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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)

CLARIFICATION ANNOUNCEMENT

IN RELATION TO THE ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

Reference is made to the announcement (the “**Interim Results Announcement**”) of Alibaba Health Information Technology Limited (the “**Company**”) dated November 24, 2014 in relation to the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended September 30, 2014. Capitalized terms used in this announcement have the same meanings as those defined in the Interim Results Announcement unless the context requires otherwise.

As set out in the Interim Results Announcement, the Company restated the comparative figures for the six months ended September 30, 2013. The board of directors (the “**Board**”) of the Company wishes to provide further information relating to such restatements. Accordingly, the Interim Results Announcement is supplemented as follows:

The third paragraph on page 9 of the Interim Results Announcement be amended as follows:

“Correction of Prior Period Error

Background

Following the completion of the subscription of 4,423,175,008 shares of HK\$0.01 each in the Company on April 30, 2014 by Perfect Advance Holding Limited (the “**Subscription**”), there was a change in management of the Company, including the appointment of new directors on May 9, 2014 and the appointment of a new chief financial officer in June 2014. The Company also appointed Ernst & Young as its new auditors at its annual general meeting held on August 15, 2014.

As part of Ernst & Young's audit planning work, the management of the Company discussed its business and accounts with Ernst & Young and further evaluated the Group's basis of recognition of certain revenue recorded in the year ended March 31, 2014 in respect of granting medical and healthcare institutions an access right to the PIATS platform upon the delivery of the security key.

After this further evaluation, the Board (including the audit committee of the Company) and the management determined that the main purpose of the delivery of the security key and the grant of the access right to the PIATS platform is to allow the relevant medical and healthcare institutions access to the underlying services provided by the Company's PIATS platform to process their data. Drug manufacturers, wholesalers, retailers, and medical and healthcare institutions are all granted access to the Group's PIATS platform through use of individualized security keys. Such users are then able to process data on the PIATS platform, including for collection by the Group to provide product tracking, recall and enforcement information services to the relevant PRC authorities. The Group therefore needs to operate and maintain the PIATS platform to allow users to use this service over a period of time.

Therefore, the Board concluded that the correct treatment is to recognize the revenue received as the underlying services are provided to the medical and healthcare institutions over time, which is consistent with the treatment of revenue received from other similar users of the PIATS platform, including drug manufacturers, wholesalers and retailers, and the Board decided to proceed with the restatements.

The Company intends to consistently adopt this same accounting treatment to recognize revenue received in respect of the use of its PIATS platform by medical and healthcare institutions for the year ending March 31, 2015. Ernst & Young is expected to concur with the Company's management on the use of such accounting treatment in respect of the Company's financial statements for the year ending March 31, 2015.

Impact of the restatements

The impact of the restatements on the condensed consolidated statement of profit or loss for the year ended March 31, 2014 was to decrease revenue by HK\$32,728,000 and to increase loss by the same amount, while the impact of the restatements on the condensed consolidated statement of financial position as at March 31, 2014 was to decrease net assets and equity by the same amount. The same amount will be correspondingly recognized as revenue over future periods.

The Company commenced the provision of PIATS services to medical and healthcare institutions in the year ended March 31, 2013, but the Company was then correct in recognizing revenue in respect of such customers for the year ended March 31, 2013, as the underlying services were provided over time. Accordingly, the financial statements for the periods prior to the year ended March 31, 2014 are not required to be restated as the error only occurred in respect of financial statements for the year ended March 31, 2014.

Improvement initiatives

The Board has reviewed and discussed the relevant facts in detail with the Company's management and finance teams. It considered that there was an insufficient communication between the old and new management teams during the transition. Since the new management and the Board joined the Company, they have gained a much deeper understanding of the continuously evolving business of the Company, including the PIATS business. As a result, the Board has taken further measures, including requiring more regular meetings between the Company's management, its business and finance teams, its Audit Committee and its auditors to discuss and review any changes in the Company's business or any extension to new types of customers from time to time, so as to ensure more timely assessment and evaluation of the Company's accounting policies, judgments and estimates."

Save as disclosed above, all other information contained in the Interim Results Announcement remains unchanged.

By Order of the Board
Alibaba Health Information Technology Limited
WANG Jian
Chairman of the Board

Hong Kong, December 3, 2014

As at the date of this announcement, the Board comprises nine directors, of which (i) two are executive Directors, namely Dr. WANG Jian and Ms. CHEN Xiao Ying; (ii) four are non-executive Directors, namely Mr. ZHANG Yong, Mr. CHEN Jun, Mr. CHIA Pun Kok and Mr. YU Feng; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. Samuel King On WONG.