.6
NON-HKFRS ADJUSTMENTS			
Adjusted net profit	**1,437,928**	753,615	90.8

— **Revenue**

Revenue of the Group for the Reporting Period amounted to RMB27,026,555,000, representing an increase of RMB263,539,000 or 1.0% as compared with RMB26,763,016,000 for the Corresponding Period. The increase in revenue was mainly attributable to the continued steady development of the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business during the Reporting Period.

— ***Pharmaceutical Direct Sales Business***

The pharmaceutical direct sales business of the Group primarily comprises the direct business-to-customer ("**B2C**") retail and advertisement related business. During the Reporting Period, the overall revenue from the pharmaceutical direct sales business reached RMB23,739,246,000, representing an increase of 0.6% year-on-year. The growth in revenue from the pharmaceutical 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 users' 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, contact lenses, and medical and healthcare services and other categories of e-commerce platform business), and the provision of outsourced services to Tmall Healthcare Platform (in respect of categories other than those that have already been acquired) and the new pharmaceutical retail business. During the Reporting Period, the Group completed the acquisition of the operational rights for advertising of merchants under the healthcare categories on Alibaba Group's Tmall platform. By incorporating advertising services into the solution portfolio for healthcare brands, it further improved the completeness of the platform's business model. The total revenue of the above businesses amounted to RMB2,329,471,000, representing an increase of 4.1% year-on-year.

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

During the Reporting Period, the Group continued to penetrate the areas of Internet healthcare and healthcare service, and leveraged on the ability of Alibaba Holding's ecosystem to acquire user traffic, offer multi-level, diversified, professional and convenient medical and healthcare services, including medical checkups, medical consultation, appointment-booking, vaccination, TCM, oral care, psychological health, optometry, and nursing, to end users from a wide range of channels, such as Taobao, Tmall, Alipay, AMap, DingTalk, Freshippo and Quark, with seamless online-to-offline operation. Digital services business includes tracking business and "Ma Shang Fang Xin", 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 recorded a revenue of RMB957,838,000 from the healthcare and digital services business, representing a growth of 2.6% year-on-year.

— **Gross profit and gross profit margin**

The Group recorded a gross profit of RMB5,895,321,000 for the Reporting Period, representing an increase of RMB193,987,000 or 3.4% from RMB5,701,334,000 for the Corresponding Period. Gross profit margin for the Reporting Period was 21.8%, representing an increase as compared with 21.3% 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.

— **Fulfilment**

Warehousing, logistics and customer service expenses, commissions on the Tmall Healthcare Platform, payment of handling fees and relevant staff costs incurred by the Group's pharmaceutical direct sales business were included in fulfilment costs. Fulfilment costs for the Reporting Period amounted to RMB2,413,212,000, representing a decrease of RMB493,925,000 or 17.0% from RMB2,907,137,000 for the Corresponding Period. During the Reporting Period, fulfilment costs as a proportion of the revenue generated from pharmaceutical direct sales business decreased by approximately 2.1% to 10.2%, as compared with 12.3% for the Corresponding Period, reflecting an improvement in the Group's operational efficiency in areas such as warehousing, logistics and customer services.

— **Sales and marketing expenses**

Sales and marketing expenses for the Reporting Period amounted to RMB1,776,564,000, representing an increase of RMB7,889,000 or 0.4% as compared with RMB1,768,675,000 for the Corresponding Period, remaining relatively steady year-on-year the previous year.

— **Administrative expenses**

Administrative expenses for the Reporting Period amounted to RMB359,980,000, representing a decrease of RMB19,507,000 or 5.1% as compared with RMB379,487,000 for the Corresponding Period, benefiting from cost controls and the continuing effect of the economies of scale.

— **Product development expenses**

Product development expenses for the Reporting Period amounted to RMB705,382,000, representing an increase of RMB27,560,000 or 4.1% as compared with RMB677,822,000 for the Corresponding Period, which was mainly due to the fact that during the Reporting Period, the Group increased its investment in technological research and development in areas such as operation refinement of its pharmaceutical direct sales business and large language model, in order to continuously facilitate the steady growth of various business segments.

— **Other income and gains**

Other income and gains for the Reporting Period amounted to RMB674,755,000, which primarily comprised interest income and gain on disposal of investments incurred during the year. The increase from RMB618,069,000 for the Corresponding Period was mainly due to the increase in interest income received during the Reporting Period.

— **Other expenses and losses**

During the Reporting Period, other expenses and losses amounted to RMB363,644,000, which primarily comprised changes in fair value of financial assets at FVPL. The increase from RMB40,836,000 for the Corresponding Period was mainly due to the loss in fair value of financial assets at FVPL during the Reporting Period.

— **Share of profits of joint ventures**

Share of profits of joint ventures 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, the Group's share of profits of joint ventures was RMB1,039,000, as compared with RMB48,981,000 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 RMB6,965,000, representing a decrease of RMB30,635,000 as compared with the losses of RMB37,600,000 recorded for the Corresponding Period. Share of losses of associates for the year was mainly attributable to the fact that the progress of projects undertaken by some of the Group's associates engaged in providing services to hospitals was delayed due to the impact of COVID-19, and that some associates were still at the transformation or growing stage.

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

The Group's profit for the Reporting Period amounted to RMB883,136,000, as compared with a profit of RMB536,509,000 for the Corresponding Period. The Group's adjusted net profit for the Reporting Period amounted to RMB1,437,928,000, as compared with an adjusted net profit of RMB753,615,000 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 expenses, 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 loss on deregistration of subsidiaries (net of tax). The adjusted net profit for the Reporting Period recorded an increase of RMB684,313,000, 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 that 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 being independent of the operational results or financial position presented under HKFRSs, or as a substitute for analysing 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 profit for the years ended March 31, 2024 and 2023 set out in the table below represents adjustments to the most direct and comparable financial indicator calculated and presented in accordance with HKFRSs (i.e. profit for the year):

	For the year ended March 31,	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**883,136**	536,509
Excluding		
— Share-based compensation expenses	**266,059**	308,890
— Fair value losses/(gain) on financial assets at FVPL, net of tax	**341,588**	(43,834)
— Gain on deemed disposal of associates, net of tax	**(18,066)**	(32,123)
— Gain on partial disposal of an associate, net of tax	**(34,789)**	(17,135)
— Loss on deregistration of subsidiaries, net of tax	**—**	1,308
Adjusted net profit	**1,437,928**	753,615

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

For the Reporting Period, 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 March 31, 2024 and March 31, 2023, the Group's cash and cash equivalents amounted to RMB9,553,110,000 and RMB10,917,171,000, respectively.

Cash flows of the Group for the years ended March 31, 2024 and 2023 were as follows:

	For the year ended March 31,	
	2024	2023
	RMB'000	*RMB'000*
Net cash flows generated from operating activities	**1,079,832**	255,690
Net cash flows used in investing activities	**(4,880,900)**	(532,436)
Net cash flows used in financing activities	**(1,982,395)**	(111,278)
Net decrease in cash and cash equivalents	**(5,783,463)**	(388,024)
Cash and cash equivalents at the beginning of the year	**9,236,850**	9,341,427
Effects of exchange rate changes	**36,782**	283,447
Cash and cash equivalents at the end of the year	**3,490,169**	9,236,850
Non-pledged time deposits with a holding period of over three months	**6,062,941**	1,680,321
Cash and cash equivalents at the end of the year as stated in the consolidated financial statements	**9,553,110**	10,917,171

Net cash flows generated from operating activities

For the Reporting Period, net cash flows generated from operating activities amounted to RMB1,079,832,000, primarily attributable to profit before income tax from continuing operations of RMB939,399,000, as adjusted by: (i) non-cash or non-operating activities expense items, which primarily comprised the addition of share-based compensation expenses of RMB266,059,000, the addition of losses on financial assets at FVPL of RMB349,854,000, and the deduction of bank and other interest income of RMB478,030,000; (ii) changes in working capital, which primarily comprised a decrease in trade and bills payables of RMB363,481,000, an increase in prepayments, other receivables and other assets of RMB180,158,000, a decrease in other payables and accruals of RMB127,953,000, an increase in contract liabilities of RMB59,617,000, a decrease in inventories of RMB614,096,000, an increase in trade receivables of RMB211,492,000, and an increase in restricted cash of RMB128,144,000; and (iii) addition of interest received of RMB232,246,000.

Net cash flows used in investing activities

For the Reporting Period, net cash used in investing activities amounted to RMB4,880,900,000, which was primarily attributable to the increase of the time deposits with original maturity of over three months of RMB4,270,918,000, net cash used in the payment of acquisition activities of RMB131,027,000 and net cash used in the purchase of long-term time deposits of RMB694,000,000 during the Reporting Period.

Net cash flows used in financing activities

For the Reporting Period, net cash flows used in financing activities was RMB1,982,395,000, which was primarily attributable to the net outflow of cash and cash equivalents of RMB1,838,771,000 used in the acquisition of subsidiaries under common control, the principal portion of lease payments of RMB39,934,000 and the payment of RMB104,568,000 for repurchase of shares of the Company by the trustee of the share award scheme of the Company during the Reporting Period.

Gearing ratio

As at March 31, 2024, the Group did not have any borrowings, and hence no gearing ratio was shown (March 31, 2023: Nil).

Charged on assets and contingent liabilities

As at March 31, 2024, the Group did not have any material contingent liabilities and had not pledged any Group assets for bank loans and 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 our 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 changed its presentation currency from Hong Kong dollars to Renminbi starting from the year ended March 31, 2016 to better reflect its operations in the PRC and to be consistent with the internal reporting portfolio reviewed by the Directors. 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 March 31, 2024 was 1,435 (March 31, 2023: 1,560). Total staff costs of the Group for the Reporting Period amounted to RMB1,097.3 million (for the Corresponding Period: RMB1,223.0 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.

The Group also adopted a share award scheme (the "**Share Award Scheme**") as approved by the shareholders of the Company (the "**Shareholders**") on November 24, 2014 and amended on August 11, 2023. Pursuant to the Share Award Scheme, the Board may grant awards in the form of restricted share units ("**RSUs**") or options to eligible participants.

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 March 31, 2024, the Company did not have any short-term investment at FVPL (balance as at March 31, 2023: Nil).

On November 28, 2023, the Company and Taobao Holding Limited (the "**Vendor**") entered into a share purchase agreement (the "**Share Purchase Agreement**"), pursuant to which the Company agreed to purchase, and the Vendor agreed to sell, the entire issued share capital of AJK Technology Holding Limited (the "**Target Company**", together with its subsidiaries, the "**Target Group**") in the aggregate consideration of HK$13,500,000,000, which shall be settled at completion (the "**Completion**") by (i) the Company issuing 2,558,222,222 ordinary shares of par value HK$0.01 each in the share capital of the Company (the "**Consideration Shares**") to the Vendor (and/or its nominee), and (ii) the Company paying HK$2,000,000,000 in cash to the Vendor. On November 27, 2023, Hangzhou Jingzhun Health Information Technology Co., Ltd.^ (杭州精準健康信息科技有限公司) (the "**WFOE**"), an indirect wholly-owned subsidiary of the Target Company, entered into an exclusive services framework agreement with Hangzhou Alimama Software Services Co., Ltd.^ (杭州阿里媽媽軟件服務有限公司), pursuant to which the Group shall, upon Completion, through the Target Group, operate and manage the advertising operation rights of merchants in the healthcare categories of Tmall of Alibaba Group. The Completion took place on January 17, 2024 and a total number of 2,558,222,222 Consideration Shares have been allotted and issued to the Vendor pursuant to the terms and conditions of the Share Purchase Agreement at the issue price of HK$4.50 per Share, and the Target Company has become a wholly-owned subsidiary of the Company. For further details, please refer to the announcements of the Company dated November 28, 2023 and January 17, 2024.

Save as disclosed above, 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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (for the Corresponding Period: Nil).

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in note 11 in the consolidated financial statements, there are no significant events of the Group subsequent to March 31, 2024 and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended March 31, 2024

	Notes	**2024** **RMB'000**	2023 RMB'000 (Restated)
REVENUE	4	**27,026,555**	26,763,016
Cost of sales		**(21,131,234)**	(21,061,682)
Gross profit		**5,895,321**	5,701,334
Other income and gains	4	**674,755**	618,069
Operating expenses			
Fulfilment		**(2,413,212)**	(2,907,137)
Selling and marketing expenses		**(1,776,564)**	(1,768,675)
Administrative expenses		**(359,980)**	(379,487)
Product development expenses		**(705,382)**	(677,822)
Other expenses and losses		**(363,644)**	(40,836)
Finance costs		**(5,969)**	(5,833)
Share of profits/(losses) of:			
Joint ventures		**1,039**	48,981
Associates		**(6,965)**	(37,600)
PROFIT BEFORE TAX	5	**939,399**	550,994
Income tax expense	6	**(56,263)**	(14,485)
PROFIT FOR THE YEAR		**883,136**	536,509
Attributable to:			
Owners of the parent		**883,477**	535,653
Non-controlling interests		**(341)**	856
		883,136	536,509
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic		**RMB6.29 cents**	RMB3.97 cents
Diluted		**RMB6.27 cents**	RMB3.96 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2024

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
PROFIT FOR THE YEAR	**883,136**	536,509
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Group's subsidiaries	**(201,875)**	(296,049)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**477,059**	639,609
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	**(27,888)**	(30,090)
Income tax effect	**—**	2,174
	(27,888)	(27,916)
Share of other comprehensive loss of associates	**(406)**	—
Income tax effect	**101**	—
	(305)	—
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	**448,866**	611,693
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**246,991**	315,644
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,130,127**	852,153
Attributable to:		
Owners of the parent	**1,130,468**	851,297
Non-controlling interests	**(341)**	856
	1,130,127	852,153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2024

	Notes	**March 31, 2024** **RMB'000**	March 31, 2023 *RMB'000* (Restated)	April 1, 2022 *RMB'000* (Restated)
NON-CURRENT ASSETS				
Property and equipment		**35,576**	14,235	20,176
Right-of-use assets		**68,091**	54,313	144,930
Goodwill		**810,853**	810,853	810,853
Other intangible assets		**292,069**	309,010	326,215
Investments in joint ventures		**250,480**	249,441	160,660
Investments in associates		**2,285,936**	2,336,704	2,340,814
Equity investment designated at fair value through other comprehensive income		**101,659**	122,062	140,900
Financial assets at fair value through profit or loss		**1,567,998**	1,883,292	1,661,490
Other receivables and other assets		**31,568**	20,024	13,030
Deferred tax assets		**54,870**	34,096	17,418
Long-term time deposits		**694,000**	—	—
Total non-current assets		**6,193,100**	5,834,030	5,636,486
CURRENT ASSETS				
Inventories		**1,399,738**	2,102,312	1,550,150
Trade and bills receivables	9	**785,136**	578,787	515,985
Prepayments, other receivables and other assets		**1,490,534**	1,139,940	864,875
Prepaid tax		**5,313**	25,318	23,525
Restricted cash		**278,406**	150,262	63,125
Cash and cash equivalents		**9,553,110**	10,917,171	10,547,851
Total current assets		**13,512,237**	14,913,790	13,565,511
CURRENT LIABILITIES				
Trade and bills payables	10	**3,350,566**	3,714,047	3,528,597
Other payables and accruals		**997,143**	1,127,492	941,376
Contract liabilities		**554,683**	495,066	260,678
Lease liabilities		**34,194**	37,437	50,656
Tax payable		**88,872**	63,402	40,826
Total current liabilities		**5,025,458**	5,437,444	4,822,133
NET CURRENT ASSETS		**8,486,779**	9,476,346	8,743,378
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,679,879**	15,310,376	14,379,864

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

March 31, 2024

	March 31, 2024 *RMB'000*	March 31, 2023 *RMB'000* (Restated)	April 1, 2022 *RMB'000* (Restated)
NON-CURRENT LIABILITIES			
Lease liabilities	**47,976**	40,361	84,758
Deferred tax liabilities	**114,299**	122,816	118,891
Other payables	**—**	—	106,363
Total non-current liabilities	**162,275**	163,177	310,012
Net assets	**14,517,604**	15,147,199	14,069,852
EQUITY			
Equity attributable to owners of the parent			
Share capital	**142,780**	119,133	119,102
Treasury shares	**(101,946)**	(70,482)	(23,516)
Reserves	**14,503,378**	15,124,922	14,000,453
	14,544,212	15,173,573	14,096,039
Non-controlling interests	**(26,608)**	(26,374)	(26,187)
Total equity	**14,517,604**	15,147,199	14,069,852

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial instruments at fair value through profit or loss ("**FVPL**"), bills receivable, an equity investment designated at fair value through other comprehensive income ("**FVOCI**") and contingent consideration included in other payables and accruals, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognize a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at April 1, 2023. Upon initial application of these amendments, the Group recognized (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at April 1, 2022, with cumulative effect recognized as an adjustment to the balances of accumulated losses and non-controlling interests at that date. The quantitative impact on the financial information is summarised below.

	Increase/(decrease)		
	As at March 31, 2024 ***RMB'000***	As at March 31, 2023 *RMB'000*	As at April 1, 2022 *RMB'000*
Assets			
Deferred tax assets	**1,072**	265	28
Total non-current assets	**1,072**	265	28
Total assets	**1,072**	265	28
Liabilities			
Deferred tax liabilities	**210**	399	2,408
Total non-current liabilities	**210**	399	2,408
Total liabilities	**210**	399	2,408
Net assets	**862**	(134)	(2,380)
Equity			
Accumulated losses (included in reserves)	**(862)**	134	2,380
Equity attributable to owners of the parent	**862**	(134)	(2,380)
Total equity	**862**	(134)	(2,380)

The deferred tax assets and the deferred tax liabilities arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) (Continued)

Impact on the consolidated statement of profit or loss:

	Increase/(decrease) For the year ended March 31, **2024** *RMB'000*	2023 *RMB'000*
Income tax expenses	**(996)**	(2,246)
Profit for the year	**996**	2,246
Attributable to:		
Owners of the parent	**996**	2,246
Non-controlling interests	**—**	—
	996	2,246
Total comprehensive income for the year	**996**	2,246
Attributable to:		
Owners of the parent	**996**	2,246
Non-controlling interests	**—**	—
	996	2,246

	Increase/(decrease) For the year ended March 31, **2024**	2023
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic	**RMB0.01 cents**	RMB0.02 cents
Diluted	**RMB0.01 cents**	RMB0.02 cents

The adoption of amendments to HKAS 12 did not have any material impact on the other comprehensive income and the consolidated statements of cash flows for the years ended March 31, 2024 and 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

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 year ended March 31, 2024, over 95% (2023: 95%) of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets as at March 31, 2024 attributed to Chinese Mainland as determined based on the locations of customers and assets, respectively.

Information about a major customer

During the year ended March 31, 2024, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (2023: Nil).

4. REVENUE, OTHER INCOME AND GAINS

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

	2024	2023
	RMB'000	*RMB'000*
Pharmaceutical direct sales business	**23,739,246**	23,591,577
Pharmaceutical e-commerce platform business	**2,329,471**	2,237,953
Healthcare and digital services business	**957,838**	933,486
Total	**27,026,555**	26,763,016

(i) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services:		
Sale of products	**22,561,428**	22,578,076
Provision of services	**4,465,127**	4,184,940
Total	**27,026,555**	26,763,016
Timing of revenue recognition:		
At a point in time	**24,784,573**	25,036,819
Over time	**2,241,982**	1,726,197
Total	**27,026,555**	26,763,016

The following table shows the amounts of revenue recognized in the reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Sale of products	**4,078**	3,985
Provision of services	**490,988**	256,693
Total	**495,066**	260,678

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(ii) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

The performance obligation is satisfied upon delivery of the pharmaceutical and healthcare products. For B2C pharmacy sales, payment is received from the payment platform, i.e. Alipay.com Co., Ltd. (支付寶(中國)網絡技術有限公司) ("**Alipay**"), when the receipt of goods is confirmed by customers or by the payment platform automatically within a pre-specified period of time after delivery. For B2B pharmacy sales, payment is generally due within 30 to 90 days, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

Provision of services

The performance obligation is satisfied over time or at a point in time as marketing services, outsourced and value-added services, E-commerce platform services and healthcare and digital services are rendered to Tmall Entities. Payment is generally received upon the completion of the underlying transactions, prior to the provision of services on a full prepayment basis, or due within 30 to 90 days.

The Group has elected the practical expedient for not to disclose the remaining performance obligations because the performance obligations are part of contracts with original expected duration of one year or less (2023: one year or less).

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2024	2023
	RMB'000	*RMB'000*
Other income		
Bank interest income	**477,266**	330,442
Other interest income	**764**	1,146
Investment income from financial investments at fair value through profit or loss	**6,028**	—
Government grants#	**77,220**	83,033
Dividend income from financial assets at fair value through profit or loss	**24,500**	—
Management fee income from a joint venture	**10,669**	9,452
Others	**4,283**	6,681
Total other income	**600,730**	430,754
Gains		
Foreign exchange differences, net	**7,086**	72,064
Fair value gains on financial assets at fair value through profit or loss	**—**	47,917
Gain on deemed disposal of associates	**18,066**	41,474
Gain on partial disposal of an associate	**48,337**	22,847
Gain on disposal of a joint venture	**10**	—
Gain on recognition of net investments in subleases	**—**	2,649
Covid-19-related rent concessions from lessors	**—**	299
Gain on disposal of property and equipment	**526**	65
Total gains	**74,025**	187,315
Total other income and gains	**674,755**	618,069

Government grants mainly represented incentives received for investments in certain regions in Chinese Mainland in which the Company's subsidiaries operate as well as additional value-added tax deductibles and other tax benefits.

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of goods sold*	**18,974,776**	18,814,630
Cost of services provided* (excluding employee benefit expenses)	**2,026,106**	2,031,341
Depreciation of property and equipment	**6,929**	9,514
Depreciation of right-of-use assets	**29,796**	36,692
Amortization of intangible assets	**16,957**	17,513
Lease payments not included in the measurement of lease liabilities	**1,652**	1,126
Impairment of inventories*	**88,478**	159,591
Impairment losses of financial assets, net**:		
Impairment of trade receivables	**5,143**	1,824
Impairment of other receivables	**—**	11,518
Impairment of loan to a joint venture, net	**(2,500)**	—
Total	**2,643**	13,342
Fair value loss on contingent consideration included in other payables and accruals**	**8,457**	19,811
Fair value losses on financial assets at fair value through profit or loss**	**349,854**	—
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases**	**732**	3,167
Loss on deregistration of subsidiaries**	**—**	1,308
Auditor's remuneration	**4,130**	3,980
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**609,566**	658,918
Performance-related bonuses	**166,564**	202,085
Share-based compensation expenses	**266,059**	308,890
Pension scheme contributions#	**55,069**	53,151
Total	**1,097,258**	1,223,044

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

** These items are included in "Other expenses and losses" in the 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.

6. INCOME TAX

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Current — Hong Kong		
Charge for the year	**—**	704
Underprovision/(overprovision) in prior years	**(5)**	65
Current — Chinese Mainland		
Charge for the year	**84,648**	29,225
Underprovision in prior years	**—**	1,201
Deferred	**(28,380)**	(16,710)
Total tax charge for the year	**56,263**	14,485

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

In Chinese Mainland, the companies are subject to the PRC corporate income tax rate of 25%, except for two (2023: two) PRC subsidiaries which are entitled to a preferential tax rate of 15% because they are accredited as High and New Technology Enterprises.

No tax attributable to joint ventures was included in "Share of profits of joint ventures" in the consolidated statement of profit or loss (2023: Nil).

The share of tax charge attributable to associates of approximately RMB6,342,000 (2023: RMB4,695,000) is included in "Share of profits or loss of associates" in the consolidated statement of profit or loss.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent of RMB883,477,000 (2023: RMB535,653,000 (restated)), and the weighted average number of ordinary shares of 14,044,082,144 in issue during the year (2023: 13,503,050,886).

The calculation of the diluted earnings per share amounts is based on the profit for the year 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 year, 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.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

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

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**883,477**	535,653

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**14,044,082,144**	13,503,050,886
Effect of dilution — weighted average number of ordinary shares:		
Share options	**327,131**	665,770
Restricted share units	**46,283,396**	37,862,990
Total	**14,090,692,671**	13,541,579,646

8. DIVIDENDS

The board does not recommend the payment of dividend for the year ended March 31, 2024 (2023: Nil).

9. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**815,780**	606,627
Impairment	**(33,687)**	(28,544)
Net carrying amount	**782,093**	578,083
Bills receivable	**3,043**	704
Total trade and bills receivables	**785,136**	578,787

The Group's trading terms with some of its customers are on credit. The Group provides a credit period of 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 senior management. In the view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. TRADE AND BILLS RECEIVABLES (CONTINUED)

Included in the Group's trade receivables are amounts due from subsidiaries of Alibaba Group of approximately RMB323,776,000 (2023: RMB192,106,000) and the Group's associates of approximately RMB189,000 (2023: RMB267,000), which are repayable on credit terms mutually agreed by the parties involved.

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:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**694,782**	465,694
4th to 12th months	**81,010**	98,626
Over 1 year	**6,301**	13,763
Total	**782,093**	578,083

The movements in the provision for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At April 1	**28,544**	26,720
Impairment *(note 5)*	**5,143**	1,824
At March 31	**33,687**	28,544

10. 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:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**2,779,151**	3,000,935
4th to 12th months	**489,845**	624,112
Over 1 year	**81,570**	89,000
Total	**3,350,566**	3,714,047

The trade payables are non-interest-bearing and are normally settled on terms of 30 days to 90 days.

Included in the Group's trade payables are amounts due to subsidiaries of Alibaba Group of approximately RMB907,537,000 (2023: RMB843,047,000), which are repayable on credit terms mutually agreed by the parties involved.

11. EVENTS AFTER THE REPORTING PERIOD

During the period between April 1 and May 27, 2024, 7,934,000 shares of HK$0.01 each were repurchased for RSUs to be vested for non-connected persons at a total cash consideration of RMB23,366,000.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain high standards of corporate governance continuously 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.

In the opinion of the Board, throughout the Reporting Period, the Company has complied with the code provisions ("**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") under Appendix C1 to the Listing Rules, except in respect of the following matters:

According to Code Provision C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhu Shunyan ("**Mr. Zhu**") has served as both the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") from March 16, 2020 to the close of business on November 28, 2023. After joining the Group, Mr. Zhu has been primarily responsible for overseeing the Group's general management and business development and for formulating business strategies and policies for its business management and operations. The Directors consider that at the time of Mr. Zhu's appointment as the Chief Executive Officer, it was appropriate for Mr. Zhu to hold both the positions of the Chairman and the Chief Executive Officer as they believe that it would ensure consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board was also of the view that the balance of power and authority for such arrangement would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively. For the purpose of focusing on the Group's long-term strategic development plan, Mr. Zhu has resigned from his position as the Chief Executive Officer with effect from the close of business on November 28, 2023 and Mr. Shen Difan, who has been the Chief Operating Officer of the Company, has been appointed as the Chief Executive Officer with effect from the same time. The Company had been in compliance with the requirements under the Code Provision C.2.1 of separating the roles of the chairman and the chief executive officer since the close of business on November 28, 2023.

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 LISTED SECURITIES OF THE COMPANY

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 May 2023 and March 2024, a trustee of the Share Award Scheme purchased a total of 33,018,000 shares of the Company on the market for a total consideration of approximately HK$113,672,000 (equivalent to approximately RMB104,568,000), to satisfy the share awards granted under the Share Award Scheme to the employees of the Company upon vesting.

AUDIT COMMITTEE REVIEW

The Group's annual results for the Reporting Period have been reviewed by the Audit Committee. The Audit Committee has also discussed auditing, internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Reporting Period as set out in this preliminary results announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Reporting Period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

PUBLICATION OF PRELIMINARY RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/alihealth). The annual report for the Reporting Period containing the information as required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders and available on the above websites in due course.

For and on behalf of the Board
Alibaba Health Information Technology Limited
Shen Difan
Chief Executive Officer

Hong Kong, May 27, 2024

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

^ *For identification purposes only*