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

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED MARCH 31, 2016

HIGHLIGHTS

During the year, Alibaba Health Information Technology Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") continued to solidify its role as the healthcare flagship for Alibaba Group (defined below). In particular, the Group continued to reinforce its mission to build a network where it will connect participants in China's healthcare industry:

- **Drug PIATS:** Although there are certain regulatory uncertainties in the implementation of the Drug PIATS (defined below), the Group continues its Drug PIATS operations under the direction of CFDA (defined below). The use of electronic tracking systems has been an important means for the government of the PRC (defined below) to strengthen drug and food administration and ensure enterprises are responsible for adopting tracking systems for their products. The Group will continue to work closely with the CFDA in relation to the Drug PIATS but at the same time has begun to develop new market-based tracking solutions to assist enterprises.

- **Pharmaceutical e-commerce:** The Group aims to use Internet-based solutions to increase the transparency of the pharmaceutical and healthcare products supply chain, reduce information asymmetry and increase supply chain efficiencies, so as to benefit market participants and consumers. During the year, the Group updated its "Alibaba Health" mobile application and continued to explore ways to integrate online and offline distribution channels, so as to provide consumers with an improved and more convenient experience in purchasing pharmaceutical and healthcare products.

- **Medical services network:** During the year, the Group continued to develop its network hospital business model, actively explored the facilitation of telemedicine services and worked to integrate medical services resources to offer personalized medical services to users. The Group will continue to build an Internet-based tiered medical services network supported by telemedicine services, with the aim of providing users with comprehensive member services.

Financial Results

The Group recorded revenue of RMB56.6 million for the year ended March 31, 2016, representing an increase of 90.3% when compared with the revenue of RMB29.7 million for the preceding year, which was mainly due to the rise in revenue from the Drug PIATS business as more users adopted the Drug PIATS. Net loss attributable to owners of the parent for the year ended March 31, 2016 amounted to RMB191.6 million, representing an increase of 135.9% when compared with the net loss of RMB81.2 million for the preceding year. Despite the significant increase in revenue for the year, there was an increase of loss mainly due to the fact that a one-off gain of RMB70.4 million was recognized in the preceding financial year as a result of the Company's entry into a settlement agreement in respect of the historical dispute and legal proceedings with Oracle Systems Hong Kong Limited and Oracle (China) Software Systems Co., Limited. The Group's new business initiatives also required additional investment in human capital to develop the required technology infrastructure and to work on business development. Stripping away the one-off gain recorded in the preceding year, the Company's net loss for the preceding year would have been RMB151.6 million and the increase in net loss of the Company for the year ended March 31, 2016 would have been RMB40 million, representing an increase of 26.4%.

Sales and marketing expenses and product development expenses for the year ended March 31, 2016 increased 49.6% and 123.1% respectively as compared to the preceding year, which was mainly due to the increase in staff cost. The average number of employees of the Group increased this year compared with that of the preceding year. In addition, the Company granted share options and RSUs (defined below) under the Share Award Scheme (defined below) to eligible employees this year and recognized relevant share-based compensation expenses. Management of the Group believes that its investment in human capital is essential to support the Group's continued expansion into new business areas.

Administrative expenses for the year ended March 31, 2016 increased RMB32.8 million to RMB91.8 million which was mainly attributed to the professional fees incurred in respect of the Proposed Acquisition (as defined in the Company's announcement dated April 15, 2015) of RMB31.8 million.

On April 1, 2016, Alibaba Health Technology Beijing (defined below), an indirect wholly owned subsidiary of the Company, and Tmall Entities (defined below), members of Alibaba Group, entered into a services agreement pursuant to which the Group shall provide certain outsourced and value-added services to the Tmall Entities. The Company is currently still finalizing the circular in relation to the transaction.

With the implementation of various strategic initiatives and the Service Agreement (defined below), along with the Group's committed investment in human capital, management believes that the Group is well positioned to capture the strong demand and exponential growth of China's healthcare market.

The directors of the Company (the "**Directors**") do not recommend the payment of a final dividend.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended March 31, 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
REVENUE	5	**56,595**	29,744
Cost of revenue		**(18,602)**	(13,780)
Gross profit		**37,993**	15,964
Other income	5	**14,702**	87,238
Sales and marketing expenses		**(80,787)**	(54,014)
Administrative expenses		**(91,797)**	(58,951)
Product development expenses		**(76,153)**	(34,130)
Other expenses		**(26,143)**	(54,241)
Share of profits of:			
A joint venture		**11,892**	5,688
An associate		**13,176**	9,268
LOSS BEFORE TAX	6	**(197,117)**	(83,178)
Income tax expense	7	**(1,851)**	(927)
LOSS FOR THE YEAR		**(198,968)**	(84,105)
Attributable to:			
Owners of the parent		**(191,608)**	(81,221)
Non-controlling interests		**(7,360)**	(2,884)
		(198,968)	(84,105)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**RMB(2.34) cents**	RMB(1.04) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended March 31, 2016

	2016 *RMB'000*	2015 *RMB'000* (Restated)
LOSS FOR THE YEAR	**(198,968)**	(84,105)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**49,876**	(2,076)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**49,876**	(2,076)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(149,092)**	(86,181)
Attributable to:		
Owners of the parent	**(141,732)**	(83,297)
Non-controlling interests	**(7,360)**	(2,884)
	(149,092)	(86,181)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2016

	Notes	**March 31, 2016** *RMB'000*	March 31, 2015 *RMB'000* (Restated)	April 1, 2014 *RMB'000* (Restated)
NON-CURRENT ASSETS				
Property and equipment		**6,546**	4,180	8,075
Intangible assets		**–**	–	28,826
Investment in a joint venture		**87,064**	75,172	69,484
Investment in an associate		**108,802**	95,626	86,358
Long-term deposits		**110,250**	–	–
Total non-current assets		**312,662**	174,978	192,743
CURRENT ASSETS				
Trade receivables	*9*	**106**	1,070	18,980
Prepayments, deposits and other receivables		**14,824**	14,994	6,518
Cash and cash equivalents		**1,020,558**	1,217,679	177,071
Total current assets		**1,035,488**	1,233,743	202,569
CURRENT LIABILITIES				
Trade payables	*10*	**3,751**	3,653	2,194
Other payables and accruals		**55,358**	60,374	45,837
Deferred revenue		**86,873**	19,908	17,167
Advance from customers		**39,878**	38,174	28,569
Tax payable		**–**	15	15
Total current liabilities		**185,860**	122,124	93,782
NET CURRENT ASSETS		**849,628**	1,111,619	108,787
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,162,290**	1,286,597	301,530
NON-CURRENT LIABILITIES				
Deferred tax liability		**7,019**	5,174	4,247
Deferred revenue		**–**	14,532	15,657
Total non-current liabilities		**7,019**	19,706	19,904
Net assets		**1,155,271**	1,266,891	281,626

	March 31, 2016 RMB'000	March 31, 2015 RMB'000 (Restated)	April 1, 2014 RMB'000 (Restated)
EQUITY			
Equity attributable to owners of the parent			
Share capital	**72,305**	72,305	36,916
Reserves	**1,149,055**	1,253,315	300,555
	1,221,360	1,325,620	337,471
Non-controlling interests	**(66,089)**	(58,729)	(55,845)
Total equity	**1,155,271**	1,266,891	281,626

NOTES

1 CHANGE OF PRESENTATION CURRENCY

The Company's functional currency is Hong Kong dollars ("**HK$**"). The presentation currency of the consolidated financial statements in the prior financial year was HK$.

Since the Group mainly operates its business in the People's Republic of China ("**PRC**"), the Directors consider that it is more appropriate to use Renminbi ("**RMB**") as the presentation currency of the Group and that the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Accordingly, the Company has changed its presentation currency for the preparation of its consolidated financial statements from HK$ to RMB starting from the financial year ended March 31, 2016. The comparative figures in the consolidated financial statements have been restated from HK$ to RMB accordingly.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at the average exchange rates for the relevant financial year, unless exchange rates fluctuated significantly during the year, in which case, the exchange rates prevailing on the dates of transactions are used. The share capital, the share premium and reserves are translated at the exchange rates on the dates of the relevant transactions.

The relevant exchange rates used to re-present the comparative figures at April 1, 2014 and March 31, 2015 and for the year ended March 31, 2015 are as follows:

Year ended March 31, 2014	HK$1=RMB
Average rate	1.25
Closing rate	1.25
Year ended March 31, 2015	HK$1=RMB
Average rate	1.25
Closing rate	1.25

The change in presentation currency mainly impacted the carrying amount of foreign currency translation reserves from HK$74,860,000 and HK$72,264,000 to RMB26,940,000 (credit balance) and RMB29,016,000 (credit balance) as at March 31, 2014 and 2015, respectively.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property*, *Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is primarily engaged in the operation of product identification, authentication and tracking system ("**PIATS**") principally for the drug industry in the PRC (the "**Drug PIATS**"), the construction of a medical services network and the pharmaceutical e-commerce business. Given that the medical services network and the pharmaceutical e-commerce business were still in an early stage of development during the year, the chief operating decision makers of the Company consider that the Group's operations currently primarily comprise one single segment of operating the PIATS business, and accordingly, no segment information is presented.

Geographical information

Substantially all of the Group's revenue and non-current assets were derived from and located in the PRC and, therefore, no geographical analysis is presented.

Information about a major customer

During the years ended March 31, 2016 and 2015, there was no revenue derived from transactions with a single external customer which individually amounted to 10% or more of the Group's revenue.

5. REVENUE AND OTHER INCOME

Revenue represents the revenue recognised from the PIATS business during the year.

An analysis of revenue, other income and gains is as follows:

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Revenue		
PIATS business	**56,595**	29,744
Other income		
Bank interest income	**14,518**	16,058
Recovery of bad debts previously written off	**–**	746
Settlement of litigation and reversal of related accruals	**–**	70,434
Others	**184**	–
	14,702	87,238

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Auditors' remuneration	**737**	680
Cost of revenue (excluding employee benefit expense and share-based compensation expense)	**17,989**	12,376
Depreciation	**3,550**	5,900
Amortization of intangible assets	**–**	1,934
Loss on write-off of intangible assets*	**–**	26,892
Loss on disposal of items of property and equipment*	**2,827**	1,358
Minimum lease payments under operating leases for office buildings	**15,489**	8,859
Impairment of trade receivables*	**3,455**	19,238
Impairment of other receivables*	**1,250**	150
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**105,052**	60,749
Pension scheme contributions**	**9,484**	4,062
Share-based compensation expense	**37,472**	10,752
	152,008	75,563
Foreign exchange differences, net*	**17,832**	6,214

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

** At March 31, 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2015: Nil).

7. INCOME TAX

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Current – Mainland China		
Under-provision in prior years	**6**	–
Deferred	**1,845**	927
Total tax charge for the year	**1,851**	927

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 year (2015: Nil).

In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25% except for a PRC subsidiary which is entitled to a preferential tax rate at 15% for the three years ending December 31, 2017.

Deferred income tax represents the withholding tax on the distributable profits of the Group's PRC associate and joint venture.

The share of tax attributable to a joint venture amounting to approximately RMB3,735,000 (2015: RMB2,106,000) is included in "Share of profits of a joint venture" in the consolidated statement of profit or loss.

The share of tax attributable to an associate amounting to approximately RMB906,000 (2015: RMB1,519,000) is included in "Share of profits of an associate" in the consolidated statement of profit or loss.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,172,644,639 (2015: 7,810,075,649) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended March 31, 2015 and 2016 in respect of a dilution as the impact of the share options and restricted share unites ("RSUs") outstanding had an anti-dilutive effect on the loss per share amounts presented.

9. TRADE RECEIVABLES

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

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Within 3 months	**4**	1,070
3 to 12 months	**102**	–
	106	1,070

10. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Within 3 months	**1,447**	1,082
3 to 12 months	**822**	476
Over 12 months	**1,482**	2,095
	3,751	3,653

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

11 SHARE-BASED COMPENSATION COSTS

Share option scheme

The Company operated a share option scheme (the "**Share Option Scheme**") which became effective on August 29, 2013 for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. The Share Option Scheme was terminated in November 2014. As at the date of termination, no share options were outstanding under the Share Option Scheme.

Movements in the number of units of options granted under the Share Option Scheme during the year ended March 31, 2015:

	Weighted average exercise price *HK$ per share*	**Number of options** *'000*
Outstanding at April 1, 2014	3.175	500
Exercised during the year	3.175	(500)
Outstanding at March 31, 2015	–	–

Share award scheme

On November 24, 2014 (the "**Adoption Date**"), the Group adopted a share award scheme (the "**Share Award Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. An award ("**Award**") granted under the Share Award Scheme may either take the form of a RSU, being a contingent right to receive shares of the Company which are awarded under the Share Award Scheme or an option to subscribe for or acquire shares of the Company which are granted under the Share Award Scheme.

Movements in the number of Awards granted under the Share Award Scheme during the year and their related weighted average fair values are as follows:

	Weighted average exercise price of share options *HK$ per share*	**Number of options** *'000*	**Number of RSUs** *'000*
Outstanding at April 1, 2015	–	–	–
Granted during the year	6.59	44,566	22,946
Forfeited during the year	10.18	(12,381)	(3,602)
Outstanding at March 31, 2016	5.21	32,185	19,344
Weighted average fair value per unit at March 31, 2016		RMB2.14	RMB4.34

Total share-based compensation expenses recorded by the Group under the Share Award Scheme are as follows:

	2016 ***RMB'000***	2015 *RMB'000*
Cost of revenue	**234**	–
Sales and marketing expenses	**9,937**	–
Administrative expenses	**15,268**	–
Product development expenses	**12,033**	–
Total	**37,472**	–

At the end of the reporting period, the Company had 32,185,000 share options and 19,344,000 RSUs outstanding under the Scheme. The exercise in full of the outstanding share options and RSUs would, under the present capital structure of the Company, result in the issue of 51,529,000 additional ordinary shares of the Company and additional share capital of HK$515,290 (equivalent to approximately RMB429,730) (before issue expenses).

12. EVENTS AFTER THE REPORTING PERIOD

(a) On March 28, 2016, Alibaba Health Technology (Beijing) Company Limited* ("**Alibaba Health Technology Beijing**") entered into a capital injection agreement with Wanliyun Medical Information Technology (Beijing) Co., Ltd. (萬里雲醫療信息科技(北京)有限公司) ("**Wanliyun**"), a company established in the PRC with limited liability, and China Resources Wandong Medical Equipment Company Limited (華潤萬東醫療裝備股份有限公司) ("**Wandong Medical**"), a company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600055), pursuant to which Alibaba Health Technology Beijing shall inject RMB225,000,000 in cash to Wanliyun, of which, approximately RMB2,667,000 will be contributed to Wanliyun's registered capital, and the remaining amount will be to its capital reserve. Upon completion of the transaction, the registered capital of Wanliyun shall be increased to approximately RMB10,667,000, Wandong Medical and Alibaba Health Technology Beijing will hold 75% and 25% of Wanliyun's equity interest respectively.

On April 27, 2016, Alibaba Health Technology Beijing made a capital injection of RMB112,500,000 in Wanliyun and acquired its 25% equity interest. as a result of which Wanliyun became an associate of the Group. The remaining consideration of RMB112,500,000 will be paid in 6 months hereafter.

(b) On April 1, 2016, Alibaba Health Technology Beijing, and Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司) and Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司), (collectively the "**Tmall Entities**"), members of Alibaba Group Holding Limited ("**Alibaba Group**"), have entered into a services agreement pursuant to which the Group shall provide certain outsourced and value-added services in accordance with the terms and conditions of the services agreement.

The Tmall Entities shall pay the Group a service fee amounting to 21.5% of the fees paid by the merchants to the relevant Tmall Entities in respect of the value of completed sales of products or services under the relevant categories on Tmall. The transactions contemplated under the services agreement will constitute non-exempt continuing connected transactions. Subject to approval by the Company's Independent Shareholders at the special general meeting, the term of the services agreement is three years commencing from the effective date, which is the third business day following the date of the approval of the services agreement and continuing connected transactions contemplated thereunder by the independent shareholders at the special general meeting. At the date of approval of the consolidated financial statements, the Company is still finalizing the circular in relation to the transaction.

* *For identification purpose only*

13. COMPARATIVE AMOUNTS

As further explained in note 1, due to the change of presentation currency during the current year, the comparative figures in the consolidated financial statements have been restated from HK$ to RMB accordingly to conform with the current year's presentation, and a third consolidated statement of financial position as at April 1, 2014 has been presented.

In addition, certain comparative amounts in the consolidated statement of profit or loss have been reclassified to conform with the current year's presentation.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended March 31, 2016 (2015: Nil).

FINANCIAL REVIEW

The key financial figures of the Group for the year ended March 31, 2016 and the restated comparative figures for the year ended March 31, 2015 are summarized as follows:

	2016	2015	Change
	RMB'000	*RMB'000*	*%*
		(Restated)	
Revenue	**56,595**	29,744	90.3
Gross profit	**37,993**	15,964	138.0
Gross profit percentage	**67.1%**	53.7%	N/A
Other income	**14,702**	87,238	(83.1)
Sales and marketing expenses	**80,787**	54,014	49.6
Administrative expenses	**91,797**	58,951	55.7
Product development expenses	**76,153**	34,130	123.1
Other expenses	**26,143**	54,241	(51.8)
Share of profits of a joint venture	**11,892**	5,688	109.1
Share of profits of an associate	**13,176**	9,268	42.2
Net loss attributable to owners of the parent	**191,608**	81,221	135.9
Loss per share			
Basic and diluted	**RMB2.34 cents**	RMB1.04 cents	125.0

Results

– *Revenue*

Revenue of the Group for the year ended March 31, 2016 increased by 90.3% to RMB56,595,000 from the restated revenue of RMB29,744,000 for the year ended March 31, 2015. The increase was mainly due to the following reason:

中信21世紀(中國)科技有限公司(CITIC 21CN (China) Technology Company Limited ("**CITIC 21CN Technology**")) (a wholly-owned subsidiary of the Group) and 中信國檢信息技術有限公司(China Credit Information Technology Company Limited ("**CCIT**")) (a 50%-owned subsidiary of the Group) are engaged in the operation of product identification, authentication and tracking systems ("**PIATS**"). The PIATS business revenue for the year ended March 31, 2016 increased by RMB26,851,000 or 90.3% to RMB56,595,000 from RMB29,744,000 for the year ended March 31, 2015. The growth in revenue during the year was due to the increase in PIATS service fee income received from medical institutions and pharmaceutical stores in China.

– *Gross profit percentage*

The Group recorded an increased gross profit percentage of 67.1% for the year ended March 31, 2016 as compared with that of 53.7% for the preceding year. The improvement in profitability was mainly attributable to the economies of scale achieved in the operation of the Drug PIATS as more medical institutions and retail pharmacies used the Drug PIATS while most of the costs of revenue of the Drug PIATS remained relatively stable.

– *Other income*

Other income for the year ended March 31, 2016 was RMB14,702,000, representing a decrease of RMB72,536,000 or 83.1% as compared with RMB87,238,000 for the preceding year. The decrease was mainly due to the fact that there was a one-off gain of RMB70,434,000 in the year ended March 31, 2015 resulting from the settlement of litigation with Oracle (China) Software Systems Co., Ltd. and Oracle Systems Hong Kong Limited (as disclosed in the Company's announcement dated January 12, 2015) and the interest income from time deposits decreased from RMB16,058,000 for the preceding year to RMB14,191,000 for the current year.

– *Sales and marketing expenses*

Sales and marketing expenses for the year ended March 31, 2016 was RMB80,787,000, representing an increase of RMB26,773,000 or 49.6% as compared with RMB54,014,000 for the preceding year, which was mainly due to an increase in labor cost, and travelling and rental expenses incurred in respect of the Group's sales and marketing function for developing the new business.

– *Administrative expenses*

Administrative expenses for the year ended March 31, 2016 was RMB91,797,000, representing an increase of RMB32,846,000 or 55.7% from RMB58,951,000 for the preceding year. The increase was mainly attributable to the professional fees incurred in respect of the Proposed Acquisition (as defined in the Company's announcement dated April 15, 2015) of RMB31,779,000.

– *Product development expenses*

Product development expenses for the year ended March 31, 2016 was RMB76,153,000, representing an increase of RMB42,023,000 or 123.1% as compared with RMB34,130,000 for the preceding year. The increase was mainly due to the increase in headcount in respect of the Company's research and development related functions. During the year, the Group recruited more IT engineers to develop and maintain the Company's medical service network, the Alibaba Health (Alijk) mobile application and the Drug PIATS.

– *Other expenses*

Other expenses for the year ended March 31, 2016 was RMB26,143,000, representing a decrease of RMB28,098,000 or 51.8% as compared with RMB54,241,000 for the preceding year. The decrease was mainly due to two reasons: (1) the Group had recorded a loss of RMB26,892,000 in the preceding year relating to the write off of Oracle licenses, while no such loss was incurred during the year ended March 31, 2016; and (2) a smaller allowance for bad debts of RMB4,704,000 was provided for trade and other receivable balances as at March 31, 2016, representing a decrease of RMB15,072,000 as compared with RMB19,776,000 provided as at March 31, 2015. However, foreign exchange loss for the year ended March 31, 2016 was RMB17,832,000, representing an increase of RMB11,617,000 as compared with RMB6,215,000 for the preceding year.

– *Share of profits of a joint venture*

Share of profits of a joint venture represented the share of net operating results of our 49%-owned joint venture, 北京鴻聯九五信息產業有限公司 (Beijing Honglian 95 Information Industries Company Limited ("**HL95**")), which is engaged in telecommunications and information value-added services. The share of profits of HL95 for the year ended March 31, 2016 was RMB11,892,000, representing an increase of RMB6,204,000 or 109.1% as compared with that of RMB5,688,000 for the preceding year. The improvement in share of profit was mainly due to the continued increase in revenue generated from several large newly built-up call centers.

– *Share of profits of an associate*

Share of profits of an associate represented the share of net operating results of our 30%-owned associate, 東方口岸科技有限公司 (Dongfang Customs Technology Company Limited ("**Dongfang Customs**")), which is engaged in electronic customs processing and other electronic government services. The share of profits of Dongfang Customs for the year ended March 31, 2016 was RMB13,176,000, representing an increase of RMB3,908,000 or 42.2% as compared with that of RMB9,268,000 for the preceding year. The increase was mainly due to the increased investment income from Dongfang Customs' associates.

– *Net loss attributable to owners of the parent*

Net loss attributable to owners of the parent for the year ended March 31, 2016 was RMB191,608,000, representing an increase of RMB110,387,000 or 135.9% as compared with that of RMB81,221,000 for the preceding year.

– *Loss per share*

Basic and diluted loss per share was RMB2.34 cents for the year ended March 31, 2016, increased from RMB1.04 cents for the preceding year.

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

The financial positions of the Group as at March 31, 2016 and the corresponding restated comparative figures as at March 31, 2015 are summarized as follows:

	March 31, 2016 *RMB'000*	March 31, 2015 *RMB'000* (Restated)
Current assets	**1,035,488**	1,233,743
Including		
– bank balances and cash (including fixed deposits and mainly denominated in Hong Kong dollar, United States dollar and Renminbi)	**1,020,558**	1,217,679
– debtors	**11,347**	12,644
Current liabilities	**185,860**	122,124
Current ratio (current asset/current liabilities)	**5.57**	10.10
Quick ratio (bank balances and cash & debtors/ current liabilities)	**5.55**	10.07
Shareholders' equity	**1,221,360**	1,325,620
Gearing ratio (bank loans/shareholders' equity)	**N/A**	N/A

Bank balances and cash including fixed deposits held at banks with maturity over three months decreased by RMB197,121,000 or 16.2% from RMB1,217,679,000 as at March 31, 2015 to RMB1,020,558,000 as at March 31, 2016. The decrease was as a result of RMB110,250,000 having been placed as a long term deposit and RMB86,871,000 having been used to finance the operating cash outflow of the Group during the year.

Debtors decreased by RMB1,297,000 or 10.3% from RMB12,644,000 as at March 31, 2015 to RMB11,347,000 as at March 31, 2016. The decrease was due to less account receivables from medical institutions incurred during the year.

As at March 31, 2016, the decrease in current and quick ratios was mainly attributable to a decrease in bank balances and cash as mentioned above. The current ratio was 5.57 (March 31, 2015: 10.10) and the quick ratio was 5.55 (March 31, 2015: 10.07).

Shareholders' equity decreased by RMB104,260,000 or 7.9% from RMB1,325,620,000 as at March 31, 2015 to RMB1,221,360,000 as at March 31, 2016, which was mainly due to the net loss attributable to owners of the Company for the year.

The Group did not have any bank loans and hence no gearing ratio was shown as at March 31, 2015 and as at March 31, 2016.

The Group's operations and transactions are principally located in the PRC. Other than 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 and United States dollars, while other assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi. The Group has changed its presentation currency from HK$ to RMB starting from the year ended March 31, 2016 to better reflect its operations in the PRC and to be consistent with the internal reports reviewed by the Directors. The Group does not have a foreign exchange hedging policy but management will continue to closely monitor exchange rate fluctuations and will take appropriate measures to keep foreign exchange risk exposure to a minimum.

BUSINESS REVIEW

The Group is an integrated healthcare information and content service provider which focuses on innovation. It seeks to utilize the latest advances in information technology to offer internet-based solutions for the healthcare industry.

- **Drug PIATS**

  The Company's subsidiary, CITIC 21CN Technology, is the technical operator of the Drug PIATS in the PRC. Through the operation of the Drug PIATS, CITIC 21CN Technology provides drug tracking, recall and enforcement information services to relevant PRC authorities; product tracking and logistics information services to the pharmaceutical industry; and product information and authentication services to consumers.

  As disclosed in the Company's announcement dated February 21, 2016, on February 20, 2016, the China Food and Drug Administration (the "**CFDA**") published Announcement No.40 of 2016. As the operator of the Drug PIATS, the Company has been working closely with the CFDA to continue the Drug PIATS operations under the CFDA's direction.

Future prospects

Following the Company's announcement dated February 21, 2016, as the Company continues to provide technical support and maintenance services in respect of the Drug PIATS while the CFDA has not promulgated any new regulations relating to the Drug PIATS since the Announcement No. 40 of 2016.

The use of electronic tracking systems has been an important means for the PRC government to strengthen drug and food administration and the PRC government still requires enterprises to be responsible for adopting tracking systems for their products. The Company will continue to work closely with CFDA in relation to the Drug PIATS but at the same time has begun to develop new market-based tracking solutions to assist enterprises to fulfil their regulatory compliance needs.

- **Pharmaceutical e-commerce**

  The Group aims to use Internet-based solutions to increase the transparency of the pharmaceutical and healthcare products supply chain, reduce information asymmetry and increase supply chain efficiencies, so as to benefit market participants and consumers. During the year, the Group updated its Alibaba Health mobile application and continued to explore ways to integrate online and offline distribution channels, so as to provide consumers with an improved and more convenient experience in purchasing pharmaceutical and healthcare products.

  Future prospects

  China's healthcare market is characterized by the highly fragmented and long supply chain of healthcare products. There is still much room for improving efficiencies in the pharmaceutical products supply chain. The Group will continue to work to create a more efficient drug distribution network, to enhance the user's experience through technology and model innovation, and to promote the transformation and upgrading of the industry.

- **Medical services network**

  During the year, the Group continues developing its network hospital business model, actively explored the facilitation of telemedicine services and worked to integrate medical services resources to offer personalized medical services to users. The Group will continue to build an Internet-based tiered medical services network supported by telemedicine services, with the aim of providing users with comprehensive member services.

Future prospects

The PRC government has implemented various healthcare reform initiatives to encourage a tiered medical service network and doctors to practise at multiple locations. At the same time, Internet, big data and various innovative technologies have provided new opportunities to address healthcare sector issues. The Group will actively utilize Internet technologies and big data analytical capabilities to construct a medical service network to connect medical service providers, medical service payers, pharmaceutical manufacturers and patients, so as to provide a better medical experience for the public.

Expiry of the Long Stop Date for the Proposed Acquisition

As disclosed in the Company's announcement dated April 1, 2016, the Proposed Acquisition lapsed following the expiration of the long stop date of the share purchase agreement relating to the Proposed Acquisition on March 31, 2016.

Service Agreement with Alibaba Group

On April 1, 2016, Alibaba Health Technology (Beijing) Company Limited* (阿里健康科技（北京）有限公司) ("**Alibaba Health Technology Beijing**"), an indirect wholly owned subsidiary of the Company, and Zhejiang Tmall Technology Co., Ltd* (浙江天貓技術有限公司) and Zhejiang Tmall Network Co., Ltd* (浙江天貓網絡有限公司) (together, the "**Tmall Entities**"), members of Alibaba Group, entered into a services agreement pursuant to which the Group shall provide certain outsourced and value-added services to the Tmall Entities (the "**Service Agreement**"). The Company is currently still finalizing the circular in relation to the transactions contemplated under the Service Agreement.

* *For identification purpose only*

EMPLOYEES AND REMUNERATION POLICIES

The number of full-time employees of the Group as at March 31, 2016 was 263 (285 as at March 31, 2015). Total staff costs of the Group for the year ended March 31, 2016 was RMB152 million (RMB75.4 million for the year ended March 31, 2015). All the Group's staff employed in Hong Kong participated in the Mandatory Provident Fund Scheme.

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

The Group has also adopted a share award scheme as approved by the shareholders of the Company on November 24, 2014 (the "**Share Award Scheme**"), pursuant to which the Board may grant awards ("**Awards**") in the form of restricted share units ("**RSUs**") or share options to eligible participants, including the Directors, the directors of the Company's subsidiaries, the employees of the Group or any other persons as determined by the Board who the Board considers, in its absolute discretion, have contributed or will contribute to the success of the Group's operations. The movement of the options and RSUs granted, lapsed and outstanding under the Share Award Scheme during the year are set out in note 11 of this announcement.

CORPORATE GOVERNANCE

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.

In the opinion of the Board of Directors (the "**Board**") of the Company, throughout the year ended March 31, 2016, the Company has compiled with the code provisions ("**Code provisions**") set out in the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Listing Rules, except in respect of the following matters:

Code provision A.1.1 provides that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended March 31, 2016, the Board only held two regular Board meetings. However, the Board held a number of ad hoc meetings during the year to discuss and resolve certain significant potential issues with the effect that Board meetings were held approximately every quarter and accordingly no further regular meetings were arranged. The Company's daily business operations are under the management of its executive Directors and management who also report to the other Directors individually from time to time to update all Directors of the position of the Company. To comply with Code provision A.1.1 and enhance the Company's corporate governance practices, the Board has scheduled four regular meetings for the year ending March 31, 2017 at quarterly intervals.

Code provision A.1.7 provides that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. On December 28, 2015, the Board passed a written resolution to approve the extension of long stop date for the share sale and purchase transaction (the "**Transaction**") pursuant to the share purchase agreement dated April 8, 2015 entered among the Company, Ali JK Investment and Mr. Chen Wen Xin, where the following Directors of the Company, including Ms. Chen Xiao Ying, being a sibling of Mr. Chen Wen Xin, and each of Mr. Wu Yongming, Mr. Tsai Chung, Joseph, Ms. Huang Aizhu and Mr. Kang Kai, being an employee of Alibaba Group or its subsidiaries had material interests and had abstained from voting on the relevant resolution. A physical meeting was not able to be arranged due to the unavailability of certain Directors who did not have material interests in the Transaction. In order to determine an appropriate solution before the expiry of original long stop date, the Board decided to pass the relevant resolution by way of written resolution instead of at a physical meeting.

Code provision A.2.1 provides that the roles of chairman and chief executive should be separated and should not be the same individual. From April 1, 2015 to April 17, 2015, Dr. Wang Jian served as the chairman of the Board and the CEO of the Company. The Board believes that it was necessary to vest the roles of the chairman of the Board and the CEO of the Company in the same person given Dr. Wang Jian's experience and established market reputation in the industry, and his importance in the strategic development of the Company. The dual role arrangement helped to provide strong and consistent leadership and was critical for efficient business planning and decision making of the Company. As all major decisions of the Company were made in consultation with other members of the Board and the relevant Board committees, and there are three INEDs on the Board offering independent perspectives, the Board is of the view that there were adequate safeguards in place to ensure sufficient balance of powers with the Board and this deviation from the Code Provisions was therefore acceptable. With effect from April 17, 2015, Mr. Wu Yongming was appointed as the new chairman of the Board and Mr. Wang Lei was appointed as the new CEO of the Company, such that there is now a segregation of duties between the chairman and the CEO.

Code provision A.2.7 provides that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the year under review, all meetings were held with the executive Directors' presence. However, all the non-executive Directors (including independent non-executive Directors) were provided of opportunities to approach the chairman of the Company for discussion of any concerns and/or questions they might have. To comply with Code provision A.2.7 and enhance the Company's corporate governance practices, the chairman of the Board has met with the non-executive Directors without the executive Directors present to discuss the business of the Group during the year ending March 31, 2017, and will commit sufficient time towards ongoing communications with the non-executive Directors.

Code provision C.1.2 provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail 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. To comply with Code provision C.1.2 and enhance the Company's corporate governance practices, management will provide a monthly update on the Group's overall business and financial position to the Board for the Directors to better understand the Group's performance.

Code provision E.1.3 provides that the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings. As management of the Company expected to hold a special general meeting at the same time as the annual general meeting, it postponed sending out the notice of annual general meeting to try to accommodate the special general meeting. However, such special general meeting was not able to be held as planned and the notice of annual meeting of the Company held on September 30, 2015 had been sent to its shareholders less than 20 clear business days before the date of the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules (the "**Model Code**") to regulate the Directors' dealings in the Group's securities. In response to specific enquiries by the Company, all Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended March 31, 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE REVIEW

The Group's annual results for the year ended March 31, 2016 have been reviewed by the Audit Committee. The Audit Committee has also discussed auditing, internal control and financial reporting matters including the review of accounting practices and principles adopted by the Group.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended March 31, 2016 as set out in the announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the announcement.

DISCLOSURE OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND IRASIA.COM

The information as required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) and the website of irasia.com Limited (http://www.irasia.com/listco/hk/alihealth) in due course.

By Order of the Board
Alibaba Health Information Technology Limited
WANG Lei
Chief Executive Officer and Executive Director

Hong Kong, June 22, 2016

As at the date of this announcement, the Board comprises nine Directors, of which (i) two are executive Directors, namely, Ms. CHEN Xiao Ying and Mr. WANG Lei; (ii) four are non-executive Directors, namely, Mr. WU Yongming, Mr. TSAI Chung, Joseph, Ms. HUANG Aizhu and Mr. KANG Kai; and (iii) three are independent non-executive Directors, namely Mr. YAN Xuan, Mr. LUO Tong and Mr. WONG King On, Samuel.