

FISCAL YEAR

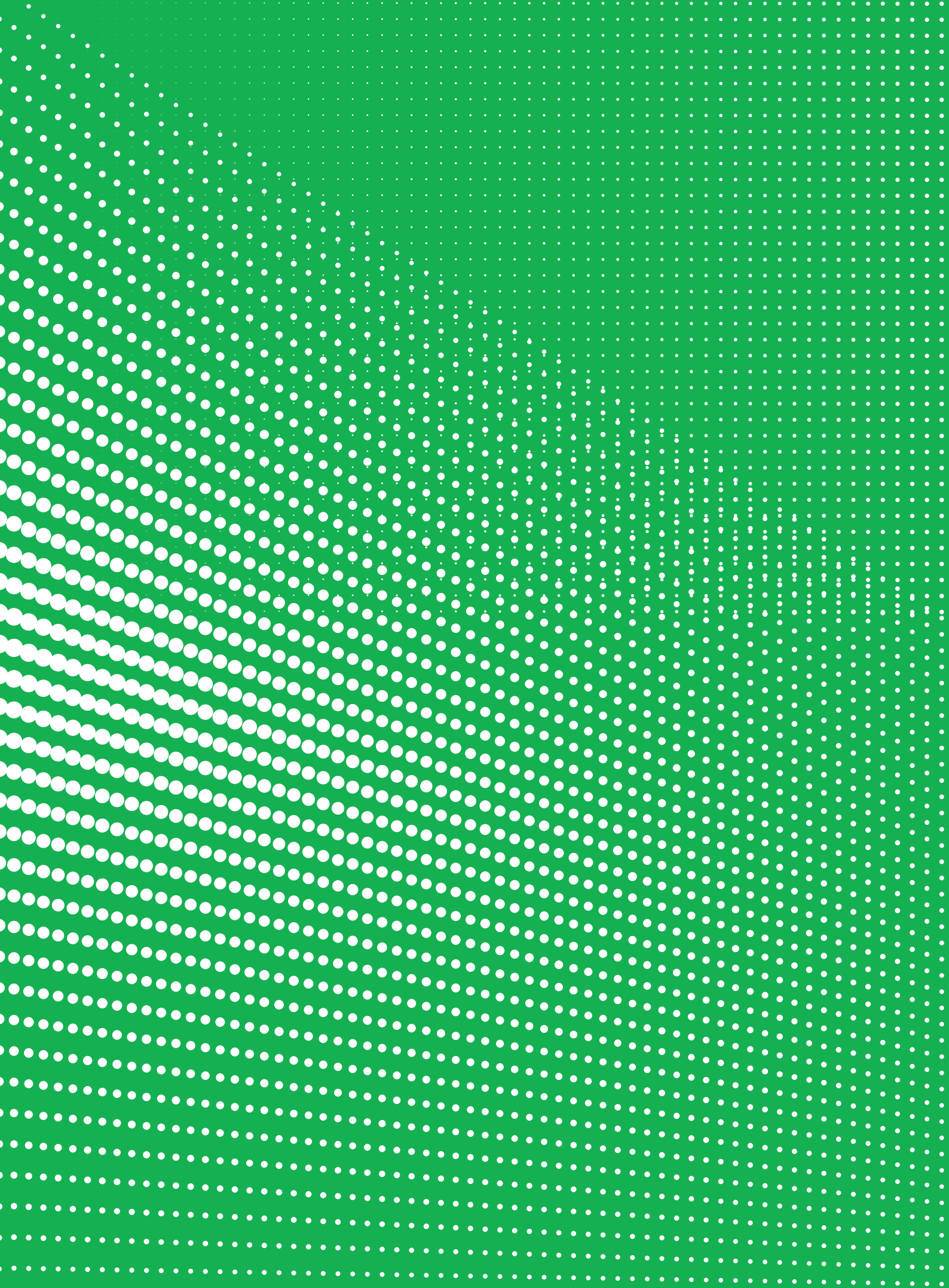
2025

INTERIM REPORT



Alibaba Health Information  
Technology Limited

Incorporated in Bermuda with limited liability | Stock code: 00241



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# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

### Executive Directors

Mr. ZHU Shunyan (*Chairman*) (re-designated to a non-executive Director with effect from September 1, 2024)

Mr. SHEN Difan (*Chief Executive Officer*)

Mr. TU Yanwu

### Non-executive Directors

Mr. ZHU Shunyan (*Chairman*) (re-designated as a non-executive Director with effect from September 1, 2024)

Ms. HUANG Jiaojiao

Mr. XU Haipeng

### Independent Non-executive Directors

Ms. HUANG Yi Fei (Vanessa)

Dr. SHAO Rong

Ms. WU May Yihong

### Audit Committee

Ms. WU May Yihong (*Chairman*)

Ms. HUANG Yi Fei (Vanessa)

Dr. SHAO Rong

### Remuneration Committee

Ms. HUANG Yi Fei (Vanessa) (*Chairman*)

Ms. HUANG Jiaojiao

Ms. WU May Yihong

### Nomination Committee

Mr. ZHU Shunyan (*Chairman*)

Dr. SHAO Rong

Ms. WU May Yihong

## AUTHORIZED REPRESENTATIVES

Mr. SHEN Difan

Ms. TSUI Hiu Leong

## COMPANY SECRETARIES

Ms. TSUI Hiu Leong

Ms. DENG Yan

## LEGAL ADVISOR

Fangda Partners

## AUDITOR

Ernst & Young

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

## REGISTERED OFFICE

Victoria Place

5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN PRC

30/F, Greenland Center

Building 9, Zone 4

Wangjing East Park

Chaoyang District

Beijing

## **PRINCIPAL SHARE REGISTRAR (IN BERMUDA)**

Ocorian Management (Bermuda) Ltd.  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

## **BRANCH SHARE REGISTRAR (IN HONG KONG)**

Tricor Secretaries Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **PRINCIPAL BANKERS**

China CITIC Bank International Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
China Merchants Bank Co., Ltd.  
Bank of Ningbo Co., Ltd  
JPMorgan Chase Bank  
Agricultural Bank of China

## **COMPANY WEBSITE**

<http://www.irasia.com/listco/hk/alihealth/>

# MANAGEMENT DISCUSSION AND ANALYSIS

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## BUSINESS REVIEW

During the six months ended September 30, 2024 (the “**Reporting Period**”), 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, Alibaba Health Information Technology Limited and its subsidiaries (collectively referred to as 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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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 Information Technology Limited (the “**Company**” or “**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”<sup>^</sup> (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).

# MANAGEMENT DISCUSSION AND ANALYSIS

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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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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- ***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

# MANAGEMENT DISCUSSION AND ANALYSIS

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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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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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

# MANAGEMENT DISCUSSION AND ANALYSIS

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 the corresponding period of the preceding year (the "Corresponding Period") is summarized as follows:

	Six months ended		
	2024	2023	Change
	RMB'000	RMB'000	%
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
<b>Profit for the period</b>	<b>769,048</b>	<b>445,143</b>	<b>72.8</b>
<b>NON-HKFRS ADJUSTMENTS</b>			
Adjusted net profit	977,582	642,473	52.2

### – 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## – 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## – 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 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. 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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):

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 RMB'000	2023 RMB'000
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)
Net decrease in cash and cash equivalents	(210,404)	(99,341)
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
Cash and cash equivalents at the end of the period as stated in the interim condensed consolidated statement of cash flows	3,229,062	9,320,681
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	7,442,897	11,697,450
Non-pledged short-term time deposits with original maturity over three months	(4,213,835)	(2,376,769)
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

# MANAGEMENT DISCUSSION AND ANALYSIS

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## **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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## 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. The remuneration packages for its employees primarily comprise one or more of the following elements: basic salary, performance-based incentive bonus and discretionary year-end bonus. The Group continuously provides tailored trainings to its employees.

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 (the "**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. For details of the 2014 Share Award Scheme and the 2024 Share Award Scheme, please refer to the section headed "Share Award Schemes" in this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## **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.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at the date of this report, the Group did not have any future plans for material investments and capital assets.

## **INTERIM DIVIDEND**

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).

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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## DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

### Executive Directors:

Mr. ZHU Shunyan (*Chairman*) (re-designated to a non-executive Director with effect from September 1, 2024)

Mr. SHEN Difan (*Chief Executive Officer*)

Mr. TU Yanwu

### Non-executive Directors:

Mr. ZHU Shunyan (*Chairman*) (re-designated as a non-executive Director with effect from September 1, 2024)

Ms. HUANG Jiaojiao

Mr. XU Haipeng

### Independent Non-executive Directors:

Ms. HUANG Yi Fei (Vanessa)

Dr. SHAO Rong

Ms. WU May Yihong

## CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

The changes in information of the Directors and chief executive pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) since the date of the Company’s 2024 annual report, up to the date of this report are set out below:

With effect from September 1, 2024, Mr. ZHU Shunyan has been re-designated from an executive Director to a non-executive Director. For details, please refer to the announcement of the Company dated August 30, 2024.

Ms. HUANG Yi Fei (Vanessa) has been a member of the InnoHK Steering Committee since February 2023. With effect from November 2024, she has also been appointed as a member of Steering Committee of the Research, Academic and Industry Sectors One-plus Scheme (the “**RAISE+ Scheme**”). The Steering Committee is set up to advise the Hong Kong government on the implementation of the RAISE+ Scheme, and make recommendations to the Commissioner for Innovation and Technology on approval of applications under the RAISE+ Scheme.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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Dr. SHAO Rong was appointed as an independent director of Shanghai InnoStar Bio-tech Co., Ltd., a company which was listed on the Science and Technology Innovation Board of Shanghai Stock Exchange on September 3, 2024 (stock code: 688710).

Save as disclosed above, there were no other changes in information in respect of Directors and chief executive which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## SHARE AWARD SCHEMES

The Company adopted the 2014 Share Award Scheme as approved by the Shareholders on November 24, 2014 and amended on August 11, 2023, which was terminated upon the adoption of 2024 Share Award Scheme. No further share awards has been or may be offered or granted under the 2014 Share Award Scheme since its termination but in all other respects its terms 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.

The Company has adopted 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 (the “Share Awards”). For details of the terms of the 2024 Share Award Scheme, please refer to the circular of the Company dated July 30, 2024.

As at April 1, 2024, Share Awards in respect of a total of 1,340,537,307 and 135,332,785 underlying shares, which represent approximately 8.33% and 0.84% of the Company’s total issued shares as at April 1, 2024, remained available to be granted under the scheme mandate limit and the service provider sublimit regulated under the 2014 Share Award Scheme, respectively.

As at September 30, 2024, Share Awards in respect of a total of 1,605,125,926 and 160,917,362 underlying shares, which represent approximately 9.97% and 1.00% of the Company’s total issued shares (excluding treasury shares) as at September 30, 2024, remain available to be granted under the scheme mandate limit and the service provider sublimit regulated under the 2024 Share Award Scheme, respectively. The number of shares of the Company that may be issued (and, together with treasury shares that may be transferred, as applicable) in respect of the Options and RSUs granted under the 2014 Share Award Scheme and the 2024 Share Award Scheme during the Reporting Period divided by the weighted average number of the shares of the Company in issue (excluding treasury shares) for the Reporting Period is 0.51%.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

Details of the Options and RSUs granted during the Reporting Period and/or outstanding as at September 30, 2024 under the 2014 Share Award Scheme are as below:

Name of option holders/ grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2024		Date of grant/conditional grant	Granted during the Reporting Period	Vesting period	Excise period	Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the Reporting Period <sup>(B)</sup>	Options or RSUs lapsed during the Reporting Period	Options or RSUs cancelled during the Reporting Period	RSUs vested during the Reporting Period <sup>(B)</sup>	Number of shares represented by options or RSUs outstanding as at September 30, 2024
Mr. SHEN Difan	Options	336,750		June 15, 2021	-	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	-	-	-	336,750
	Options	1,062,750		June 15, 2022	-	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	-	-	-	1,062,750
	Options	1,302,750		June 15, 2023	-	Within four years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	-	-	-	1,302,750
	Options	-		June 14, 2024 <sup>(1)(2)</sup>	1,959,200	Within four years from June 14, 2024	Within ten years from June 14, 2024	None	Nil	3.720	-	-	-	-	1,959,200
	RSUs	67,350		June 15, 2021	-	Within four years from June 15, 2021	-	None	Nil	-	-	-	-	33,675	33,675
	RSUs	318,825		June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	-	-	106,275	212,550
	RSUs	521,100		June 15, 2023	-	Within four years from June 15, 2023	-	None	Nil	-	-	-	-	130,275	390,825
	RSUs	-		June 14, 2024 <sup>(1)(2)</sup>	783,700	Within four years from June 14, 2024	-	None	Nil	-	-	-	-	-	783,700
<b>Total</b>	<b>Options</b>	<b>2,702,250</b>	<b>-</b>		<b>1,959,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,661,450</b>
	<b>RSUs</b>	<b>907,275</b>	<b>-</b>		<b>783,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,225</b>	<b>1,420,750</b>
Mr. TU Yanwu	Options	145,000		June 15, 2020	-	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	-	-	-	-	145,000
	Options	67,250		June 15, 2021	-	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	-	-	-	67,250
	Options	283,250		June 15, 2022	-	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	-	-	-	283,250
	Options	255,750		June 15, 2023	-	Within four years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	-	-	-	255,750
	RSUs	14,500		June 15, 2020	-	Within four years from June 15, 2020	-	None	Nil	-	-	-	-	14,500	-
	RSUs	13,450		June 15, 2021	-	Within four years from June 15, 2021	-	None	Nil	-	-	-	-	6,725	6,725
	RSUs	84,975		June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	-	-	28,325	56,650
	RSUs	102,300		June 15, 2023	-	Within four years from June 15, 2023	-	None	Nil	-	-	-	-	25,575	76,725
	RSUs	-		June 14, 2024 <sup>(1)(2)</sup>	696,600	Within four years from June 14, 2024	-	None	Nil	-	-	-	-	-	696,600
<b>Total</b>	<b>Options</b>	<b>751,250</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>751,250</b>
	<b>RSUs</b>	<b>215,225</b>	<b>-</b>		<b>696,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,125</b>	<b>836,700</b>

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

Name of option holders/ grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2024	Date of grant/ conditional grant	Granted during the Reporting Period	Vesting period	Excise period	Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the Reporting Period <sup>(1)</sup>	Options or RSUs lapsed during the Reporting Period	Options or RSUs cancelled during the Reporting Period	RSUs vested during the Reporting Period <sup>(2)</sup>	Number of shares represented by options or RSUs outstanding as at
														September 30, 2024
Mr. ZHU Shunyan	Options	2,900,000	June 15, 2020	-	Within six years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	-	-	-	-	2,900,000
	Options	421,250	June 15, 2021	-	Within six years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18.212	-	-	-	-	421,250
	Options	1,290,125	June 15, 2022	-	Within six years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4.920	-	-	-	-	1,290,125
	Options	1,381,250	June 15, 2023	-	Within six years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5.160	-	-	-	-	1,381,250
	Options	-	June 14, 2024 <sup>(1)(2)</sup>	1,741,500	Within six years from June 14, 2024	Within ten years from June 14, 2024	None	Nil	3.720	-	-	-	-	1,741,500
	RSUs	125,000	June 15, 2020	-	Within six years from June 15, 2020	-	None	Nil	-	-	-	-	125,000	-
	RSUs	112,334	June 15, 2021	-	Within six years from June 15, 2021	-	None	Nil	-	-	-	-	28,083	84,251
	RSUs	430,041	June 15, 2022	-	Within six years from June 15, 2022	-	None	Nil	-	-	-	-	86,009	344,032
	RSUs	552,500	June 15, 2023	-	Within six years from June 15, 2023	-	None	Nil	-	-	-	-	92,084	460,416
	RSUs	-	June 14, 2024 <sup>(1)(2)</sup>	696,600	Within six years from June 14, 2024	-	None	Nil	-	-	-	-	-	696,600
<b>Total</b>	<b>Options</b>	<b>5,992,625</b>	<b>-</b>	<b>1,741,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,734,125</b>
	<b>RSUs</b>	<b>1,219,875</b>	<b>-</b>	<b>696,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331,176</b>	<b>1,585,299</b>
<b>Employees of the Group (including employees of the affiliates of the Group)</b>	Options	508,000	September 7, 2015	-	From October 10, 2015 to October 10, 2019	Within ten years from September 7, 2015	None	Nil	5.184	-	-	-	-	508,000
	Options	152,000	April 28, 2016	-	From October 10, 2017 to April 30, 2020	Within ten years from April 28, 2016	None	Nil	5.320	-	20,000	-	-	132,000
	Options	1,661,500	July 29, 2016	-	From October 10, 2016 to July 31, 2020	Within ten years from July 29, 2016	None	Nil	5.558	-	205,000	-	-	1,456,500
	Options	592,500	February 2, 2017	-	From January 31, 2019 to January 31, 2021	Within ten years from February 2, 2017	None	Nil	3.626	-	-	-	-	592,500
	Options	734,250	August 3, 2017	-	From July 31, 2018 to July 31, 2021	Within ten years from August 3, 2017	None	Nil	3.686	-	251,500	-	-	482,750
	Options	162,000	October 10, 2017	-	From October 10, 2018 to October 10, 2021	Within ten years from October 10, 2017	None	Nil	4.400	-	-	-	-	162,000
	Options	347,000	February 1, 2018	-	From October 10, 2019 to January 31, 2022	Within ten years from February 1, 2018	None	Nil	4.144	90,000	257,000	-	-	-
	Options	1,421,125	June 15, 2020	-	Within four years from June 15, 2020	Within ten years from June 15, 2020	None	Nil	19.940	-	-	-	-	1,421,125
	Options	119,000	September 15, 2020	-	Within four years from September 15, 2020	Within ten years from September 15, 2020	None	Nil	18.660	-	-	-	-	119,000



# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

Name of option holders/ grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2024	Date of grant/ conditional grant	Granted during the Reporting Period		Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the Reporting Period <sup>(i)</sup>	Options or RSUs lapsed during the Reporting Period	Options or RSUs cancelled during the Reporting Period	RSUs vested during the Reporting Period <sup>(i)</sup>	Number of shares represented by options or RSUs outstanding as at September 30, 2024
				Vesting period	Excise period								
	Options	753,750	June 15, 2021	-	Within four years from June 15, 2021	Within ten years from June 15, 2021	None	Nil	18,212	-	-	-	753,750
	Options	750,000	March 15, 2022	-	Within four years from March 15, 2022	Within ten years from March 15, 2022	None	Nil	4,240	-	-	-	750,000
	Options	3,857,344	June 15, 2022	-	Within four years from June 15, 2022	Within ten years from June 15, 2022	None	Nil	4,920	-	88,594	579,124	3,189,626
	Options	3,222,750	June 15, 2023	-	Over one to four years from June 15, 2023	Within ten years from June 15, 2023	None	Nil	5,160	-	-	449,437	2,773,313
	Options	2,527,500	September 15, 2023	-	Over one to four years from September 15, 2023	Within ten years from September 15, 2023	None	Nil	4,680	-	-	1,895,625	631,875
	Options	207,900	December 15, 2023	-	Within three years and nine months from December 15, 2023	Within ten years from December 15, 2023	None	Nil	4,380	-	-	-	207,900
	RSUs	2,130,500	June 15, 2020	-	Within four years from June 15, 2020	-	None	Nil	-	-	-	64,000	2,066,500
	RSUs	610,251	September 15, 2020	-	Within four years from September 15, 2020	-	None	Nil	-	-	-	57,532	552,719
	RSUs	271,237	December 15, 2020	-	Within four years from December 15, 2020	-	None	Nil	-	-	-	141,750	2,500
	RSUs	125,750	March 15, 2021	-	Within four years from March 15, 2021	-	None	Nil	-	-	-	21,500	104,250
	RSUs	5,606,100	June 15, 2021	-	Within four years from June 15, 2021	-	None	Nil	-	-	-	415,100	2,696,700
	RSUs	2,942,986	September 15, 2021	-	Within four years from September 15, 2021	-	None	Nil	-	-	-	524,325	1,218,262
	RSUs	273,000	December 15, 2021	-	Within four years from December 15, 2021	-	None	Nil	-	-	-	56,500	216,500
	RSUs	632,500	March 15, 2022	-	Within four years from March 15, 2022	-	None	Nil	-	-	-	10,000	622,500
	RSUs	33,787,423	June 15, 2022	-	Within four years from June 15, 2022	-	None	Nil	-	-	11,000	3,024,523	10,935,352
	RSUs	2,793,775	September 15, 2022	-	Within one to four years from September 15, 2022	-	None	Nil	-	-	-	185,525	878,350
	RSUs	245,000	December 15, 2022	-	Within four years from December 15, 2022	-	None	Nil	-	-	-	55,000	5,000
	RSUs	205,000	March 15, 2023	-	Over one to four years from March 15, 2023	-	None	Nil	-	-	-	-	205,000
	RSUs	40,050,636	June 15, 2023	-	Over one to four years from June 15, 2023	-	None	Nil	-	-	16,650	3,521,175	9,449,586

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

Name of option holders/ grantees of RSU	Nature	Number of shares represented by options or RSUs outstanding as at March 31, 2024	Date of grant/ conditional grant	Granted during the Reporting Period	Vesting period	Excise period	Performance target	Purchase price (HK\$)	Exercise price (HK\$)	Options exercised during the Reporting Period <sup>(1)</sup>	Options or RSUs lapsed during the Reporting Period	Options or RSUs cancelled during the Reporting Period	RSUs vested during the Reporting Period <sup>(2)</sup>	Number of shares represented by options or RSUs outstanding as at September 30, 2024
	RSUs	2,836,423	September 15, 2023	-	Over one to four years from September 15, 2023	-	50% of the RSUs granted to a grantee are subject to performance target	Nil	-	-	-	955,250	929,673	951,500
	RSUs	4,435,100	December 15, 2023	-	Within four years/ three years and nine months from December 15, 2023	-	None	Nil	-	-	-	1,252,400	436,700	2,746,000
	RSUs	1,929,300	March 15, 2024	-	Over two to four years from March 15, 2024	-	None	Nil	-	-	-	5,000	-	1,924,300
	RSUs	-	June 14, 2024 <sup>(1)(2)</sup>	71,423,700	Within four years from June 14, 2024	-	None	Nil	-	-	-	3,720,300	-	67,703,400
<b>Total</b>	<b>Options</b>	<b>17,016,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>822,094</b>	<b>2,924,186</b>	<b>-</b>	<b>13,180,339</b>
	<b>RSUs</b>	<b>98,874,981</b>	<b>-</b>	<b>71,423,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,650</b>	<b>14,009,880</b>	<b>29,171,342</b>	<b>127,089,809</b>

## Notes:

- (1) The closing price per share is HK\$3.61 as stated in the daily quotation sheets issued by the Stock Exchange on June 13, 2024, being the trading day immediately before the date of grant.
- (2) The weighted average fair value of the Options and RSUs at the date of grant on June 14, 2024 during the Reporting Period was HK\$1.87 per share and HK\$3.50 per share, respectively. The fair value of options was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

### Six months ended September 30, 2024

Fair value of the Company's options at the grant date	HK\$3.50
Expected volatility (%)	63
Expected dividend (%)	0.00
Exercise multiple	2.5
Exercise price	HK\$3.72
Risk-free interest rate (%)	3.52
Forfeiture rate (%)	25

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of the RSUs was determined based on the market value of the Company's shares at the grant date.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

- (3) The weighted average closing price of the shares immediately before the dates on which the Options were exercised and the RSUs were vested was HK\$4.12 and HK\$3.41, respectively.

No Options has been granted under the 2024 Share Award Scheme since its adoption. Details of the RSUs granted during the Reporting Period and/or outstanding as at September 30, 2024 under the 2024 Share Award Scheme are as below:

Name of grantees of RSU	Nature	Number of shares represented by RSUs outstanding as at March 31, 2024	Date of grant/conditional grant	Granted during the Reporting Period	Vesting period	Performance target	Purchase price (HK\$)	RSUs lapsed during the Reporting Period	RSUs cancelled during the Reporting Period	RSUs vested during the Reporting Period	Number of shares represented by RSUs outstanding as at September 30, 2024
Employees of the Group (including employees of the affiliates of the Group)	RSUs	-	September 13, 2024 <sup>(1)(2)</sup>	4,047,700	Over one to four years from September 13, 2024	None	Nil	-	-	-	4,047,700
Total	RSUs	-	-	4,047,700	-	None	Nil	-	-	-	4,047,700

Notes:

- (1) The closing price per share is HK\$2.83 as stated in the daily quotation sheets issued by the Stock Exchange on September 12, 2024, being the trading day immediately before the date of grant.
- (2) The fair value of the RSUs at the date of grant on September 13, 2024 during the Reporting Period was HK\$2.79 per share. The fair value of the RSUs was determined based on the market value of the Company's shares at the grant date.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" of the Company's annual report for the financial year ended March 31, 2024 (the "Annual Report") and except for any perceived material interest in transactions between members of Alibaba Group and the Company due to their role as employees of Alibaba Holding or its subsidiaries as disclosed in the section headed "Biographical Information of Directors and Senior Management" of the Annual Report, no Director or controlling Shareholder had a material interest, either directly or indirectly, in any contract of significance (whether for the provision of services to the Company or any of its subsidiaries or not) to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at September 30, 2024, the interests and short positions of the Directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

### Long positions in shares and underlying shares of the Company

Name of Director	Nature of interest	Number of ordinary shares and underlying shares held, capacity and nature of interest	
		Total interest in shares	Approximate percentage of the Company's share capital
Mr. SHEN Difan	Beneficial owner and equity derivative interests <sup>(1)</sup>	7,520,468	0.05%#
Mr. TU Yanwu	Beneficial owner and equity derivative interests <sup>(2)</sup>	2,398,278	0.01%#
Mr. ZHU Shunyan	Beneficial owner and equity derivative interests <sup>(3)</sup>	10,783,913	0.07%#

#### Notes:

- (1) Mr. SHEN Difan beneficially held 1,438,268 ordinary shares and subject to vesting, is interested in 6,082,200 shares underlying 4,661,450 options and 1,420,750 RSUs granted to him in accordance with the 2014 Share Award Scheme.
- (2) Mr. TU Yanwu beneficially held 810,328 ordinary shares and subject to vesting, is interested in 1,587,950 shares underlying 751,250 options and 836,700 RSUs granted to him in accordance with the 2014 Share Award Scheme.
- (3) Mr. ZHU Shunyan beneficially held 1,464,489 ordinary shares of the Company and subject to vesting, is interested in 9,319,424 shares underlying 7,734,125 options and 1,585,299 RSUs granted to him in accordance with the 2014 Share Award Scheme.

# Based on a total of 16,091,826,264 shares of the Company in issue as at September 30, 2024.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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

Name of Director	Nature of interest	Number of shares/ underlying shares held*	Approximate percentage of issued shares of associated corporation
Mr. SHEN Difan	Beneficial owner and interests of spouse <sup>(1)</sup>	142,576	0.00%#
Mr. TU Yanwu	Beneficial owner and equity derivative interests <sup>(2)</sup>	21,720	0.00%#
Mr. ZHU Shunyan	Beneficial owner, equity derivative interests and interests of spouse <sup>(3)</sup>	2,847,432	0.01%#
Ms. HUANG Jiaojiao	Beneficial owner, equity derivative interests and interests of spouse <sup>(4)</sup>	272,088	0.00%#
Mr. XU Haipeng	Beneficial owner, equity derivative interests and interests of spouse <sup>(5)</sup>	98,049	0.00%#

### Notes:

- (1) These interests represented 26,000\* ordinary shares or underlying ordinary shares beneficially held by Mr. SHEN Difan and 116,576\* ordinary shares or underlying shares held by his spouse.
  - (2) These interests represented 4,520\* ordinary shares or underlying ordinary shares and 2,150\* restricted share units (representing 17,200\* ordinary shares or underlying ordinary shares) beneficially held by Mr. TU Yanwu.
  - (3) These interests represented 2,116,200\* ordinary shares or underlying ordinary shares and 71,404\* restricted share units (representing 571,232\* ordinary shares or underlying ordinary shares) beneficially held by Mr. ZHU Shunyan and 160,000\* ordinary shares or underlying shares held by his spouse.
  - (4) These interests represented 57,384\* ordinary shares or underlying ordinary shares and 26,213\* restricted share units (representing 209,704\* ordinary shares or underlying ordinary shares) beneficially held by Ms. HUANG Jiaojiao and 5,000\* ordinary shares or underlying shares held by her spouse.
  - (5) These interests represented 17,345\* ordinary shares or underlying ordinary shares and 9,838\* restricted share units (representing 78,704\* ordinary shares or underlying ordinary shares) beneficially held by Mr. XU Haipeng and 2,000\* ordinary shares or underlying shares held by his spouse.
- \* Alibaba Holding approved to effect a one-to-eight share subdivision of its ordinary shares (the “Share Subdivision”) at the annual general meeting held on July 15, 2019. The Share Subdivision was effective on July 30, 2019. Accordingly, Alibaba Holding has changed its ratio of American depositary shares to ordinary shares from 1:1 to 1:8. The ratio of restricted share units to ordinary shares of Alibaba Holding has also changed from 1:1 to 1:8.
- # Based on a total of 19,159,821,492 ordinary shares of Alibaba Holding in issue as at September 30, 2024.

## CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

Save as disclosed above, as at September 30, 2024, none of the Directors and chief executive had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at September 30, 2024, the following interests or short positions in the shares and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions:

Name	Capacity and nature of interest	Number of shares/ underlying shares	% of the issued share capital of the Company
Alibaba Group Holding Limited	Interest of controlled corporation <sup>(1)</sup>	10,271,540,755	63.83%#
Perfect Advance Holding Limited	Beneficial owner <sup>(1)</sup>	3,103,816,661	19.29%#
Alibaba Investment Limited	Interest of controlled corporation <sup>(1)</sup>	3,103,816,661	19.29%#
	Beneficial owner <sup>(1)</sup>	48,716,465	0.30%#
Ali JK Nutritional Products Holding Limited	Beneficial owner <sup>(1)</sup>	4,560,785,407	28.34%#
Taobao Holding Limited	Beneficial owner <sup>(1)</sup>	2,558,222,222	15.90%#

#### Notes:

(1) Perfect Advance Holding Limited (“**Perfect Advance**”) holds 3,103,816,661 shares of the Company. Perfect Advance is wholly-owned by Alibaba Investment Limited (“**AIL**”), which is in turn wholly-owned by Alibaba Holding. For the purpose of Part XV of the SFO, as Perfect Advance is interested in 3,103,816,661 shares of the Company, AIL is deemed to have an interest in 3,103,816,661 shares of the Company via Perfect Advance.

On May 20, 2022, Innovare Tech Limited (“**Innovare**”) made a distribution in specie (the “**Distribution**”) in respect of 641,090,678 shares of the Company to the limited partners of Yunfeng Fund II, L.P., the beneficial owner of all the voting equity capital in Innovare, based on their respective pro rata entitlements in Innovare. Upon the Distribution, Innovare ceased to have a notifiable interest of 5% or more of the voting shares of the Company within the meaning of the SFO. For details, please refer to the announcement of the Company dated May 20, 2022. As part of the Distribution, 48,716,465 shares of the Company were distributed to AIL. As such, AIL is interested in an aggregate of 3,152,533,126 shares of the Company.

On November 28, 2023, the Company entered into a share purchase agreement with Taobao Holding Limited (“**TBH**”), pursuant to which the consideration payable by the Company to TBH will be partly satisfied by the Company issuing 2,558,222,222 ordinary shares of the Company to TBH as consideration shares upon completion of the share purchase

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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agreement. The proposed acquisition under the said share purchase agreement was completed on January 17, 2024 and the total of 2,558,222,222 ordinary shares of the Company have been allotted and issued to TBH. For details, please refer to the announcements of the Company dated November 28, 2023 and January 17, 2024.

Ali JK Nutritional Products Holding Limited (“**Ali JK**”) holds 4,560,785,407 shares of the Company. Ali JK is wholly-owned by Alibaba Holding. Therefore, Alibaba Holding is deemed to have an interest in an aggregate of 10,271,540,755 shares of the Company via AIL, Perfect Advance, Ali JK and TBH within the meaning of Part XV of the SFO.

# Based on a total of 16,091,826,264 shares of the Company in issue as at September 30, 2024.

Save as disclosed above, as at September 30, 2024, there were no other parties who had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

## 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).

## 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 (including any sale of treasury shares), 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.

As at September 30, 2024, there were no treasury shares held by the Company.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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## ISSUE FOR CASH OF EQUITY SECURITIES

### Placing of New Shares under General Mandate

On August 5, 2020, the Company entered into a placing agreement (the **“Placing Agreement”**) with Citigroup Global Markets Limited and Credit Suisse (Hong Kong) Limited (the **“Placing Agents”**) in relation to the placing of an aggregate of 498,753,118 new ordinary shares of the Company (the **“Placing Share(s)”**) at the placing price of HK\$20.05 per Placing Share (exclusive of brokerage, transaction levy of the Securities and Futures Commission and trading fee of the Stock Exchange payable by the purchasers) (the **“Placing Price”**) on the terms and conditions set out in the Placing Agreement (the **“Placing”**). The aggregate nominal value of the Placing Shares was HK\$4,987,531.18. The Placing Price of HK\$20.05 per Placing Share represents (i) a discount of approximately 8.03% to the closing price of HK\$21.80 per share as quoted on the Stock Exchange on August 4, 2020, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 6.18% to the average closing price of HK\$21.37 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including August 4, 2020, being the date immediately prior to the date of the Placing Agreement. As stated in the daily quotation sheets issued by the Stock Exchange, on August 5, 2020, being the date which the Placing Agreement was entered into, the closing price per share was HK\$21.25. The Group conducted the Placing based on its insights into, and optimism for the prospects of, the Internet healthcare industry, as well as the need for the Group to further develop its healthcare business and continue its rapid development. The Group viewed the Placing as an opportunity for the Group to raise capital while broadening its shareholder and capital base.

The Placing was completed on August 12, 2020 (the **“Completion Date”**), where a total of 498,753,118 new ordinary shares of the Company, representing approximately 3.71% of the total issued share capital of the Company as at the Completion Date (as enlarged by the allotment and issue of the Placing Shares), have been successfully placed to not less than six places at a price of HK\$20.05 per Placing Share who are professional, institutional and/or individual investors. The Placing Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on July 30, 2020.

The aggregate gross proceeds from the Placing amount to approximately HK\$10,000.0 million and the aggregate net proceeds (after deduction of the commissions and expenses relating to the Placing) from the Placing amount to approximately HK\$9,964.2 million (the **“Placing Net Proceeds”**), representing a net issue price of approximately HK\$19.98 per Placing Share. For further details of the Placing, please refer to the announcements of the Company dated August 5, 2020 and August 12, 2020 (the **“Placing Announcements”**).



# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

As at September 30, 2024, the Group had applied the Placing Net Proceeds as follows:

Use of Placing Net Proceeds	Planned use of Placing Net Proceeds as disclosed in the Placing Announcements	Total amount of Placing Net Proceeds utilized as at March 31, 2024	Actual use of Placing Net Proceeds for the Reporting Period	Unutilized Placing Net Proceeds	Expected timeframe for utilizing the Placing Net Proceeds <sup>(Note)</sup>
Develop the Group's pharmaceutical and healthcare omni-channel business and medical and healthcare services business	Approximately HK\$7,971.4 million–HK\$8,967.8 million	HK\$7,424.2 million	HK\$645.4 million	HK\$0 million–HK\$898.2 million	October 1, 2024–March 31, 2027
Further develop the Group's digital infrastructure and innovative business	Approximately HK\$996.4 million–HK\$1,992.8 million	HK\$1,092.1 million	HK\$129.3 million	HK\$0 million–HK\$771.4 million	October 1, 2024–March 31, 2027

*Note:*

The Placing Net Proceeds have been and will be applied in the manner consistent with the use of proceeds as disclosed in the Placing Announcements. The expected timeframe for utilizing the Placing Net Proceeds is based on the best estimation of the future market conditions made by the Group as at the date of this report. It will be subject to change based on the current and future developments of market conditions. The Board considers that the expected timeline of the full utilization of the unutilized Placing Net Proceeds shall be within coming two years, up to March 31, 2027 having taken into account the recent market conditions and the business environment and development of the Group. The Company will continue to closely monitor future developments in the market and economic environment in order to optimize the Group's resources and timeframe for the application of the unutilized Placing Net Proceeds. The remaining unutilized portion of the Placing Net Proceeds has been deposited in reputable banks.

Save as disclosed above and the options exercised by the relevant grantees under the 2014 Share Award Scheme as disclosed in this report, the Company had not issued any equity securities (including securities convertible into equity securities) or sold any treasury shares for cash for the Reporting Period and no other proceeds have been brought forward from any issue of securities or sale of treasury shares for cash as at September 30, 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.

# CORPORATE GOVERNANCE AND ADDITIONAL INFORMATION

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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 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.

## REVIEW OF INTERIM REPORT

The Group’s interim report for the Reporting Period has not been audited, but has been reviewed by the Audit Committee and the independent auditor of the Company, Ernst & Young. The Audit Committee and Ernst & Young do not have any disagreement with the accounting treatment adopted by the Company.

Hong Kong  
November 13, 2024

# INDEPENDENT REVIEW REPORT



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**To the board of directors of Alibaba Health Information Technology Limited**  
*(Incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 66, which comprises the condensed consolidated statement of financial position of Alibaba Health Information Technology Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at September 30, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# INDEPENDENT REVIEW REPORT

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## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

November 13, 2024

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended September 30, 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (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		769,048	445,143
Attributable to:			
Owners of the parent		768,953	445,891
Non-controlling interests		95	(748)
		769,048	445,143
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		RMB4.79 cents	RMB3.30 cents
Diluted		RMB4.78 cents	RMB3.29 cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended September 30, 2024

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	769,048	445,143
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	13,481	(208,011)
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)
	–	120
Total other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	(124,446)	593,680
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(110,965)	385,669
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	658,083	830,812
Attributable to:		
Owners of the parent	657,988	831,560
Non-controlling interests	95	(748)
	658,083	830,812

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2024

	Notes	September 30, 2024 RMB'000 (Unaudited)	March 31, 2024 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	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
<b>Total non-current assets</b>		<b>8,354,690</b>	<b>6,193,100</b>
<b>CURRENT ASSETS</b>			
Inventories		1,634,184	1,399,738
Trade and bills receivables	13	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
<b>Total current assets</b>		<b>11,913,886</b>	<b>13,512,237</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	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
<b>Total current liabilities</b>		<b>4,869,914</b>	<b>5,025,458</b>
<b>NET CURRENT ASSETS</b>		<b>7,043,972</b>	<b>8,486,779</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,398,662</b>	<b>14,679,879</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at September 30, 2024

	Note	September 30, 2024 RMB'000 (Unaudited)	March 31, 2024 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		40,582	47,976
Deferred tax liabilities		108,582	114,299
<b>Total non-current liabilities</b>		<b>149,164</b>	162,275
<b>Net assets</b>		<b>15,249,498</b>	14,517,604
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	15	142,781	142,780
Treasury shares	15	(39,174)	(101,946)
Reserves		15,172,358	14,503,378
		<b>15,275,965</b>	14,544,212
<b>Non-controlling interests</b>		<b>(26,467)</b>	(26,608)
<b>Total equity</b>		<b>15,249,498</b>	14,517,604



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2024

	Attributable to owners of the parent												
	Note	Share capital RMB'000	Share premium account <sup>A</sup> RMB'000	Treasury shares RMB'000	Merger reserve <sup>A</sup> RMB'000	Exchange fluctuation reserve <sup>A</sup> RMB'000	Employee share-based compensation reserve <sup>A</sup> RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income <sup>A</sup> RMB'000	Other reserve <sup>A</sup> RMB'000	Retained profits/losses <sup>A</sup> RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At April 1, 2024 (audited)		142,780	51,374,724	(101,946)	(37,560,841)	(105,735)	508,354	(27,275)	326,122	(11,971)	14,544,212	(26,608)	14,517,604
Profit for the period (unaudited)		-	-	-	-	-	-	-	-	768,953	768,953	95	769,048
Other comprehensive loss for the period (unaudited):													
Changes in fair value of the equity investment at fair value through other comprehensive income, net of tax (unaudited)		-	-	-	-	-	-	(8,739)	-	-	(8,739)	-	(8,739)
Exchange differences on translation of the financial statements of the Company and its subsidiaries with non-RMB functional currencies (unaudited)		-	-	-	-	(102,226)	-	-	-	-	(102,226)	-	(102,226)
Total comprehensive income/(loss) for the period (unaudited)		-	-	-	-	(102,226)	-	(8,739)	-	768,953	657,988	95	658,083
Repurchase of shares (unaudited)	15	-	-	(22,928)	-	-	-	-	-	-	(22,928)	-	(22,928)
Vested awarded shares transferred to employees (unaudited)	15	-	87,220	85,700	-	-	(163,205)	-	(20,141)	-	(10,426)	-	(10,426)
Exercise of share options (unaudited)	15	1	487	-	-	-	(148)	-	-	-	340	-	340
Share-based compensation expenses (unaudited)		-	-	-	-	-	110,039	-	-	-	110,039	-	110,039
Deemed interest in an interest-free loan to a non-wholly owned subsidiary (unaudited)		-	-	-	-	-	-	-	(46)	-	(46)	46	-
Appropriation of statutory reserves (unaudited)		-	-	-	-	-	-	-	54,783	(54,783)	-	-	-
Share of capital reserve of associates, net of tax (unaudited)		-	-	-	-	-	-	-	(3,214)	-	(3,214)	-	(3,214)
At September 30, 2024 (unaudited)		142,781	51,462,431	(39,174)	(37,560,841)	(207,961)	455,040	(36,014)	357,504	702,199	15,275,965	(26,467)	15,249,498

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended September 30, 2024

	Attributable to owners of the parent												
	Note	Share capital RMB'000	Share premium account RMB'000	Treasury shares RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At April 1, 2023 (audited)		119,133	43,734,076	(70,482)	(28,189,579)	(380,919)	477,237	613	325,319	(841,825)	15,173,573	(26,374)	15,147,199
Profit/(loss) for the period (unaudited)		-	-	-	-	-	-	-	-	445,891	445,891	(748)	445,143
Other comprehensive income/(loss) for the period (unaudited):													
Changes in fair value of the equity investment at fair value through other comprehensive income, net of tax (unaudited)		-	-	-	-	-	-	(12,837)	-	-	(12,837)	-	(12,837)
Share of other comprehensive income of an associate, net of tax (unaudited)		-	-	-	-	-	-	-	120	-	120	-	120
Exchange differences on translation of the financial statements of the Company and its subsidiaries with non-RMB functional currencies (unaudited)		-	-	-	-	398,386	-	-	-	-	398,386	-	398,386
Total comprehensive income/(loss) for the period (unaudited)		-	-	-	-	398,386	-	(12,837)	120	445,891	831,560	(748)	830,812
Issue of new shares for restricted share units (unaudited)		106	-	(106)	-	-	-	-	-	-	-	-	-
Repurchase of shares (unaudited)	75	-	-	(13,587)	-	-	-	-	-	-	(13,587)	-	(13,587)
Vested awarded shares transferred to employees (unaudited)	75	-	110,911	73,182	-	-	(167,431)	-	(44,413)	-	(27,751)	-	(27,751)
Exercise of share options (unaudited)	75	1	247	-	-	-	(77)	-	-	-	171	-	171
Share-based compensation expenses (unaudited)		-	-	-	-	-	126,328	-	-	-	126,328	-	126,328
Deemed interest in an interest-free loan to a non-wholly owned subsidiary (unaudited)		-	-	-	-	-	-	-	(130)	-	(130)	130	-
Appropriation of statutory reserves (unaudited)		-	-	-	-	-	-	-	44,400	(44,400)	-	-	-
Partial disposal of an associate, net of tax (unaudited)		-	-	-	-	-	-	-	(1,450)	-	(1,450)	-	(1,450)
Share of capital reserve of an associate, net of tax (unaudited)		-	-	-	-	-	-	-	37	-	37	-	37
At September 30, 2023 (unaudited)		119,240	43,845,234	(10,993)	(28,189,579)	17,467	436,057	(12,224)	323,883	(440,334)	16,088,751	(26,992)	16,061,759

^ These reserve accounts comprise the consolidated reserves of RMB15,172,358,000 (March 31, 2024: RMB14,503,378,000) in the interim condensed consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>821,069</b>	481,271
Adjustments for:			
Finance costs	7	<b>1,485</b>	2,453
Share of losses/(profits) of a joint venture		<b>9,982</b>	(1,588)
Share of losses of associates		<b>11,469</b>	9,779
Bank interest income	5	<b>(228,851)</b>	(203,859)
Other interest income	5	<b>(177)</b>	(450)
Investment income	5	<b>(3,716)</b>	–
Gain on disposal of a joint venture	5	<b>–</b>	(10)
Gain on deemed disposal of associates	5	<b>(1,661)</b>	(18,066)
Gain on partial disposal of an associate	5	<b>–</b>	(48,337)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	5, 8	<b>(59,978)</b>	85,564
Loss on disposal of property and equipment	8	<b>173</b>	4
Loss on revision of lease terms arising from changes in the non-cancellable periods of leases	8	<b>118</b>	257
Fair value loss on contingent consideration included in other payables and accruals	8	<b>–</b>	8,457
Depreciation of property and equipment	8	<b>4,815</b>	3,622
Depreciation of right-of-use assets	8	<b>13,154</b>	13,106
Amortisation of intangible assets	8	<b>8,446</b>	8,497
Impairment of trade receivables	8	<b>47</b>	85
Impairment of financial assets included in prepayments, other receivables and other assets	8	<b>11,174</b>	–
Reversal of impairment of a loan to a joint venture	8	<b>–</b>	(2,500)
Impairment of investments in associates	8	<b>191,199</b>	–
Provision/(reversal of provision) of inventories	8	<b>102,372</b>	(27,984)
Share-based compensation expenses	8	<b>124,195</b>	155,207
		<b>1,005,315</b>	465,508
Increase in trade and bills receivables		<b>(58,217)</b>	(28,050)
Decrease in prepayments, other receivables and other assets		<b>62,742</b>	116,795
Decrease/(increase) in inventories		<b>(336,801)</b>	403,261
Decrease in trade and bills payables		<b>(313,755)</b>	(255,260)
Increase in other payables and accruals		<b>50,512</b>	30,029
Increase in contract liabilities		<b>49,457</b>	2,058
Decrease/(increase) in restricted cash		<b>27,598</b>	(6,101)
Effect of foreign exchange rate changes, net		<b>49,243</b>	36,601

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended September 30, 2024

	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash generated from operations		536,094	764,841
Interest received		51,452	172,264
Interest paid		(1,485)	(2,453)
Mainland of the People's Republic of China ("Chinese Mainland") taxes paid		(23,895)	(28,003)
Hong Kong taxes refunded/(paid)		(6)	3,528
<b>Net cash flows generated from operating activities</b>		<b>562,160</b>	910,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(3,114)	(16,492)
Proceeds from disposal of property and equipment		234	187
Purchase of other intangible assets		(1)	–
Purchase of financial assets at fair value through profit or loss		(2,090,000)	(403,660)
Proceeds from maturity of financial assets at fair value through profit or loss		1,803,716	–
Payment of cash consideration of prior year's acquisition of subsidiaries		–	(131,154)
Interest received		173,042	24,449
Repayment of a loan to a joint venture		–	2,500
Dividend received from investment in an associate		3,005	3,919
Receipt of finance lease payments		7,115	6,557
Proceeds from partial disposal of an associate		–	99,244
Proceeds from disposal of a joint venture		–	10
Placement of long-term time deposits		(2,601,554)	–
Decrease/(increase) in non-pledged short-term time deposits with original maturity of over three months when acquired		1,973,686	(564,966)
<b>Net cash flows used in investing activities</b>		<b>(733,871)</b>	(979,406)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options	15	340	171
Repurchase of shares	15	(22,928)	(13,587)
Principal portion of lease payments		(16,105)	(16,696)
<b>Net cash flows used in financing activities</b>		<b>(38,693)</b>	(30,112)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended September 30, 2024

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(210,404)</b>	(99,341)
Cash and cash equivalents at beginning of period	<b>3,490,169</b>	9,236,850
Effect of foreign exchange rate changes, net	<b>(50,703)</b>	183,172
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>3,229,062</b>	9,320,681
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and demand deposits	<b>2,968,637</b>	8,736,076
Non-pledged short-term time deposits with original maturity within three months when acquired	<b>260,425</b>	584,605
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	<b>3,229,062</b>	9,320,681
Non-pledged short-term time deposits with original maturity over three months when acquired	<b>4,213,835</b>	2,376,769
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	<b>7,442,897</b>	11,697,450

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 1. GENERAL INFORMATION

Alibaba Health Information Technology Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is located at Building 9, Block 4, Wangjing East Park, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are primarily engaged in the pharmaceutical direct sales business, pharmaceutical e-commerce platform business and healthcare and digital services business.

In the opinion of the directors, the Company’s ultimate holding company is Alibaba Group Holding Limited (“**Alibaba Holding**”, together with its subsidiaries, “**Alibaba Group**”), a company that is incorporated under the laws of the Cayman Islands. There is no company holding a direct majority interest in the Company.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

### 2.1 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.

The Company has two trusts (the “**Trusts**”) for the purpose of purchasing, administering and holding the Company’s shares for the share award scheme adopted on November 24, 2014. The Group has the power to govern the financial and operating policies of the Trusts and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trusts are included in the interim condensed consolidated statement of financial position and the Company’s shares held by the Trusts are presented as a deduction in equity as the Company’s shares held for the share award schemes.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

The Company does not have legal ownership in the equity of certain entities. However, under certain contractual agreements (including power of attorney agreement, loan agreement, equity option agreement, equity interest pledge agreement and exclusive technical consulting and services agreement) entered into with the registered owners of the entities, the Company through its indirectly wholly-owned subsidiaries controls the entities by way of controlling the voting rights, governing the financial and operating policies, appointing or removing the majority of the members of its controlling authorities, and casting the majority of votes at meetings of authorities. In addition, such contractual agreements also transfer the risks and rewards of the entities to the Company and/or its indirectly wholly-owned subsidiaries. As a result, the entities are treated as subsidiaries of the Company and their financial statements have been consolidated by the Company.

The Group's investees accounted for using the equity method of accounting, except for Dongfang Customs Technology Company Limited<sup>^</sup> (東方口岸科技有限公司), have a financial year ending December 31, and the financial statements of these investees may not be available in a timely manner for the Group to apply the equity method, therefore the Group elects to record its shares of the profits or losses, other comprehensive income and other changes recognized directly in equity, where applicable, of these investees on a quarter lag basis, adjusted for the financial effects arising from any significant transactions or events of these investees that occurred between July 1, 2024 and September 30, 2024.

### 2.2 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 (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

<sup>^</sup> For identification purposes only

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies and disclosures (Continued)

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.

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.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 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 RMB'000 (Unaudited)	2023 RMB'000 (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	14,273,724	12,956,000

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 4. REVENUE (CONTINUED)

### Disaggregated revenue information

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 5. OTHER INCOME AND GAINS

	Six months ended September 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Other income</b>		
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
<b>Total other income</b>	<b>264,947</b>	<b>269,665</b>
<b>Gains</b>		
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
<b>Total gains</b>	<b>61,639</b>	<b>66,413</b>
<b>Total other income and gains</b>	<b>326,586</b>	<b>336,078</b>

## 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on lease liabilities	1,485	2,453

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 8. PROFIT BEFORE TAX

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

	Six months ended September 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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)
<b>Total</b>	<b>11,221</b>	<b>(2,415)</b>
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
<b>Total</b>	<b>533,110</b>	<b>572,590</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 8. PROFIT BEFORE TAX (CONTINUED)

- \* 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current – Hong Kong		
Overprovision in prior years	(6)	(5)
Current – Chinese Mainland		
Charge for the period	44,870	38,244
Deferred	7,157	(2,111)
Total tax charge for the period	<b>52,021</b>	36,128

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

## 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>768,953</b>	445,891

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

September 30, 2024

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

	Number of shares Six months ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>16,064,987,934</b>	13,512,923,035
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	535,539
Restricted share units	<b>31,532,204</b>	38,575,338
<b>Total</b>	<b>16,096,520,138</b>	13,552,033,912

## 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).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 13. TRADE AND BILLS RECEIVABLES

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

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:

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



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 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	3,036,811	3,350,566

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. SHARE CAPITAL

### Shares

	September 30, 2024 RMB'000 (Unaudited)	March 31, 2024 RMB'000 (Audited)
Issued and fully paid: 16,091,826,264 (March 31, 2024: 16,091,736,264) ordinary shares of HK\$0.01 each	142,781	142,780

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 15. SHARE CAPITAL (CONTINUED)

### Shares (Continued)

	Number of shares in issue (Unaudited)	Share capital (Unaudited) RMB'000	Treasury shares (Unaudited) RMB'000
At April 1, 2023	13,521,362,542	119,133	(70,482)
Share options exercised (note a)	50,000	1	–
Issue of shares for restricted share units (“RSUs”) (note b)	11,916,000	106	(106)
Vested awarded shares transferred to employees (note c)	–	–	73,182
Repurchase of shares (note d)	–	–	(13,587)
<b>At September 30, 2023</b>	<b>13,533,328,542</b>	<b>119,240</b>	<b>(10,993)</b>
At April 1, 2024	<b>16,091,736,264</b>	<b>142,780</b>	<b>(101,946)</b>
Share options exercised (note a)	<b>90,000</b>	<b>1</b>	<b>–</b>
Vested awarded shares transferred to employees (note c)	–	–	<b>85,700</b>
Repurchase of shares (note d)	–	–	<b>(22,928)</b>
<b>At September 30, 2024</b>	<b>16,091,826,264</b>	<b>142,781</b>	<b>(39,174)</b>

#### Notes:

- (a) For the six months ended September 30, 2024, the subscription rights attaching to 90,000 share options were exercised at the subscription price of HK\$4.14 per share, resulting in the issue of 90,000 shares for a total cash consideration, before expenses, of RMB340,000. An amount of RMB148,000 was transferred from the share option reserve to share premium upon the exercise of the share options. For the six months ended September 30, 2023, the subscription rights attaching to 50,000 share options were exercised at the subscription price of HK\$3.69 per share, resulting in the issue of 50,000 shares for a total cash consideration, before expenses, of RMB171,000. An amount of RMB77,000 was transferred from the share option reserve to share premium upon the exercise of the share options.
- (b) During the six months ended September 30, 2023, 11,916,000 shares of HK\$0.01 each were issued for RSUs to be vested for non-connected persons.
- (c) Upon vesting of RSUs for the six months ended September 30, 2024, 28,586,000 (six months ended September 30, 2023: 27,846,000) treasury shares were transferred to non-connected persons and 1,262,000 (six months ended September 30, 2023: 1,057,000) treasury shares were transferred to connected persons, respectively.
- (d) During the six months ended September 30, 2024, 7,934,000 shares (six months ended September 30, 2023: 3,180,000 shares of HK\$0.01 each) were repurchased for RSUs to be vested for non-connected persons and connected persons at a total cash consideration of RMB22,928,000 (six months ended September 30, 2023: RMB13,587,000).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. RELATED PARTY TRANSACTIONS

### (I) Transactions with related parties

	Six months ended September 30	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Ultimate holding company and its subsidiaries: Share-based compensation expenses attributable to connected persons <sup>^</sup>	(24,774)	(8,072)
Fellow subsidiaries:		
Marketing services received from Alibaba Group	(1,026,946)	(586,542)
Shared services received from Alibaba Group*	(98,682)	(145,634)
Internet information and other related services received from Alibaba Group	(162,059)	(157,794)
Cloud computing services received from Alibaba Cloud Computing Ltd.	(62,822)	(49,646)
Logistics and warehouse services received from Hangzhou Cainiao Supply Chain Management Co., Ltd.	(68,158)	(88,889)
Technical services received from Tmall Entities <sup>@</sup> regarding Blue Cap Health Food <sup>#</sup> , medical devices, healthcare products, adult products, and medical and healthcare services	(376,499)	(392,148)
Technical services received from Taobao Holding Limited ("Taobao Holding") regarding Tmall Products and Services and Tmall Global Products and Services**	(169,744)	(161,781)
Outsourced and value-added services provided to Taobao Holding	49,533	51,876
Tracking related services provided to Taobao Holding	189	1,123
Software services provided to Taobao Holding	50,457	44,886
Business sourcing and promotion services provided to Koubei (Shanghai) Information Technology Co., Ltd.	686	2,353
Marketing materials review services and value-added services provided to Hangzhou Alimama Software Services Co., Ltd.	681,761	–
Associate of the ultimate holding company:		
Payment services received from Alipay.com Co., Ltd.	(32,032)	(37,936)
Information display service provided by Ant Yikang (Guangzhou) Information Technology Co., Ltd.	(1,500)	(759)
Registration service provided to Ant Yikang (Guangzhou) Information Technology Co., Ltd.	1,441	1,415
A joint venture:		
Management fee	5,697	5,142
Associates:		
Sales of products	3	5,156

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### (I) Transactions with related parties (Continued)

<sup>^</sup> On June 15, 2023, a total of 3,956,000 share options are granted to five connected grantees, of which 1,381,250 share options are granted to Mr. Zhu Shunyan (Chairman) (former Chief Executive Officer and resigned as the Chief Executive Officer with effect from the close of business on November 28, 2023), 1,302,750 share options are granted to Mr. Shen Difan (Chief Executive Officer) (appointed as the Chief Executive Officer with effect from the close of business on November 28, 2023), 255,750 share options are granted to Mr. Tu Yanwu, and the remaining share options are granted to two directors of subsidiaries of the Company.

On June 15, 2023, a total of 2,803,800 RSUs are granted to ten connected grantees, of which 552,500 RSUs are granted to Mr. Zhu Shunyan (Chairman) (former Chief Executive Officer and resigned as the Chief Executive Officer with effect from the close of business on November 28, 2023), 521,100 RSUs are granted to Mr. Shen Difan (Chief Executive Officer) (appointed as the Chief Executive Officer with effect from the close of business on November 28, 2023), 102,300 RSUs are granted to Mr. Tu Yanwu, and the remaining RSUs are granted to seven directors of subsidiaries of the Company.

On June 14, 2024, a total of 3,700,700 share options are granted to two connected grantees, of which 1,741,500 share options are granted to Mr. Zhu Shunyan (Chairman), 1,959,200 share options are granted to Mr. Shen Difan (Chief Executive Officer).

On June 14, 2024, a total of 4,319,000 RSUs are granted to six connected grantees, of which 696,600 RSUs are granted to Mr. Zhu Shunyan (Chairman), 783,700 RSUs are granted to Mr. Shen Difan (Chief Executive Officer), 696,600 RSUs are granted to Mr. Tu Yanwu, and the remaining RSUs are granted to three directors of subsidiaries of the Company.

\* The amount includes sharing of share-award scheme expenses.

@ Tmall Entities refers to Zhejiang Tmall Network Co., Ltd. and Zhejiang Tmall Technology Co., Ltd.

# Blue Cap Health Food refers to a kind of health food approved by the State Administration for Market Regulation of China.

\*\* Tmall Products and Services comprised pharmaceutical products, medical purpose food products, medical devices, adult products, healthcare products, medical and healthcare services and the target Blue Cap Health Food sold through Tmall Supermarket only.

Tmall Global Products and Services are comprised of pharmaceutical products, medical devices, healthcare products, medical purpose food products, medical and healthcare services.

All these related party transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. RELATED PARTY TRANSACTIONS (CONTINUED)

### (II) Outstanding balances with related parties:

In addition to the outstanding balances detailed in notes 13 and 14 in this financial information, the balances with related parties as at the end of the Reporting Period are listed below:

	September 30, 2024 <i>RMB'000</i> <i>(Unaudited)</i>	March 31, 2024 <i>RMB'000</i> <i>(Audited)</i>
Alibaba Holding and its subsidiaries (excluding the Group):		
Prepayments, other receivables and other assets	187,591	231,290
Other payables and accruals	445,864	273,418
Associate of the ultimate holding company:		
Trade receivables	654	3,643
Prepayments, other receivables and other assets	602	852
Other payables and accruals	454	583

The balances with related parties are unsecured, interest-free, and have no fixed terms of repayment.

### (III) Compensation of key management personnel of the Group:

	Six months ended September 30	
	2024 <i>RMB'000</i> <i>(Unaudited)</i>	2023 <i>RMB'000</i> <i>(Unaudited)</i>
Short-term employee benefits	12,113	9,656
Performance-related bonuses	3,865	3,368
Share-based compensation expenses	30,838	20,796
Pension scheme contributions	501	380
Total compensation of key management personnel	47,317	34,200

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair value, are as follows:

	Carrying amounts		Fair values	
	As at September 30, 2024 RMB'000 (Unaudited)	As at March 31, 2024 RMB'000 (Audited)	As at September 30, 2024 RMB'000 (Unaudited)	As at March 31, 2024 RMB'000 (Audited)
<b>Financial assets</b>				
Equity investments designated at fair value through other comprehensive income	89,173	101,659	89,173	101,659
Financial assets at fair value through profit or loss	1,906,151	1,567,998	1,906,151	1,567,998
Long-term receivables	19,012	31,568	16,966	28,840
Long-term time deposits	3,085,190	694,000	3,133,298	644,144
Bills receivable	4,426	3,043	4,426	3,043
<b>Total</b>	<b>5,103,952</b>	<b>2,398,268</b>	<b>5,150,014</b>	<b>2,345,684</b>

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, current portion of financial assets included in prepayments, other receivables and other assets, trade payables and current portion of financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income or fair values of unlisted equity investments designated at fair value through profit or loss have been estimated using a market-based valuation technique and the key assumptions applied in the calculation are the comparable companies, relevant multiples and discount for lack of marketability (“**DLOM**”). Comparable companies are actively traded in stock market and the multiples are publicly available. Also, to adjust the fair value difference between a publicly traded company and a private company, an independent valuer has applied the option price model to estimate the DLOM. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable.

The fair values of structured deposits included in financial assets at fair value through profit or loss have been calculated using a discounted cash flow valuation model based on possible outcome values and market interest rates of instruments with similar terms and risks.

The fair values of long-term time deposits, long-term receivables and bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of the Reporting Period:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	5.28 to 6.02 (March 31, 2024: 3.78 to 4.90)	1% (March 31, 2024: 1%) increase/decrease in multiple would result in increase in fair value by RMB954,000 to RMB3,521,000/ decrease in fair value by RMB961,000 to RMB3,540,000 (March 31, 2024: increase in fair value by RMB1,165,000 to RMB2,979,000/decrease in fair value by RMB1,170,000 to RMB3,079,000)
		Discount for lack of marketability	12% to 13% (March 31, 2024: 13% to 18%)	1% (March 31, 2024: 1%) increase/decrease in multiple would result in increase in fair value by RMB139,000 to RMB533,000/ decrease in fair value by RMB139,000 to RMB533,000 (March 31, 2024: increase in fair value by RMB247,000 to RMB520,000/ decrease in fair value by RMB247,000 to RMB520,000)
Unlisted equity investments	Valuation multiples	Median P/S multiple of peers	1.17 to 8.57 (March 31, 2024: 1.29 to 8.98)	1% (March 31, 2024: 1%) increase/decrease in multiple would result in increase in fair value by RMB723,000 to RMB7,350,000/ decrease in fair value by RMB724,000 to RMB7,350,000 (March 31, 2024: increase in fair value by RMB733,000 to RMB7,796,000/ decrease in fair value by RMB729,000 to RMB7,796,000)
		Discount for lack of marketability	20% to 35% (March 31, 2024: 20% to 35%)	1% (March 31, 2024: 1%) increase/decrease in multiple would result in increase in fair value by RMB200,000 to RMB1,588,000/ decrease in fair value by RMB200,000 to RMB1,927,000 (March 31, 2024: increase in fair value by RMB217,000 to RMB1,949,000/ decrease in fair value by RMB213,000 to RMB1,949,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### *Assets measured at fair value:*

*As at September 30, 2024*

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income	–	–	89,173	89,173
Financial assets at fair value through profit or loss	–	290,784	1,615,367	1,906,151
Bills receivable	–	4,426	–	4,426
<b>Total</b>	<b>–</b>	<b>295,210</b>	<b>1,704,540</b>	<b>1,999,750</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

*Assets measured at fair value: (Continued)*

As at March 31, 2024

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Equity investments designated at fair value through other comprehensive income	–	–	101,659	101,659
Financial assets at fair value through profit or loss	–	–	1,567,998	1,567,998
Bills receivable	–	3,043	–	3,043
<b>Total</b>	<b>–</b>	<b>3,043</b>	<b>1,669,657</b>	<b>1,672,700</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

*Assets measured at fair value: (Continued)*

The movements in fair value measurements within Level 3 during the period are as follows:

	For the six months ended September 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Equity investments at fair value through other comprehensive income</b>		
At 1 April	101,659	122,062
Total losses recognized in other comprehensive income	(8,739)	(12,837)
Exchange realignment	(3,747)	7,666
At the end of the period	<b>89,173</b>	116,891
<b>Financial assets at fair value though profit or loss</b>		
At 1 April	1,567,998	1,883,292
Total gains/(losses) recognized in profit or loss	59,194	(88,956)
Exchange realignment	(11,825)	42,786
At the end of the period	<b>1,615,367</b>	1,837,122

During the six months ended September 30, 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended September 30, 2023: Nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

*Assets for which fair values are disclosed:*

*As at September 30, 2024*

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Long-term time deposits	–	3,133,298	–	3,133,298
Long-term receivables	–	16,966	–	16,966
<b>Total</b>	<b>–</b>	<b>3,150,264</b>	<b>–</b>	<b>3,150,264</b>

*As at March 31, 2024*

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Long-term time deposits	–	644,144	–	644,144
Long-term receivables	–	28,840	–	28,840
<b>Total</b>	<b>–</b>	<b>672,984</b>	<b>–</b>	<b>672,984</b>

## 18. 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.