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ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED

阿里健康信息技術有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00241)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014**

The board of directors (the “Board”) of Alibaba Health Information Technology Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended September 30, 2014 together with comparative figures for the corresponding period of the preceding year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended September 30, 2014

		Six months ended	
		September 30,	
		2014	2013
		Unaudited	Restated
			<i>(note 2)</i>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	3	18,647	6,289
Cost of sales		<u>(17,465)</u>	<u>(12,823)</u>
Gross profit/(loss)		1,182	(6,534)
Other income and gains	4	8,664	1,213
Administrative expenses		(50,832)	(21,691)
Other expenses		(5,820)	(328)
Share of profit of an associate	5	8,245	1,005
Share of profit of a joint venture	6	<u>4,710</u>	<u>530</u>
LOSS BEFORE TAX	7	(33,851)	(25,805)
Income tax expense	8	<u>(825)</u>	<u>(100)</u>
LOSS FOR THE PERIOD		<u>(34,676)</u>	<u>(25,905)</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		<u>2,012</u>	<u>–</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>2,012</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>2,012</u>	<u>–</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(32,664)</u>	<u>(25,905)</u>

		Six months ended	
		September 30,	
		2014	2013
		Unaudited	Restated
			<i>(note 2)</i>
	<i>Notes</i>	HK\$'000	HK\$'000
Loss for the period attributable to:			
Owners of the Company		(33,755)	(23,222)
Non-controlling interests		(921)	(2,683)
		<u>(34,676)</u>	<u>(25,905)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(31,017)	(23,222)
Non-controlling interests		(1,647)	(2,683)
		<u>(32,664)</u>	<u>(25,905)</u>
LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		HK cents	HK cents
Basic and diluted	9	<u>(0.45)</u>	<u>(0.62)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2014

		September 30, 2014 Unaudited	March 31, 2014 Restated (note 2)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		3,116	10,094
Intangible assets	10	35,036	36,033
Interest in an associate		117,579	107,947
Interest in a joint venture		92,709	86,855
		248,440	240,929
CURRENT ASSETS			
Debtors and prepayments	11	25,395	31,872
Fixed deposits held at a bank with maturity over three months		55,251	4,962
Cash and cash equivalents		1,479,746	216,377
		1,560,392	253,211
CURRENT LIABILITIES			
Creditors and accruals	12	133,292	117,208
Tax payable		19	19
		133,311	117,227
NET CURRENT ASSETS		1,427,081	135,984
TOTAL ASSETS LESS CURRENT LIABILITIES		1,675,521	376,913
NON-CURRENT LIABILITY			
Deferred tax liabilities		6,133	5,308
Deferred revenue		23,733	19,571
		29,866	24,879
Net assets		1,645,655	352,034
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	81,727	37,490
Reserves		1,635,384	384,353
		1,717,111	421,843
Non-controlling interests		(71,456)	(69,809)
Total equity		1,645,655	352,034

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended September 30, 2014

	Attributable to owners of the Company										
	Share Capital	Share premium*	Capital reserve*	Contributed surplus*	Translation reserve*	Share options reserve*	General reserve*	Accumulated losses*	Total	Non- controlling interests	Total
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Restated HK\$'000	Restated HK\$'000	Unaudited HK\$'000	Restated HK\$'000
At April 1, 2014 (note 2)	37,490	880,278	20,089	78,108	74,860	232	13,433	(682,647)	421,843	(69,809)	352,034
Loss for the period	-	-	-	-	-	-	-	(33,755)	(33,755)	(921)	(34,676)
Other comprehensive income for the period:											
Exchange difference on translation of foreign operations	-	-	-	-	2,738	-	-	-	2,738	(726)	2,012
Total comprehensive loss for the period	-	-	-	-	2,738	-	-	(33,755)	(31,017)	(1,647)	(32,664)
Issue of shares	44,232	1,282,721	-	-	-	-	-	-	1,326,953	-	1,326,953
Share issue expenses	-	(2,256)	-	-	-	-	-	-	(2,256)	-	(2,256)
Equity settled share options arrangement	5	1,815	-	-	-	(232)	-	-	1,588	-	1,588
At September 30, 2014	<u>81,727</u>	<u>2,162,558</u>	<u>20,089</u>	<u>78,108</u>	<u>77,598</u>	<u>-</u>	<u>13,433</u>	<u>(716,402)</u>	<u>1,717,111</u>	<u>(71,456)</u>	<u>1,645,655</u>
At April 1, 2013	37,179	769,675	19,215	78,108	74,860	20,831	13,433	(651,484)	361,817	(74,426)	287,391
Loss and total comprehensive loss for the period	-	-	-	-	-	-	-	(23,222)	(23,222)	(2,683)	(25,905)
Deemed contribution from the shareholder	-	-	2,834	-	-	-	-	-	2,834	2,833	5,667
At September 30, 2013	<u>37,179</u>	<u>769,675</u>	<u>22,049</u>	<u>78,108</u>	<u>74,860</u>	<u>20,831</u>	<u>13,433</u>	<u>(674,706)</u>	<u>341,429</u>	<u>(74,276)</u>	<u>267,153</u>

* These reserve accounts compose the consolidated reserves of HK\$1,635,384,000 (September 30, 2013: HK\$304,250,000 (restated)) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended September 30, 2014

		Six months ended September 30,	
		2014	2013
	Notes	Unaudited HK\$'000	Restated HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(33,851)	(25,805)
Adjustments for:			
Interest income	4	(7,338)	(213)
Imputed interest on loans payables		–	204
Dividends from listed equity securities		–	(929)
Share of profit of an associate		(8,245)	(1,005)
Share of profit of a joint venture		(4,710)	(530)
Depreciation		3,599	3,174
Amortization of intangible assets		1,430	2,255
Provision for bad debt		13,467	–
Loss on disposal of items of property, plant and equipment	4	5,538	–
		<u>(30,110)</u>	<u>(22,849)</u>
Decrease in amounts due from customers for contract work		–	1,082
Increase in debtors and prepayments		(6,990)	(8,634)
Decrease in investments held for trading		–	1,487
Increase/(decrease) in creditors, accruals and deferred revenue		<u>20,246</u>	<u>(28,326)</u>
Cash used in operations		(16,854)	(57,240)
Interest received	4	7,338	213
Dividends received from listed equity securities		–	929
Net cash flows used in operating activities		<u>(9,516)</u>	<u>(56,098)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		132	–
Purchase of property, plant and equipment		(2,226)	(466)
Placement of fixed deposit held at a bank with maturity over three months		<u>(50,289)</u>	<u>7,180</u>
Net cash flows from/(used in) investing activities		<u>(52,383)</u>	<u>6,714</u>

	Six months ended	
	September 30,	
	2014	2013
	Unaudited	Restated
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issue of shares	1,328,541	–
Share issue expenses	(2,256)	–
New short-term bank loans raised	–	34,421
	<hr/>	<hr/>
Net cash flows from financing activities	1,326,285	34,421
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,264,386	(14,963)
Effect of foreign exchange rate changes	216,377	105,667
	(1,017)	–
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,479,746	90,704
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,479,746	90,704
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	1,479,746	90,704
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1 GENERAL INFORMATION

Alibaba Health Information Technology Limited (the “Company”), previously known as CITIC 21CN Company Limited, is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$”) unless otherwise stated. The functional currency of the Company is Hong Kong dollars. The reason for selecting Hong Kong dollars as presentation currency is because the Company is a public company in Hong Kong with its shares listed on the Stock Exchange.

The Company is an investment holding company. The Group is an integrated information and content service provider. The principal activities of the Group are the provision of Product Identification, Authentication and Tracking System (“PIATS”) principally for the drug industry in the People’s Republic of China (the “PRC”), and system integration and software development.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended September 30, 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements have been reviewed by the audit committee of the Company but have not been audited.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair values, as appropriate.

The interim condensed consolidated financial statements do 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, 2014.

The accounting policies adopted in, and basis of, preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements of the Group for the year ended March 31, 2014, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments</i> : <i>Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of assets</i> : <i>Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments</i> : <i>Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the above HKFRSs has had no significant impact on the Group's interim condensed consolidated financial statements.

The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

As reported in the consolidated financial statements of the Group for the year ended March 31, 2014, the Group recognised revenue from certain group of customers upon granting an access right to PIATS platform and the delivery of the security key. For this type of revenue, the Group performed an evaluation of the business nature and considered that it is more appropriate to recognise such revenue when the underlying services are provided on the basis consistent with other similar types of revenue generated from the PIATS business.

Condensed consolidated statement of profit or loss for the six months ended September 30, 2013

	As previously reported <i>HK\$'000</i>	As restated <i>HK\$'000</i>	Increase/ (decrease) <i>HK\$'000</i>
Revenue	14,892	6,289	(8,603)
Loss before tax	17,202	25,805	8,603
Loss for the period	17,302	25,905	8,603
Total comprehensive loss for the period	17,302	25,905	8,603
Loss for the period attributable to owners of the Company	<u>14,619</u>	<u>23,222</u>	<u>8,603</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<u>(0.39)</u>	<u>(0.62)</u>	<u>(0.23)</u>

Condensed consolidated statement of financial position as at March 31, 2014

	As previously reported <i>HK\$'000</i>	As restated <i>HK\$'000</i>	Increase/ (decrease) <i>HK\$'000</i>
Debtors and prepayments	<u>26,728</u>	<u>31,872</u>	<u>5,144</u>
Total current assets	<u>248,067</u>	<u>253,211</u>	<u>5,144</u>
Creditors and accruals	<u>98,907</u>	<u>117,208</u>	<u>18,301</u>
Total current liabilities	<u>98,926</u>	<u>117,227</u>	<u>18,301</u>
Net current assets	<u>149,141</u>	<u>135,984</u>	<u>(13,157)</u>
Total assets less current liabilities	<u>390,070</u>	<u>376,913</u>	<u>(13,157)</u>
Deferred revenue	<u>–</u>	<u>19,571</u>	<u>19,571</u>
Total non-current liabilities	<u>5,308</u>	<u>24,879</u>	<u>19,571</u>
Net assets and equity	<u>384,762</u>	<u>352,034</u>	<u>(32,728)</u>

3 REVENUE AND SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on services provided.

The Group is an integrated information and content service provider. During the six months period ended September 30, 2014, the Group was organised into two operating divisions namely PIATS business which mainly provides service to the drug industry in PRC and system integration and software development. These divisions are the basis on which the Group reports its segment information to the Group's chief operating decision maker.

Principal activities are as follows:

- PIATS business – Operation of an exclusive platform for PIATS in drugs and other consumer products industries
- System integration and software development – Provision of system integration and software development

The following is an analysis of the Group's revenue and results by operating and reporting segments:

	Segment revenue		Segment profit/(loss)	
	Six months ended September 30,		Six months ended September 30,	
	2014	2013	2014	2013
	Unaudited	Restated	Unaudited	Restated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PIATS business	18,647	4,683	(40,071)	(21,112)
System integration and software development	–	1,606	–	382
Total	18,647	6,289	(40,071)	(20,730)
Other income and gains			8,664	1,213
Other expenses			(5,820)	(328)
Share of profit of an associate			8,245	1,005
Share of profit of a joint venture			4,710	530
Unallocated expenses			(9,309)	(7,495)
Loss before tax			(33,851)	(25,805)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months period ended September 30, 2014 and 2013 ("both periods").

4 OTHER INCOME AND GAINS

	Six months ended September 30,	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Bank interest income	7,338	213
Dividends from listed equity securities	–	929
Change in fair value of investments held for trading	–	71
Other gains	1,326	–
	<u>8,664</u>	<u>1,213</u>

5 SHARE OF PROFIT OF AN ASSOCIATE

The Group recorded a share of profit from a 30%-owned associate, Dongfang Customs Technology Company Limited (東方口岸科技有限公司) (“Dongfang Customs”) for both periods.

6 SHARE OF PROFIT OF A JOINT VENTURE

The Group recorded a share of profit from a 49%-owned joint venture, Beijing Honglian 95 Information Industries Company Limited (北京鴻聯九五信息產業有限公司) (“HL95”) for both periods.

7 LOSS BEFORE TAX

	Six months ended September 30,	
	2014	2013
	Unaudited	Restated
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging/(crediting):		
Staff costs	22,491	16,913
Depreciation	3,599	3,174
Amortization	1,430	2,255
Operating lease rentals in respect of buildings	5,717	3,788
Provision/(Reversal) of impairment losses on debtors	13,467	(352)
Imputed interest expense on long-term loan	–	204
Loss on disposal of items of property, plant and equipment	5,538	–
Foreign exchange differences, net	282	124
	<u>282</u>	<u>124</u>

8 INCOME TAX

The charge represents withholding tax on the distributable profits of the Group’s associate.

No provision for Hong Kong profits tax has been made for both periods as the Group’s income neither arises in, nor is derived from, Hong Kong.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable to the Company’s PRC subsidiaries is 25%.

One of the PRC subsidiaries of the Company, China Credit Information Technology Company Limited (中國檢信息技術有限公司) (“CCIT”) was awarded the Advanced-technology Enterprise Certificate and was eligible for a concessionary tax rate of 15% for three years commencing from January 1, 2011. As at the end of the reporting period, CCIT had not yet applied to renew the Advanced-technology Enterprise Certificate.

Another PRC subsidiary of the Company, CITIC 21CN (China) Technology Company Limited (中信21世紀(中國)科技有限公司) (“CITIC 21CN Technology”) was also awarded the Advanced-technology Enterprise Certificate and is eligible for tax concession rate of 15% for three years commencing from January 1, 2012.

9 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per ordinary share

The calculation of the basic loss per share attributable to the owners of the Company for the period is based on the loss for the purposes of basic loss per share of HK\$33,755,000 (September 30, 2013: HK\$23,222,000 (restated)) and the weighted average number of ordinary shares for the purposes of basic loss per share of 7,451,448,000 (September 30, 2013: 3,717,870,000).

(b) Diluted loss per ordinary share

No adjustment has been made to the loss per share amount presented for the six months ended September 30, 2014 and 2013, as the Company had no potentially dilutive shares in issue and therefore no diluting events existed throughout the period.

10 INTANGIBLE ASSETS

Intangible assets represented the Group’s license rights acquired from third parties. Such licenses are amortized over an estimated useful life of 20 years on a straight-line basis.

License rights represented the amounts paid for obtaining the unlimited deployment right of Oracle database management software and middleware for use in PIATS business.

11 DEBTORS AND PREPAYMENTS

	September 30, 2014 Unaudited HK\$'000	March 31, 2014 Restated HK\$'000
Trade receivables	28,810	26,546
<i>Less:</i> Allowance for doubtful debts	<u>(13,467)</u>	<u>(2,821)</u>
	15,343	23,725
Other receivables	2,174	425
Deposits and prepayments	<u>7,878</u>	<u>7,722</u>
	<u>25,395</u>	<u>31,872</u>

The Group provides a credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on invoice date at the end of the reporting period:

	September 30, 2014 Unaudited HK\$'000	March 31, 2014 Restated HK\$'000
0-90 days	15,301	23,024
91-180 days	11	670
Over 180 days	31	31
	15,343	23,725

12 CREDITORS AND ACCRUALS

	September 30, 2014 Unaudited HK\$'000	March 31, 2014 Restated HK\$'000
Trade payables	2,908	2,742
Advances from customers and deferred revenue	65,998	57,169
Other payables and accruals	64,386	57,297
	133,292	117,208

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	September 30, 2014 Unaudited HK\$'000	March 31, 2014 Restated HK\$'000
0-90 days	163	115
91-180 days	–	177
181-360 days	275	10
Over 360 days	2,470	2,440
	2,908	2,742

13 SHARE CAPITAL

	Number of ordinary shares	HK\$'000
Authorized:		
Ordinary shares of HK\$0.01 each		
– At April 1, 2013, September 30, 2013, March 31, 2014 and September 30, 2014	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
– At April 1, 2013 and September 30, 2013	3,717,869,631	37,179
– Exercise of share options (<i>note 1</i>)	31,100,000	311
– At March 31, 2014	3,748,969,631	37,490
– Exercise of share options (<i>note 2</i>)	500,000	5
– Issue of shares (<i>note 3</i>)	4,423,175,008	44,232
– At September 30, 2014	8,172,644,639	81,727

Note 1: During the year ended March 31, 2014, 31,100,000 shares of HK\$0.01 each were issued at the price ranging from HK\$2.525 to HK\$3.175 per share upon exercise of the share options by the option holders.

Note 2: On April 10, 2014, 500,000 shares of HK\$0.01 each were issued at the price of HK\$3.175 per share upon exercise of share options by the option holder.

Note 3: On April 30, 2014, 4,423,175,008 shares of HK\$0.01 each were duly allotted and issued to Perfect Advance Holding Limited for cash payment at the subscription price of HK\$0.30 per subscription share.

14 OPERATING LEASES

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of buildings under non-cancellable operating leases which fall due as follows:

	September 30, 2014 Unaudited HK\$'000	March 31, 2014 Audited HK\$'000
Within one year	13,076	7,871
In the second to fifth year inclusive	18,870	16,616
	31,946	24,487

Leases are negotiated for a term of one to five years.

15 ARBITRATION AND LITIGATION

On October 29, 2009, the Company received an arbitration notice (the “Arbitration Notice”) issued by China International Economic and Trade Arbitration Commission (“CIETAC”). According to the Arbitration Notice, Oracle (China) Software Systems Co., Ltd. (formerly known as Beijing Oracle Software Systems Co., Ltd.) (“Oracle Beijing”), an independent third party, submitted an application in relation to an arbitration (the “Arbitration”) on a dispute arising from a payment agreement signed by Oracle Beijing, CITIC 21CN Technology, the Company and Oracle Systems Hong Kong Limited, an independent third party, on May 30, 2006 (the “Payment Agreement”). The Payment Agreement provided, among other things, the settlement arrangement of license and service fees in relation to an Oracle license and services agreement (the “Oracle License and Services Agreement”) in an aggregate amount of approximately RMB116 million, in respect of which approximately US\$11 million (approximately RMB88 million) deposit had been paid by the Group. The reason for the dispute over the Payment Agreement was that the parties to the agreements could not reach a consensus on the execution of the agreements.

During the financial year ended March 31, 2011, the Company received an arbitral award issued by CIETAC (the “Arbitral Award”) and received a court order (the “Order”) from the High Court of the Hong Kong Special Administrative Region (“HKSAR”) that leave be granted to Beijing Oracle to enforce the Arbitral Award. Details of the Arbitral Award were set out in the Company’s announcement dated June 24, 2010. By a judgment made by the Beijing First Intermediate People’s Court dated October 25, 2011, the Arbitral Award was set aside. As a result, the Company received another court order dated December 7, 2011 from the High Court of the HKSAR stating that the legal action of the Order was discontinued. Accordingly, the Arbitral Award ceased to have legal effect.

On January 24, 2011, CITIC 21CN Technology, being the plaintiff, made an appeal to the Beijing First Intermediate People’s Court against Oracle Beijing, being the defendant, for termination of the Oracle License and Services Agreement and the Payment Agreement and for compensation from Oracle Beijing. On February 24, 2014, the Beijing First Intermediate People’s Court issued a judgment ordering the dissolution of the Oracle License and Services Agreement and the Payment Agreement with effect from the judgment date (the “PRC Judgment”). On March 31, 2014, Oracle Beijing appealed to the Beijing High People’s Court. The legal proceedings of the claim were still ongoing as at September 30, 2014 and as the date that these consolidated financial statements were authorized for issue.

On January 18, 2012, Oracle Beijing, being the plaintiff, commenced new legal proceedings in the High Court of the HKSAR against the Company, CITIC 21CN Technology and Oracle Systems Hong Kong Limited, an independent third party, alleging breach of the Oracle License and Services Agreement and Payment Agreement and claiming payment in relation to these agreements for the sum of approximately RMB88 million together with interest and with costs. On April 5, 2012, the Company and CITIC 21CN Technology took out a Summons to apply for the legal proceedings to be stayed but this was refused by a judgment dated September 18, 2013. The defence of the Company and CITIC 21CN Technology was filed and served on November 6, 2013. The Company and CITIC 21CN Technology have also applied for a stay of the legal proceedings in view of the PRC Judgment, which application has been adjourned for argument. The above-mentioned amounts of license and service fees and other related costs, net of deposits paid, have been properly accounted for in the interim condensed consolidated financial statements as at September 30, 2014.

As these legal proceedings remain pending decision by the relevant courts, their outcomes cannot be ascertained at this stage. In the opinion of the directors of the Company (the “Directors”), adequate provision has been made in the interim condensed consolidated financial statements in respect of such litigation.

FINANCIAL REVIEW

The key financial figures of the Group for the six months ended September 30, 2014 and the comparative figures for the six months ended September 30, 2013 are summarized as follows:

	Six months ended September 30, 2014 Unaudited HK\$'000	2013 Restated HK\$'000
Revenue	18,647	6,289
Gross profit/(loss)	1,182	(6,534)
Gross profit/(loss) percentage	6.3%	(103.9%)
Other income and gains	8,664	1,213
Administrative expenses	50,832	21,691
Other expenses	5,820	328
Share of profit of an associate	8,245	1,005
Share of profit of a joint venture	4,710	530
Net loss attributable to owners	33,755	23,222
Loss per share		
Basic and diluted	0.45 cents	0.62 cents

Results

Revenue

The Group's revenue for the six months ended September 30, 2014 was HK\$18,647,000, representing an increase of HK\$12,358,000 or 196.5% from HK\$6,289,000 (restated) of the corresponding period of the preceding year due to the following reasons:

- (a) 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 CCIT” (a 50%-owned subsidiary of the Group) are engaged in PIATS business. The Group's revenue from PIATS business, generated substantially from the drug industry, was HK\$18,647,000, representing an increase of HK\$12,358,000 or 196.5% from HK\$6,289,000 (restated) of the corresponding period of the preceding year. The growth in revenue during the current period was due to the increase in joining fee income received from medical and health institutions following the intensive promotion of PIATS in the drug industry and the increased adoption of PIATS by drug manufacturers, drug distributors and pharmacies and other drug retailers in China.
- (b) 廣東天圖科技有限公司 (Guangdong Grand Cycle Technology Company Limited) (“Grand Cycle”), a wholly-owned subsidiary of the Group, is engaged in system integration services and software development. The company did not generate any revenue for the six months ended September 30, 2014, while it recorded a revenue of HK\$1,606,000 in the corresponding period of the preceding year. The operations of Grand Cycle had already been scaled down and the revenue for the corresponding period of the preceding year represented revenue generated from outstanding contracts in respect of system integration services provided to the telecom industry.

Gross profit/(loss) percentage

During the current period, the Group recorded gross profit percentage of 6.3% as compared with the gross loss percentage of 103.9% for the corresponding period of the preceding year. The improvement in profitability was mainly attributable to the increase in revenue from PIATS business while most of the cost of services of PIATS was fixed in nature. PIATS business remains an innovative and developing business, hence management expects that the Group's gross profit percentage will continue to fluctuate in the future.

Other income and gains

During the current period, the Group recorded other income and gains of HK\$8,664,000, representing an increase of HK\$7,451,000 compared with the other income and gains of HK\$1,213,000 for the corresponding period of the preceding year. Such increase was mainly due to the interest income, which increased from HK\$213,000 for the six months period ended September 30, 2013 to HK\$7,338,000 for the six months period ended September 30, 2014 attributable to the receipt of net proceeds of HK\$1,326,285,000 from the issuance of shares.

Administrative expenses

Administrative expenses for the six months ended September 30, 2014 was HK\$50,832,000, representing an increase of HK\$29,141,000 or 134.4% as compared with HK\$21,691,000 for the corresponding period of the preceding year. Such increase was principally due to the net impact of HK\$13,467,000 bad debt provision was recognized, and continuous development of the PIATS business which led to higher technical staff costs for informatization construction and higher payroll and office expenses to cope with the growth in business.

Other expenses

During the current period, the Group recorded other expenses of HK\$5,820,000, representing an increase of HK\$5,492,000 compared with the other expenses of HK\$328,000 for the corresponding period of the preceding year. Such increase was mainly due to the HK\$5,538,000 loss on disposal of items of property, plant and equipment in current period.

Share of profit of an associate

Share of profit of an associate represented the share of profit of a 30%-owned associate, Dongfang Customs, which was engaged in electronic customs processing and other electronic government services. The share of profit of Dongfang Customs was HK\$8,245,000 for the six months ended September 30, 2014, representing an increase of HK\$7,240,000 or 720.4% as compared with HK\$1,005,000 for the corresponding period of the preceding year. The increase was mainly due to increased sales of high margin products, receipt of more subsidy income and decreased administrative expenses.

Share of profit of a joint venture

Share of profit of a joint venture represented the share of profit of HL95, which provides telecommunications/information value-added services. The share of profit of HL95 was HK\$4,710,000 representing an increase of HK\$4,180,000 or 788.7% as compared with HK\$530,000 for the corresponding period of the preceding year. The increase was mainly due to several large call centers which were set up in prior periods starting to generate profit and HL95's new labor outsourcing business being profitable.

Net loss attributable to owners

Net loss attributable to owners for the six months ended September 30, 2014 was HK\$33,755,000, representing an increase of HK\$10,533,000 or 45.4% as compared with HK\$23,222,000 (restated) for the corresponding period of the preceding year.

Loss per share

Basic and diluted loss per share was HK\$0.45 cents for the six months ended September 30, 2014, improved from HK\$0.62 cents (restated) for the corresponding period of the preceding year.

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

The financial positions of the Group as at September 30, 2014 and the corresponding comparative figures as at March 31, 2014 are summarized as follows:

	September 30, 2014 HK\$'000 Unaudited	March 31, 2014 HK\$'000 Restated
Current assets	1,560,392	253,211
Including		
– bank balances and cash (mainly denominated in Hong Kong dollar, Renminbi and United States dollar)	1,534,997	221,339
– debtors	17,517	24,150
Current liabilities	133,311	117,227
Current ratio (current assets/current liabilities)	11.70	2.16
Quick ratio (bank balances and cash and debtors/ current liabilities)	11.65	2.09
Shareholders' equity	1,717,111	421,843
Gearing ratio (bank loans/shareholders' equity)	N/A	N/A

Bank balances and cash including fixed deposits held at a bank with maturity over three months increased by HK\$1,313,658,000 or 593.5% from HK\$221,339,000 as at March 31, 2014 to HK\$1,534,997,000 as at September 30, 2014. The increase in bank balances and cash was mainly due to the receipt of net proceeds of HK\$1,326,285,000 from the issuance of shares.

Trade debtors decreased by HK\$6,633,000 or 27.5% from HK\$24,150,000 (restated) as at March 31, 2014 to HK\$17,517,000 as at September 30, 2014, as a result of the increase in sales from the PIATS business and bad debt loss provided.

As at September 30, 2014, current and quick ratios substantially increase was mainly attributable to the increase in bank balances and cash as mentioned above. The current ratio was 11.70 (March 31, 2014: 2.16) and the quick ratio was 11.65 (March 31, 2014: 2.09).

Shareholders' equity increased by HK\$1,295,268,000 or 307.0% from HK\$421,843,000 (restated) as at March 31, 2014 to HK\$1,717,111,000 as at September 30, 2014, mainly due to the issuance of new shares in April 2014 with net proceeds which amounted to HK\$1,326,285,000.

The Group did not have any bank loans and hence no gearing ratio was shown as at September 30, 2014 or March 31, 2014.

The Group's operations and transactions are principally located in the PRC. Other than the bank balances and cash most of which are placed in fixed deposits and liquid investments denominated in United States dollar, Hong Kong dollar or Renminbi, other assets and liabilities are mainly denominated in either Hong Kong dollar or Renminbi. The Directors believe that there will not be material fluctuation in the exchange rate of US dollar against Hong Kong dollar, the reporting currency, in the foreseeable future, and the gradual and slight increase in the exchange rate of Renminbi against Hong Kong dollar would result in an exchange gain for the Group as the net assets of the Group's operating subsidiaries and jointly controlled entities in PRC are denominated in Renminbi. Nevertheless, the Group is exposed to significant exchange rate risk as more than one-third of its bank balances and cash are dominated in Renminbi.

BUSINESS REVIEW

The Group is an integrated information and content service provider, emphasizing on innovation as well as seeking ways to apply the latest information technology to provide unique information services to PRC governmental departments, manufacturers, the pharmaceutical industry and consumers.

- **PIATS Business**

The Company's subsidiaries, CITIC 21CN Technology and CCIT, are principally engaged in the provision of product tracking, recall and enforcement information services to relevant PRC authorities through the operation of PIATS; the provision of product tracking and logistics information services to manufacturers; and the provision of product information and authentication services to consumers. Since its launch, the innovative concept of PIATS has achieved widespread application across the drug industry in the PRC, and has also been applied to certain food and beverage, cosmetics and agricultural resources products. This application of PIATS has achieved marked results, in effectively protecting enterprise and product brands and maintaining an orderly market, and in establishing a product integrity system for the market that is recognized by consumers, the government and enterprises.

During the current period, the Group continued to promote the application of PIATS by more medical and healthcare institutions, pharmaceutical stores and other drug retailers in the PRC. In connection with such promotion, the Group also continued to provide related technical support services, corporate training and implementation guidance.

Future prospects

The continued advancement of electronic monitoring is testament to the PRC government's view of its use as an important means of strengthening drug administration. The PRC relevant authorities are continuing to promote the application of electronic monitoring by stages beyond basic drugs to other drug preparations, and to expand its use in the industry to include drug retailers under a pilot program.

The Group will continue to work closely with the relevant PRC authorities and leverage on its successes with PIATS to further expand the breadth and depth of PIATS application.

At the same time, the Group plans to expand the application of PIATS to provide integrated product tracking and data processing and management solutions, including pioneering cloud-based information management and sharing platform for healthcare enterprises, for an expanded customer base in the entire healthcare sector, including hospitals, community health centers and pharmacies (the “PIATS Value-Added Services”).

In doing so, the Group is planning to enhance the PIATS infrastructure, develop a data standard for pharmaceutical and healthcare products and provide value-added services to integrate data processing and management systems of customers to the enhanced PIATS infrastructure. The Company has also been exploring ways to further monetize its considerable customer base by utilizing the PIATS Value-Added Services. The Company believes that the provision of the PIATS Value-Added Services will generate significant increase in traffic and data size of the PIATS in the near future.

- **HL95**

HL95 is a nationwide telecommunications/information value-added services (“VAS”) company in the PRC and is licensed by the Ministry of Industries and Information to provide SMS, IVRS, call center outsourcing services and other telecom services in the PRC. HL95 mainly provides call center outsourcing services for telecom operators, financial institutions and e-commerce companies throughout the country. HL95 currently has more than 6,000 call center seats. HL95 offers governmental, commercial and entertainment information through its SMS and IVRS services. HL95 also provides other telecommunication/information VAS such as IP phone services and business SMS services.

Future prospects

HL95 will continue its transformation from a value-added telecom service provider for individual consumers to a value-added telecom service provider that mainly focuses on call center outsourcing services for large and medium-sized enterprises. HL95 has accumulated a wealth of experience and established a good reputation in the call center industry in the PRC. Going forward, HL95 will continue to maintain and develop its relationships with cooperation partners, and expand its call center outsourcing business. HL95’s management will continue to seek other SMS business opportunities with corporate customers.

- **Dongfang Customs**

Dongfang Customs, which is a joint venture with the PRC Customs Department and China Telecom, is mainly engaged in the development of, provision of technical support for, operation and maintenance of, and provision of customer services for, China’s e-port logistics business projects. It provides logistics e-commerce services and solutions

(products) for government administrative departments, the logistics industry, banks, insurance companies, the information security industry and over 800,000 import/export entities. Its products or services include certificate authentication and secure exchange, logistics chain integration, logistics and customs systems development, electronic billing and payment, telecommunications value-added services, and enterprise ERP consultation and implementation.

Future prospects

The PRC government has been encouraging customs and enterprises in different regions to work together to establish e-port logistics business operation systems because informatization construction in the field of import/export logistics business not only expedites the customs declaration process but also helps to minimize the handling costs involved. Given that China is a major global manufacturing base and Dongfang Customs is continuing to look for new business opportunities in addition to its existing technical support, database management and hardware trading activities, the Group considers that the business of Dongfang Customs will continue to provide it with reasonable returns.

- **Grand Cycle**

Grand Cycle is engaged in system integration and software development.

Future prospects

Grand Cycle will continue to provide various system integration and software development services.

EMPLOYEES AND REMUNERATION POLICIES

The numbers of full-time employees of the Group as at September 30, 2014 are detailed as follows:

Location	PIATS business	System integration and software development	Corporate	A joint venture	Associate
– Hong Kong	–	–	4	–	–
– The PRC	179	3	–	10,963	224
Total	179	3	4	10,963	224

Total staff costs of the Group included in the administrative expenses for the six months ended September 30, 2014 were HK\$22,491,000. All the staff 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 performance.

The Group has also set up share option schemes pursuant to which employees of the Group may be granted options to subscribe for the Company's shares at their absolute discretion. The subscription price, exercise period and the number of options to be granted are determined in accordance with the prescribed terms of the schemes. During the six months ended September 30, 2014, no share options were granted to employees of the Group.

INTERIM DIVIDEND

The Board resolved that no interim dividend be declared for the six months ended September 30, 2014 (September 30, 2013: Nil).

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

The Company has not redeemed any of its listed securities of the Company during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any listed securities of the Company during the period under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to 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 enhancing shareholder value.

Throughout the six months ended September 30, 2014, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices under Appendix 14 to the Listing Rules, except in respect of the following matters:

1. The ex-Chairman of the Board of the Company, Mr. Wang Jun, was not subject to retirement by rotation pursuant to Clause 99 of the Company's Bye-Laws. The Board considered this deviation acceptable as the ex-Chairman was responsible for formulation and implementation of the Company's strategies, which was essential to the stability of the Company's business. With effect from May 9, 2014, the new Chairman of the Board, Dr. Wang Jian, is subject to retirement by rotation and re-election in compliance with the Code Provisions.
2. Before May 9, 2014, the Company had not established a nomination committee or adopted any formal board diversity policy. According to the Bye-Laws of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing the nomination of new directors, the Board considered each nominee's qualifications, abilities and potential contribution to the Group. As such, the Board considered that such arrangement provided the Group with sufficient flexibility to identify individuals suitably qualified to become board members for the Group's innovative and developing business and that these deviations from the Code Provisions were therefore acceptable.

Nonetheless, on May 9, 2014 and June 19, 2014, a nomination committee was formed and a board diversity policy was adopted, respectively, in compliance with the Code Provisions.

3. Before June 18, 2014, the Company did not arrange insurance cover in respect of legal action against its Directors, as disclosed in the Company's annual report dated June 19, 2014. However, the Board has arranged insurance cover in respect of legal action against the Directors, with effect from June 18, 2014.

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 six months ended September 30, 2014.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises four directors (three INEDs and one non-executive director) of the Company.

These unaudited condensed consolidated interim financial statements for the six months ended September 30, 2014 of the Group have been reviewed by the audit committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.irasia.com/listco/hk/alihealth). The interim report for the six months ended September 30, 2014 will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
ALIBABA HEALTH INFORMATION TECHNOLOGY LIMITED
WANG Jian
Chairman of the Board

November 24, 2014

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