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, 2021

The board (the "**Board**") of directors (the "**Directors**") of Alibaba Health Information Technology Limited (the "**Company**" or "**Alibaba Health**") 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, 2021 (the "**Reporting Period**") together with comparative figures for the corresponding period of the preceding year. The interim condensed consolidated financial statements have been reviewed by the audit committee of the Company.

HIGHLIGHTS

- During the Reporting Period, the Group recorded revenue of approximately RMB9,357.7 million, representing a year-on-year growth of 30.7%, and gross profit of approximately RMB1,870.8 million. The continued rapid growth in revenue was attributable to our strategy of focusing on drugs sales and services through pharmaceutical direct sales business and diversifying supply of pharmaceutical and healthcare products by introducing merchants to our e-commerce platforms. Revenue from drugs generated from the pharmaceutical direct sales business under the brand of "Alibaba Health" accounted for 64% of the revenue of the business, and revenue from the prescription drug business increased by 127.3% year-on-year.

- The following table sets out the composition of the Group's revenue during the periods indicated:

	Six months ended September 30,		
	2021	2020	Change
	RMB'000	*RMB'000*	*%*
Revenue	**9,357,715**	7,162,031	30.7
— Pharmaceutical direct sales business	**8,118,994**	6,036,024	34.5
— Pharmaceutical e-commerce platform business	**1,010,257**	925,383	9.2
— Healthcare and digital services business[1]	**228,464**	200,624	13.9

Note: Given that digital infrastructure business served medical and healthcare services and retail terminals more broadly during the Reporting Period, medical and healthcare services business and digital infrastructure business were integrated into healthcare and digital services business to better reflect the Group's business classification. Breakdown of revenue for the corresponding period ended September 30, 2020 has been restated.

- During the Reporting Period, the Group's loss amounted to approximately RMB231.6 million, as compared with profit of approximately RMB278.6 million for the corresponding period of the preceding year. The Group's adjusted net loss amounted to approximately RMB282.9 million, as compared with adjusted net profit of approximately RMB435.8 million for the corresponding period of the preceding year. The adjusted net loss for the Reporting Period was mainly attributable to (i) the increase in the deployment of the Group's resources in a series of innovative business areas such as the "Dr. Deer" APP, Neighborhood Healthcare and health insurance; (ii) the continuous investment in technological research and development in the areas of drug supply chain capabilities, including drug storage and logistics, as well as operation refinement in the Group's pharmaceutical direct sales business, customer experiences in prescription refills and regulatory compliance and safety of prescription drugs during the Reporting Period; (iii) the Group's increasing investment in building the brand awareness of Tmall's Pharmaceutical Platform and Alibaba Health Pharmacy; and (iv) decrease in operating margin of the Group's direct sales business as the Group increased its market share of online B2C drug sales, accelerated business deployment of prescription drug sales business and increased the deployment of corresponding market resources.

- As the leading pharmaceutical and healthcare products service platform in China, Alibaba Health's pharmaceutical e-commerce platform possesses the most comprehensive product catalog in terms of stock keeping units ("**SKUs**"), and boasts the most reliable sales process. As at the end of the Reporting Period, Alibaba Health served over 25,000 merchants, an increase of 3,000 compared to half a year ago. The number of SKUs also increased significantly from half a year ago by 7 million to the current level exceeding 40 million.

- During the Reporting Period, owing to the Group's operational and brand advantages and the team's efficient execution, revenue from the pharmaceutical direct sales business reached RMB8,119.0 million, representing an increase of 34.5% year-on-year, with the revenue from drugs generated from the pharmaceutical direct sales business under the brand of "Alibaba Health" accounting for 64% of the revenue of the business, there was also a 127.3% growth in the revenue for the prescription drug business. Through meticulous improvements, the number of chronic disease users has reached 5 million, representing an increase of 170% year-on-year, with the per capita length of medication use, repurchase rate and user experience continuously on the rise. As at September 30, 2021, the number of annual active users (those who made one or more actual purchase(s) on our direct online stores in the past 12 months) of the direct online stores has reached 90 million.

- The Group has formed in-depth partnerships with hundreds of well-known pharmaceutical industry leaders, such as Eisai China and Organon, in order to help them reach the broader user base through professional digital marketing capabilities driven by Internet innovation that bring safe, professional and convenient healthcare services while creating new opportunities for drug makers and promoting the high-quality development of a digital and smart healthcare industry in China. In terms of the supply chain, as supported by the distribution network of 14 warehouses in 12 locations and the smart logistics strategy, this has enabled next-day delivery service in 110 core cities and improved delivery efficiency from 50.1% as at the end of the past fiscal year to 60%. In terms of risk control, a quality control system, including a prescription review platform and an unannounced inspection mechanism, has been implemented to safeguard product quality and user information security.

- In terms of healthcare and digital services, the Group has continued to integrate Internet technologies and skillsets to overcome the time and space constraints and enhance healthcare service offerings, and via the Internet, improve the accessibility of our services and the ability to connect our services to our users. By leveraging on its strong capability in technological innovation, digital and intelligent technologies, the Group optimized industrial processes and improved service efficiency, and actively responded to and tackled key industry challenges: the asymmetry of medical information for users, the accessibility of healthcare services, the digitalization of healthcare providers, and the quality of healthcare services. As at September 30, 2021, nearly 140,000 licensed physicians, pharmacists and nutritionists have contracted with the Group to provide online health consultations services. This represents an increase of more than 80,000 professionals (including those from Xiaolu TCM) as compared with the number as at the end of the past fiscal year ended March 31, 2021. As at September 30, 2021, "Dr. Deer" APP has attracted over 2 million monthly active users. As at September 30, 2021, the Group has established partnerships with over 5,500 public and private physical examination providers, offering users with consumer-grade and professional/medical-grade tests, and online consultation services have exceeded an average of 250,000 consultations per day. During the Reporting Period, revenue generated from healthcare and digital services business was RMB228.5 million, representing an increase of 13.9% year-on-year.

Note:

1 Adjusted net (loss)/profit is based on the (loss)/profit for the corresponding period after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets at FVPL (non-current portion), gain or loss on deemed partial disposal of associates. It will help investors to better compare our operational performance across various periods by excluding the impact of items which are not indicative of our core operational results.

KEY FINANCIAL FIGURES

	Six months ended September 30, 2021	2020	Change
	RMB'000	*RMB'000*	*%*
Revenue	**9,357,715**	7,162,031	30.7
— Pharmaceutical direct sales business	**8,118,994**	6,036,024	34.5
— Pharmaceutical e-commerce platform business	**1,010,257**	925,383	9.2
— Healthcare and digital services business[1]	**228,464**	200,624	13.9
Gross profit	**1,870,775**	1,860,316	0.6
Gross profit margin	**20.0%**	26.0%	N/A
(Loss)/profit for the period	**(231,568)**	278,554	N/A
Excluding			
— Share-based compensation expenses	**182,975**	198,514	(7.8)
— Fair value gains on financial assets at fair value through profit or loss ("**FVPL**"), net of tax	**(210,555)**	(34,444)	511.3
— Gain on deemed partial disposal of associates, net of tax	**(23,702)**	(6,865)	245.3
Adjusted net (loss)/profit[2]	**(282,850)**	435,759	N/A

Notes:

1 Given that digital infrastructure business served medical and healthcare services and retail terminals more broadly during the Reporting Period, medical and healthcare services business and digital infrastructure business were integrated into healthcare and digital services business to better reflect the Group's business classification. Breakdown of revenue for the corresponding period ended September 30, 2020 has been restated.

2 Adjusted net (loss)/profit is based on the (loss)/profit for the corresponding period after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets at FVPL (non-current portion), gain or loss on deemed partial disposal of associates. It will help investors to better compare our operational performance across various periods by excluding the impact of items which are not indicative of our core operational results.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended September 30, 2021

	Notes	2021 Unaudited *RMB'000*	2020 Unaudited *RMB'000*
REVENUE	*4*	**9,357,715**	7,162,031
Cost of sales		**(7,486,940)**	(5,301,715)
Gross profit		**1,870,775**	1,860,316
Other income and gains	*5*	**386,364**	142,811
Operating expenses			
Fulfillment	*6*	**(979,811)**	(749,449)
Sales and marketing expenses		**(983,714)**	(508,737)
Administrative expenses		**(170,531)**	(143,003)
Product development expenses		**(322,750)**	(229,449)
Other expenses		**(5,073)**	(7,567)
Finance costs	*7*	**(737)**	(1,580)
Share of profits and losses of:			
Joint ventures	*8*	**1,329**	(5,694)
Associates	*9*	**(25,714)**	(33,207)
(LOSS)/PROFIT BEFORE TAX	*10*	**(229,862)**	324,441
Income tax expense	*11*	**(1,706)**	(45,887)
(LOSS)/PROFIT FOR THE PERIOD		**(231,568)**	278,554
Attributable to:			
Owners of the parent		**(231,771)**	283,431
Non-controlling interests		**203**	(4,877)
		(231,568)	278,554
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*13*		
Basic		**RMB(1.72) cents**	RMB2.17 cents
Diluted		**RMB(1.72) cents**	RMB2.16 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended September 30, 2021

	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE PERIOD	**(231,568)**	278,554
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	**(11,924)**	13,521
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	**(156,510)**	(220,066)
Equity investment designated at fair value through other comprehensive income ("**FVOCI**"):		
Changes in fair value	**286**	(18,484)
Income tax effect	**(29)**	1,848
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(156,253)**	(236,702)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(168,177)**	(223,181)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(399,745)**	55,373
Attributable to:		
Owners of the parent	**(399,948)**	60,250
Non-controlling interests	**203**	(4,877)
	(399,745)	55,373

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Notes	**September 30, 2021 Unaudited** ***RMB'000***	March 31, 2021 Audited *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**20,060**	13,428
Right-of-use assets		**73,709**	38,861
Other intangible assets		**335,526**	2,935
Goodwill		**845,305**	54,576
Investments in joint ventures		**159,578**	98,548
Investments in associates		**2,170,968**	2,173,938
Long-term receivables		**10,070**	9,524
Equity investment designated at fair value through other comprehensive income ("**FVOCI**")		**161,104**	163,212
Financial assets at fair value through profit or loss ("**FVPL**")		**1,255,772**	984,456
Total non-current assets		**5,032,092**	3,539,478
CURRENT ASSETS			
Inventories		**1,759,702**	1,468,609
Trade and bills receivables	*14*	**505,028**	313,615
Prepayments, other receivables and other assets		**1,074,743**	769,716
Financial assets at fair value through profit or loss		**26,680**	—
Restricted cash		**3,541**	11,017
Cash and cash equivalents		**11,256,451**	11,636,769
Total current assets		**14,626,145**	14,199,726
CURRENT LIABILITIES			
Lease liabilities		**25,423**	20,334
Trade and bills payables	*15*	**4,233,630**	2,551,550
Other payables and accruals		**871,459**	588,169
Contract liabilities		**214,819**	190,541
Tax payable		**6,921**	50,278
Total current liabilities		**5,352,252**	3,400,872
NET CURRENT ASSETS		**9,273,893**	10,798,854
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,305,985**	14,338,332

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at September 30, 2021

	September 30, 2021 Unaudited *RMB'000*	March 31, 2021 Audited *RMB'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**114,226**	39,322
Lease liabilities	**42,404**	17,406
Other non-current liabilities	**100,887**	—
Total non-current liabilities	**257,517**	56,728
Net assets	**14,048,468**	14,281,604
EQUITY		
Equity attributable to owners of the parent		
Share capital	**118,875**	118,859
Treasury shares	**(32,596)**	(22,265)
Reserves	**13,987,753**	14,205,356
	14,074,032	14,301,950
Non-controlling interests	**(25,564)**	(20,346)
Total equity	**14,048,468**	14,281,604

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2021

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended September 30, 2021 (the "**Reporting Period**") has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended March 31, 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**" (which include all HKFRSs, HKASs and Interpretations)).

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended March 31, 2021, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

    The Group has applied the amendments prospectively to transactions or other events that occurred on or after April 1, 2021. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after April 1, 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the amendment on April 1, 2021 and applied the practical expedient during the six-month period ended September 30, 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before June 30, 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB73,665 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six-month period ended September 30, 2021.

3 OPERATING SEGMENT INFORMATION

The Group is primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, healthcare and digital services business. Given that the chief operating decision maker of the Company considers that the Group's business mentioned above is operated and managed as a single segment, accordingly, no segment information is presented.

Geographical information

(a) Revenue from external customers

	Six months ended September 30,	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Mainland China	**8,980,689**	6,911,668
Hong Kong	**377,026**	250,363
	9,357,715	7,162,031

The revenue information above is based on the locations of the customers for whom services are provided, or the locations of the warehouses from which inventories are shipped.

(b) Non-current assets

	September 30, 2021	March 31, 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Mainland China	**3,449,814**	2,199,264
Hong Kong	**155,332**	183,022
	3,605,146	2,382,286

The non-current asset information above is based on the locations of the assets and excludes equity investment designated at FVOCI, financial assets at FVPL and long-term receivables.

Information about a major customer

During the six months ended September 30, 2021, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (for the six months ended September 30, 2020: Nil).

4 REVENUE

The Group is primarily engaged in pharmaceutical direct sales business, pharmaceutical e-commerce platform business, healthcare and digital services business.

An analysis of revenue is as follows:

	Six months ended September 30,	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Pharmaceutical direct sales business	**8,118,994**	6,036,024
Pharmaceutical e-commerce platform business	**1,010,257**	925,383
Healthcare and digital services business[1]	**228,464**	200,624
Total	**9,357,715**	7,162,031

Note:

1 Given that digital infrastructure business served medical and healthcare services and retail terminals more broadly during the Reporting Period, medical and healthcare services business and digital infrastructure business were integrated into healthcare and digital services business to better reflect the Group's business classification. Breakdown of revenue for the corresponding period ended September 30, 2020 has been restated.

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended September 30, 2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Type of goods or services:		
Sales of products	**7,664,374**	5,709,524
Provision of services	**1,693,341**	1,452,507
Total revenue from contracts with customers	**9,357,715**	7,162,031
Timing of revenue recognition:		
At a point in time	**8,737,181**	6,774,746
Over time	**620,534**	387,285
Total revenue from contracts with customers	**9,357,715**	7,162,031

5 OTHER INCOME AND GAINS

	Six months ended September 30, 2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Other Income		
Bank interest income	**85,029**	62,068
Government grants	**32,494**	14,570
Foreign exchange difference, net	**9,666**	—
Management fee income from a joint venture	**4,533**	4,545
Dividend income from financial asset at FVPL	**3,750**	1,363
Other interest income	**1,429**	513
Rental income from investment property operating leases	**—**	3,997
Others	**1,638**	225
	138,539	87,281
Gains		
Fair value gains on financial assets at FVPL	**224,102**	46,851
Gain on deemed partial disposal of associates	**23,702**	8,679
Gain on disposal of items of property and equipment	**21**	—
	247,825	55,530
Total	**386,364**	142,811

6 FULFILLMENT

Fulfillment primarily consists of those costs incurred in warehousing, logistics, operation and customer services, which are associated with the Group's pharmaceutical direct sales business.

7 FINANCE COSTS

Finance costs is interest on lease liabilities.

8 SHARE OF PROFITS/(LOSSES) OF JOINT VENTURES

The Group recorded share of profits from joint ventures for the six months ended September 30, 2021 (for the six months ended September 30, 2020: share of losses).

9 SHARE OF LOSSES OF ASSOCIATES

The Group recorded share of losses from associates for the six months ended September 30, 2021 (for the six months ended September 30, 2020: share of losses), except for Dongfang Customs Technology Company Limited^ (東方口岸科技有限公司), from which the Group recorded share of profits for the six months ended September 30, 2021 (for the six months ended September 30, 2020: share of profits).

10 (LOSS)/PROFIT BEFORE TAX

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

	Six months ended September 30,	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Cost of goods sold*	**6,601,557**	4,516,205
Cost of services provided* (excluding employee benefit expense and share-based compensation expenses)	**836,669**	772,434
Depreciation of property and equipment	**3,055**	1,394
Depreciation of right-of-use assets	**17,539**	11,886
Depreciation of an investment property	**—**	3,276
Amortisation of intangible assets	**2,465**	978
Fair value gains on financial assets at FVPL#	**(224,102)**	(46,851)
Impairment of inventories*	**20,616**	1,364
Impairment/(reversal of impairment) of trade receivables#	**842**	(63)
Write-off of inventories#	**3,838**	3,745
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**405,041**	235,599
Pension scheme contributions	**26,462**	6,211
Share-based compensation expenses	**182,975**	198,514
	614,478	440,324
Foreign exchange differences, net	**(9,666)**	3,545

These items are included in "Other income and gains" and "Other expenses" in the interim condensed consolidated statement of profit or loss.

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

11 INCOME TAX EXPENSE

	Six months ended September 30,	
	2021	2020
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current-Hong Kong		
Charge for the period	**61**	4,625
Current-Mainland China		
Charge for the period	**10,329**	23,613
Underprovision/(overprovision) in prior years	**190**	(1,695)
Deferred	**(8,874)**	19,344
Total tax charge for the period	**1,706**	45,887

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong.

In general, the PRC subsidiaries of the Company are subject to the PRC corporate income tax rate of 25% except for two PRC subsidiaries which are entitled to a preferential tax rate of 15%.

Deferred income tax represents withholding tax on the distributable profits of the Group's associates and tax impact of temporary difference arising from the Group's operation.

12 DIVIDENDS

The board of Directors (the "**Board**") has resolved that no interim dividend be declared for the six months ended September 30, 2021 (for the six months ended September 30, 2020: Nil).

13 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the loss for the period attributable to owners of the parent of RMB231,771,000 (for the six months ended September 30, 2020: profit of RMB283,431,000), and the weighted average number of ordinary shares of 13,477,924,055 in issue during the period (for the six months ended September 30, 2020: 13,038,227,696).

No adjustment has been made to the basic loss per share amount presented for the six months ended September 30, 2021 in respect of a dilution as the impact of share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount for the six months ended September 30, 2020 is based on the profit for the six months ended September 30, 2020 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the six months ended September 30, 2020 as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Six months ended September 30,	
	2021	2020
	RMB'000	*RMB'000*
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**(231,771)**	283,431

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**13,477,924,055**	13,038,227,696
Effect of dilution — weighted average number		
Share options	**—**	15,470,532
Restricted Share Units	**—**	67,593,236
	13,477,924,055	13,121,291,464

14 TRADE AND BILLS RECEIVABLES

	September 30, 2021	March 31, 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade receivables	**496,403**	326,766
Bills receivables	**36,055**	13,437
	532,458	340,203
Impairment	**(27,430)**	(26,588)
	505,028	313,615

The Group's trading terms with some of its customers are on credit. The Group provides credit periods from 30 to 90 days. Trade receivables are settled in accordance with the terms of the respective contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

Included in the Group's trade and bills receivables as at September 30, 2021 are amounts due from fellow subsidiaries of approximately RMB58,783,000 (March 31, 2021: RMB53,161,000) and the Group's associates of approximately RMB288,000 (March 31, 2021: RMB91,000), which are repayable on credit terms similar to those offered to other similar customers of the Group.

An aging 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:

	September 30, 2021	March 31, 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 3 months	**228,489**	177,677
3 to 12 months	**240,484**	122,501
	468,973	300,178

15 TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date or issue date, is as follows:

	September 30, 2021	March 31, 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 3 months	**1,935,429**	1,268,105
3 to 12 months	**1,708,858**	1,184,311
Over 12 months	**589,343**	99,134
	4,233,630	2,551,550

Included in the Group's trade payables as at September 30, 2021 are amounts due to fellow subsidiaries of approximately RMB1,806,059,000 (March 31, 2021: RMB1,284,969,000), which are repayable on credit terms similar to those offered by other similar suppliers of the Group.

16 SUBSEQUENT EVENTS

On October 15, 2021, the Group, through its subsidiary, Ali Health Pharmaceutical Chain Co., Ltd.^ (阿里健康大藥房醫藥連鎖有限公司), entered into a lease agreement with an affiliated company Hangzhou Chuanfu Health Technology Co., Ltd.^ (杭州傳賦健康科技有限公司), to lease a warehouse for storage of pharmaceutical products and medical devices and other reasonable and lawful purposes with a lease term of three years commencing from November 30, 2021. Rent and property management fees are subject to progressive increment each year. The total rent and property management fees payable per annum (inclusive of tax) during the term of the lease agreement shall be capped at RMB28.5 million, RMB29.7 million and RMB30.9 million, respectively. In accordance with HKFRS 16, the Group will recognise the value of the right-of-use asset in connection with the lease agreement on its consolidated statement of financial position after the Reporting Period.

On October 25, 2021, the Group, through its subsidiaries, Alibaba Health Technology (China) Co., Ltd^ (阿里健康科技(中國)有限公司) ("**Alibaba Health China**") and Hangzhou Hongyun Pukang Equity Investment Partnership (Limited Partnership) ("**Hongyun Pukang**"), entered into a share transfer and subscription agreement with, Wuhan Landing Intelligence Medical Co., Ltd ("**Landing**"), and its original shareholders (the "**Vendors**"). The Group agreed to acquire and the Vendors agreed to sell 5.28% equity interests in Landing for a cash consideration of RMB118,829,902, and the Group agreed to further inject RMB181,170,098 in cash into Landing to obtain additional 6.3151% equity interest in Landing. Immediately upon completion of the share transfer and subscription, the registered capital of Landing shall increase to RMB25,931,233 and the Group shall, through its subsidiaries Alibaba Health China and Hongyun Pukang hold an aggregate of 11.5951% equity interest in Landing. The transaction has not been completed as at the date of this announcement.

Except for the matter described above, there is no significant events subsequent to September 30, 2021 which may materially affect the Group's operating and financial performance as at the date of approval of these consolidated financial information.

17 APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This interim condensed consolidated financial information was approved and authorised for issue by the Board on November 24, 2021.

^ *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of fiscal year 2022, China began its transition into the post-pandemic era, and supervisory authorities have actively supported and promoted the rapid development of Internet healthcare industry on a regulated basis. In September 2021, the General Office of the State Council issued the Fourteenth Five-Year Plan for National Medical Insurance. The plan specifically addressed the need to "support the orderly development of new medical and healthcare service models such as telemedicine, online diagnosis and treatment services, as well as home care services in conjunction with promoting the rational use of emerging technologies such as artificial intelligence". The policy gives strong support to the development of the industry. In the post-pandemic era, increased public awareness on disease prevention and healthcare, along with the growing reliance of online medical services, have further accelerated the rapid development of Internet healthcare. With a continued focus from the government on the Internet healthcare industry, a series of industry regulatory rules, such as the "Measures for the Supervision and Management of Online Drug Sales"^ (藥品網絡銷售監督管理辦法), are expected to be launched and implemented in the near future. Alibaba Health, as an industry leader, will proactively respond to government policies and directives. Aside from maintaining a high-quality standard, Alibaba Health will remain at the forefront of discovery and product innovation. During the Reporting Period, Alibaba Health maintained steady and healthy business growth.

During the Reporting Period, the Group's total revenue amounted to RMB9,357.7 million, representing an increase of 30.7% year-on-year. As a response to the increasing demand for Internet healthcare, the Group has continued to diversify its pharmaceutical product offerings. During the Reporting Period, Tmall's Pharmaceutical Platform has reached over 40 million SKUs of service products, serving more than 25,000 merchants. Revenue from Alibaba Health's pharmaceutical direct sales business reached RMB8,119.0 million, with the revenue from drugs generated from the pharmaceutical direct sales business under the brand of "Alibaba Health" accounting for 64% of the revenue of the business. There was also a 127.3% growth in the revenue for the prescription drug business. As at September 30, 2021, the number of annual active users (those who made one or more actual purchase(s) on our direct online stores in the past 12 months) of the direct online stores has reached 90 million. In terms of the supply chain, as supported by the distribution network of 14 warehouses in 12 locations and the smart logistics strategy, efficiency of the next-day delivery service for direct sales increased from 50.1% as at the end of the past fiscal year to 60%. With regard to customer service, the creation of specialized and 24/7 licensed pharmacist consultation services has elevated user satisfaction. In terms of risk control, a quality control system, including a prescription review platform and an unannounced inspection mechanism, has been implemented to safeguard product quality and user information security. For medical and healthcare services, Alibaba Health is committed to building an online platform of "Dr. Deer APP + Alipay healthcare channel", so as to increase the service accessibility, as well as to better connect users through the Internet. During the Reporting Period, nearly 140,000 licensed physicians, pharmacists and nutritionists have contracted with the Group to provide online health consultation services. This represents an increase of more than 80,000 professionals (including those from Xiaolu Traditional Chinese Medicine ("**Xiaolu TCM**")) as compared with the number as at the end of the past fiscal year ended March 31, 2021. As at September 30, 2021, online consultation services exceeded an average of 250,000 consultations per day. By introducing "Dr. Deer" APP to community hospitals, a strong local network has been established, enabling services such as digitalization of vaccination management and group consultation, thus offering the public 24/7 access to local healthcare services. As at the end of the Reporting Period, thousands of community hospital vaccination sites have been included in the network, thus accumulating a large number of active family healthcare manager users for the platform. During the Reporting Period, Alibaba Health officially acquired Xiaolu TCM. Relying on core traditional Chinese medicine (TCM) resources, the Group will continue to deepen its efforts in the field of vertical Internet TCM, further enhancing the accessibility of quality TCM and Western medicine resources in grassroots areas so as to benefit all Chinese patients.

As the flagship healthcare platform of Alibaba Group Holdings Limited ("**Alibaba Holdings**", together with its subsidiaries, "**Alibaba Group**"), Alibaba Health has an unwavering commitment to "promoting healthy living of 120 years for everyone". Following the industry trend of "treatment + prevention + healthcare", the Group continues to prioritize the needs of the customers through leveraging the strength of the existing online healthcare business along with exploring innovative business models of Internet healthcare services and medical insurance products. Ultimately, the Group envisions a future where online and offline services are seamlessly integrated to drive the development of the healthcare industry. Alibaba Health strives to become the "professional caretaker of every person and his/her family" through relentless pursuits of excellence in the next decade and beyond. Through advance Internet and life science technologies, the Group enables users' access to early prevention, early examination, early detection, and early treatment on its platform, ensuring every user to live a life full of vitality and dignity. To achieve this goal, Alibaba Health is committed to building a trustworthy and inclusive healthcare service platform, which provides "good medicines, renowned doctors and assurance" to family healthcare managers as the core users.

Pharmaceutical E-commerce Business

The customer-centric pharmaceutical e-commerce business of Alibaba Health has continued its focus on the strategy of "focusing on drugs services through pharmaceutical direct sales business and diversifying supply of pharmaceutical and healthcare products by introducing merchants to our e-commerce platforms". By utilizing Internet of Things and other Internet technologies, Alibaba Health is able to deploy its omnichannel business model integrating pharmaceutical direct sales businesses, Tmall's Pharmaceutical Platform and new retail businesses to partner more closely with high-quality upstream brands and pharmaceutical and health supplement manufacturers as well as key domestic pharmaceutical distributors. The objective is to establish an integrated online and offline healthcare management platform for users with relevant needs. During the Reporting Period, the revenue of the Group's pharmaceutical e-commerce business reached RMB9,129.3 million, representing a year-on-year growth of 31.1%; the Group served over 25,000 merchants with more than 40 million SKUs. As at the end of the Reporting Period, the Group was authorized to manage or open over 150 brand flagship stores on Tmall and has helped them achieve excellent sales performance on Tmall.

- ***Pharmaceutical Direct Sales Business***

  Through well-developed online platform for direct sales of drugs, Alibaba Health is committed to creating a comprehensive pharmaceutical service platform that provides consumers with a wide range of health-related products under strict quality control, including prescription drugs, over-the-counter (OTC) drugs, nutritional supplements, medical devices and contact lenses, resulting in a superior shopping experience, as well as peace of mind through dedicated aftersales services. During the Reporting Period, owing to the Group's operational and brand advantages and the team's efficient execution, revenue from the pharmaceutical direct sales business reached RMB8,119.0 million, representing a year-on-year growth of 34.5%, with the revenue from drugs generated from the pharmaceutical direct sales business under the brand of "Alibaba Health" accounting for 64% of the revenue of the business, and revenue from the prescription drug business increased by 127.3% year-on-year. As at September 30, 2021, the number of annual active users (those who made one or more actual purchase(s) on our direct online stores in the past 12 months) of the direct online stores has reached 90 million.

  During the Reporting Period, with the rapid development of the direct sales businesses, the Group has continued to strengthen its quality control system by creating a prescription review platform and a series of guidelines to ensure the safety of medication use. In addition, product quality and user information security are better protected through bolstering the process of unannounced inspections for, supplier qualification, product quality, and privacy protection protocols. Meanwhile, supporting infrastructure and service capabilities in customer service, warehousing and logistics have also been improved. To enhance the user experience, customer service now includes specialized and 24/7 licensed pharmacist consultation services, which has led to significant improvement in service efficiency, consultation conversion rate, and overall user satisfaction. In terms of warehousing and logistics, the Group has continued to develop its infrastructure which now features a distribution network of 14 warehouses in 12 locations and a smart logistics strategy. This has enabled next-day delivery service in 110 core cities and improved delivery efficiency from 50.1% as at the end of the past fiscal year to 60%.

  In October 2021, Alibaba Health Pharmacy introduced the "New Drug Support Program"^ (新藥首發扶持計劃), offering pharmaceutical companies extensive support in the retail markets, including a 7-day first launch express channel, dedicated project support, 1-on-1 strategy advisory service, and infrastructure access covering over 100 cities. During the Reporting Period, a number of global leading pharmaceutical companies, e.g. Roche, BeiGene, etc., have launched their proprietary drug products through Alibaba Health's direct sales pharmacies. The extensive user base and brand influence, as well as industry-leading technology and operational capabilities have allowed for greater access to medications and to meet the patients' needs for drugs and health management. The Group has also formed in-depth partnerships with hundreds of well-known pharmaceutical industry leaders, such as Eisai China and Organon, in order to help them reach the broader user base through professional digital marketing capabilities driven by Internet innovation that bring safe, professional and convenient healthcare services while creating new opportunities for drug makers and promoting the high-quality development of a digital and smart healthcare industry in China.

In the field of prescription drugs, the Group has set up 12 direct sales healthcare centers, targeting neurological, cardiovascular, oncological, and immunological diseases. Through the integration of user traffic, medical content, doctors, medication guidance and other services, the Group strives to provide increasingly inclusive and high-quality services to the target consumers. At the same time, the direct sales business continues to focus on delivering a "sound, professional, safe and caring" service experience. For example, the "Chronic Disease Welfare Program"^ (慢病福利計劃) provides a series of comprehensive services to users with chronic diseases, including discounted medication, personal doctors, follow-up visits, user education, and aftersales services. Through meticulous improvements, the number of chronic disease users has reached 5 million, representing an increase of 170% year-on-year, with the per capita length of medication use, repurchase rate and user experience continuously on the rise.

- ***Pharmaceutical E-commerce Platform Business — Tmall's Pharmaceutical Platform***

As the leading pharmaceutical and healthcare products service platform in China, Alibaba Health's pharmaceutical e-commerce platform possesses the most comprehensive product catalog in terms of SKUs, and boasts the most reliable sales process. During the Reporting Period, through the strategy of "focusing on drugs services through pharmaceutical direct sales business and diversifying supply of non-drug healthcare products by introducing merchants to our e-commerce platforms", Alibaba Health has been able to diversify the product offering and at the same time continue to grow the number of merchants and SKUs. As at the end of the Reporting Period, Alibaba Health served over 25,000 merchants, an increase of 3,000 compared to half a year ago. The number of SKUs also increased significantly from half a year ago by 7 million to the current level exceeding 40 million.

To create value for merchants and consumers on our platform, the Group has launched various innovative activities and services in different subfields. This has enabled us to further consolidate our platform's leading position while optimizing the industry ecosystem. A strong partnership with local leading pharmacies has enabled high quality, low cost, in-town purchase and delivery service to local customers in each city. In the non-pharmaceutical categories, aided by Tmall's superior brand operation capabilities and marketing resources, the Group continues to invest in building the target user base, and deepening the connection between brands and consumers by creating a series of sales campaigns, such as color contact lens, moxibustion and bird's nest. This allows for rapid incubation of new brands in the sectors, such as nutritional supplements and contact lenses. In response to the increasing consumer demand for a healthier lifestyle, Alibaba Health has collaborated with four authoritative quality inspection institutions, including the Zhejiang Academy of Science and Technology for Inspection and Quarantine (ZAIQ), to launch the first set of Tmall inspection standards for bird's nest products, so as to foster consumer trust and promote the industry's development.

- ***Pharmaceutical E-commerce Platform Business — New Retail Model***

  Based on rich experiences, Alibaba Health has been working with Internet hospitals and offline pharmacies to create a closed-loop model for online and offline drug purchase leveraging Alipay's capabilities. A series of multi-model and multi-city online drug purchase pilot programs (covered by the national medical insurance) have been initiated to address the comprehensive service scenario of "medication, medical care and medical insurance". Three service models in Guangzhou (Guangdong Province), Qingdao (Shandong Province), Yingkou (Liaoning Province), and Jinhua (Zhejiang Province) that were first deployed based on online payments have enabled the Group to carry out additional programs during the Reporting Period, e.g. the individual payment mechanism in Hangzhou, remote payment in Liaoning and coordinated medical insurance payment in Guangzhou. Alibaba Health currently supports online ordering of drugs in 18 cities, allowing consumers to pay directly through their medical insurance account and have their drugs delivered to their doorsteps. As the Group continues to provide universal and easy access to medications, continuous exploration of partnerships with the national medical insurance and local healthcare providers will enable an integrated online and offline medical insurance payment mechanism, so as to achieve long-term sustainable development, enhancing the convenience of drug purchase, and leading future industry innovations.

Healthcare and Digital Services Business

During the Reporting Period, the Group has continued to integrate Internet technologies and skillsets to overcome the time and space constraints and enhance healthcare service offerings, and via the Internet, improve the accessibility of our services and the ability to connect our services to our users. By leveraging on its strong capability in technological innovation, digital and intelligent technologies, the Group optimized industrial processes and improved service efficiency, and actively responded to and tackled key industry challenges: the asymmetry of medical information for users, the accessibility of healthcare services, the digitalization of healthcare providers, and the quality of healthcare services. Alibaba Health is committed to building an online platform of "Dr. Deer APP + Alipay healthcare channel" and an integrated online and offline healthcare service system that covers vaccines, medical checkups, nucleic acid testing, dental care, mental care, nursing, and other medical and healthcare services. This multi-faceted and multi-dimensional medical services will continue to serve the end-users from Taobao, Tmall, Alipay, "Dr. Deer" APP and Quark while offering quality medical resources to each community.

As at September 30, 2021, nearly 140,000 licensed physicians, pharmacists and nutritionists have contracted with the Group to provide online health consultations services. This represents an increase of more than 80,000 professionals (including those from Xiaolu TCM) as compared with the number as at the end of the past fiscal year ended March 31, 2021. As at the end of the Reporting Period, online consultation services have exceeded an average of 250,000 consultations per day. During the Reporting Period, revenue generated from healthcare and digital services business was approximately RMB228.5 million, representing an increase of 13.9% year-on-year.

- ***"Dr. Deer" APP***

  During the Reporting Period, "Dr. Deer" APP has been positioned as the go-to platform for all customers' healthcare needs and has constantly upgraded the experience of general medical and healthcare services such as consultation, registration and medical checkups, and especially started to make efforts in the provision of vertical healthcare services that can cover a larger population with higher frequency. The comprehensive upgrades of the vaccine services, such as vaccination registration, appointment, intelligent planning reminder, vaccine popularization and consultation, have all contributed to better user experience. By introducing "Dr. Deer" APP to community hospitals, a strong local network has been established, enabling services such as digitalization of vaccination management and group consultation, thus offering the public 24/7 access to local healthcare services as well as ensuring the accessibility of community healthcare services and reducing the asymmetry of medical information. As at September 30, 2021, we have established partnerships with thousands of community hospital vaccination sites, with sufficient coverage reaching a substantial number of active family health manager users. In terms of medical services, we expanded appointment source coverage and enhanced source qualities. We reformed the registration link by establishing AI triage and adding the precise matching of hospital and physician registration by specialty and disease to better support patient registration. Our registration success rate has increased by 74.2% year-on-year.

  Through the establishment of pediatric care assistant, childcare encyclopedia, healthcare community for mothers, pediatric center and dermatology center, "Dr. Deer" APP, as the go-to platform for childcare needs, provides one-stop health solutions around the core group of vaccination users with "tools + content + online specialist services", enabling steady growth of "Dr. Deer" APP in terms of overall scale of business as well as the number of active users. As at September 30, 2021, "Dr. Deer" APP has attracted over 2 million monthly active users.

- ***Neighborhood Healthcare***

  As at September 30, 2021, the Group has established partnerships with over 5,500 public and private physical examination providers, offering users with consumer-grade and professional/medical-grade tests. A wide variety of examination services are supported, such as onsite, home visit, sample delivery and self-operated medical exam. Users can also choose their preferred platform among "Dr. Deer" APP, Tmall, Alipay, Fliggy and DingTalk to provide diversified products and services. During the Reporting Period, the Group placed heavy emphasis on expanding localized medical services, encouraging local medical service content producers to use Alipay healthcare channel and inviting healthcare brands to join Tmall to further the commercialization of medical services.

- ***Digital Tracking Business***

  During the Reporting Period, the Group's proprietary "Ma Shang Fang Xin"^ (碼上放心) tracking platform business continued to maintain a steady pace of development. As a pioneer in the field of drug tracking, Alibaba Health continued to promote the construction and development of the "Ma Shang Fang Xin" platform by leveraging its technological prowess. Following the new policy directives, the construction of the pharmaceutical big data center has been accelerated, providing pharmaceutical enterprises and healthcare institutions with safe and convenient compliance solutions and expanding more value-added services. During the Reporting Period, the tracking platform business has been expanded from the basic coverage of drug production to include the distribution process, thus improving the coverage of retail terminals.

  Based on the tracking platform business, the Group has explored to provide upstream and downstream collaboration services in the supply chain finance process for pharmaceutical and distribution enterprises, with an objective to develop a complete internal solution for these companies. Leveraging pharmaceutical tracking capabilities and the Group's strong digital marketing capabilities, tracking has been enabled in various consumer product categories.

- ***Public Service***

  Alibaba Health Philanthropy, together with Alibaba Foundation, China Association of County Hospital President, Ling Feng Foundation and other organizations, has carried out a training program for grassroots doctors. With improving the clinical capacity of county hospitals as its objective, the program aims to offer better healthcare services to rural residents. The learning platform, which covers all specialties of generic medical care, can help bridge the gap between the grassroot doctors and experts from Grade III Class A hospitals through online seminars, discussions and case studies, allowing the former to enhance their clinical knowledge and skills. As at September 30, 2021, the program has covered more than 5,000 grassroot doctors from nearly 300 county hospitals in Yushu (Qinghai), Aba (Sichuan), Weinan (Shaanxi), Lixian (Gansu), and Julu (Hebei). The number of training attendance was close to 56,000, and learning hours amounted to almost 35,000.

During the Reporting Period, in order to help more children with serious diseases and their families, the "Xiao Lu Lantern Children's Serious Disease Relief Platform" was officially launched on May 31 this year. The platform is jointly supported by governments at all levels, well-known medical institutions, medical experts, authoritative public welfare organizations, as well as Alibaba Foundation and Alibaba Health Philanthropy. The goal is to provide access to medical care to families caring for children with serious illnesses, connect them with high-quality medical resources and help alleviate their financial burden of medical treatment, as well as costs associated with them receiving medical treatment overseas including travel and accommodation costs. Joining hands with the March of Dimes Birth Defects Foundation of China, the phase I of the platform focused on diseases relating to birth defect. With the support of Alibaba's caring business merchants, the platform has carried out birth defect relief work in 23 key counties in China's less developed areas, providing financial assistance and quality medical services for dozens of children in need.

At the same time, Alibaba Health Philanthropy has also been investing in the field of special drugs and rare diseases, launching the "Patient Assistance" mini program in September this year. Jointly with mainstream foundations, access to special drugs for patients in need has been provided, covering 27 types of drugs; in collaboration with Boao Le Cheng Rare Disease Clinical Center, the first "Global Drug Information Platform for Rare Diseases" in China has been established to address the challenge faced by 20 million rare disease patients in China who have been unable to access innovative drugs abroad, helping them acquire necessary drugs as early as possible to enhance the chance of recovery. During the Reporting Period, the patient assistance service has helped hundreds of rare disease patients locate and apply for overseas drugs.

Ecosystem Collaboration

In terms of traditional Chinese medicine (TCM) services, during the Reporting Period, Alibaba Health officially acquired Xiaolu TCM and such acquisition helped propel Alibaba Health to grow into a more well-rounded online collaboration platform for Chinese and Western medicine. With the addition of Xiaolu TCM, the Group will continue to work deeper into the online TCM business, further leveraging the power of Internet + Healthcare and introducing quality Chinese and Western medical resources to the communities.

In the field of critical illnesses, Alibaba Health has been working with LinkDoc Technology Limited ("**LinkDoc**") to launch a series of innovative digital oncological services. From the "Clinical Research Subjects Service Program for Class III Grade A Hospitals" jointly launched by Alipay healthcare channel and HOPE^ (厚普醫藥) of LinkDoc, to the "Lung Cancer Center" established by Tmall, the Group has always been committed to providing cancer patients with accurate, convenient and comprehensive medical and healthcare services, which cover treatment and medication across the entire disease cycle, so as to improve the level of treatment and service.

In the digital medical services field, Alibaba Health collaborated with SocialMED to provide pharmaceutical enterprises with marketing channel integration and linkage solutions to meet the needs of drug marketing scenes under different life cycles, increase brand influence, improve marketing conversion rate, strengthen the customer experience, and enhance Chinese patient's accessibility to quality drug products.

Future Prospects

As a technology innovator with Internet background, the Group will hold on to its original mission of supporting healthcare with Internet services, constantly focus on user needs and enhance healthcare services driven by technological innovation and customer value proposition. In cooperation with partners from the Alibaba's ecosystem, we are positioning Alibaba Health as China's leading Internet + Healthcare service provider through never ending exploration and practice.

The pharmaceutical e-commerce platform business will continue to operate in compliance with laws and regulations, with user value as its key objective, cultivating and expanding new categories to provide consumers with a diverse range of options. The direct sales business is also aiming to become an all-scenario, all-category and all-channel pharmaceutical service platform while maintaining competitive advantages in various dimensions, such as user scale, platform ecosystem, logistics system and pharmacist services, especially for the "out-of-hospital scenarios". In terms of healthcare services, based on our deep understanding of Internet healthcare, we will continue to integrate Internet technologies and skillsets to enhance healthcare service offerings. We prioritize user value while making commitments to all-inclusive services and work towards the strengthening of medical resources aggregation, and expansion of medical service coverage. Moreover, the Group will increase investments in grassroot medical services and create more innovative business models based on upgrading existing healthcare service platform so as to provide users with one-stop solutions to health problems in all scenarios.

As the level of national disposable income increases and the public health awareness rises, the Group will continue to focus on increasing user value through integrating the existing businesses and diversifying personalized insurance offerings by utilizing its advantages in Internet and data innovation. Based on the "treatment + medication + insurance" model, a closed-loop model of Internet healthcare service will be established, which will be a one-stop healthcare service system that integrates online and offline resources, allowing us to address the needs of users' healthcare journey every step of the way. It is Alibaba Health's firm belief that in a decade or two, the goal of becoming the "professional caretaker of every person and his/her family" will be realized through our efforts.

Save as disclosed, there has been no material change in the development of the Group's business and financial position, and no important event affecting the Group has occurred since the publication of the annual report of the Company for the year ended March 31, 2021.

FINANCIAL REVIEW

The key financial information of the Group for the six months ended September 30, 2021 and September 30, 2020 is summarized as follows:

	Six months ended September 30,		
	2021	2020	Change
	RMB'000	*RMB'000*	*%*
Revenue	**9,357,715**	7,162,031	30.7
Gross profit	**1,870,775**	1,860,316	0.6
Gross profit margin	**20.0%**	26.0%	N/A
Other income and gains	**386,364**	142,811	170.5
Fulfillment	**(979,811)**	(749,449)	30.7
Sales and marketing expenses	**(983,714)**	(508,737)	93.4
Administrative expenses	**(170,531)**	(143,003)	19.2
Product development expenses	**(322,750)**	(229,449)	40.7
Other expenses	**(5,073)**	(7,567)	(33.0)
Finance costs	**(737)**	(1,580)	(53.4)
Operating (loss)/profit	**(205,477)**	363,342	N/A
Share of profit/(loss) of joint ventures	**1,329**	(5,694)	N/A
Share of loss of associates	**(25,714)**	(33,207)	(22.6)
(Loss)/profit for the Reporting Period	**(231,568)**	278,554	N/A
Net (loss)/profit attributable to owners of the parent	**(231,771)**	283,431	N/A
NON-HKFRS ADJUSTMENTS			
Adjusted net (loss)/profit	**(282,850)**	435,759	N/A

— **Revenue**

Revenue of the Group for the Reporting Period amounted to RMB9,357,715,000, representing an increase of RMB2,195,684,000 or 30.7% as compared with RMB7,162,031,000 for the six months ended September 30, 2020. The increase in revenue was mainly attributable to the rapid growth in revenue from pharmaceutical direct sales business during the Reporting Period.

— ***Pharmaceutical Direct Sales Business***

The pharmaceutical direct sales business of the Group comprises our direct B2C retail, related advertisement business and our B2B centralized procurement and distribution business. During the Reporting Period, the general revenue from pharmaceutical direct sales business reached RMB8,118,994,000, representing a year-on-year increase of 34.5%. The rapid growth in revenue was mainly attributable to (i) the continual enrichment of the categories of goods sold through the Group's direct B2C retail and SKUs; (ii) the optimization of the customer purchase experience by upgrading customer service comprehensively, enhancing supply chain capabilities and actively developing our infrastructure to significantly improve conversion rate of medication consultation and delivery timeliness; (iii) accelerated business deployment of prescription drug sales business, enriched SKUs for prescription drugs, improved medication services and chronic disease services care services, and continued increase in drug use duration and repeat purchase rate of users, which in turn expanded the sales volume of prescription drugs; and (iv) ongoing cooperation with well-known pharmaceutical companies to help them reach more customers and boost sales with our professional digital marketing capability.

— ***Pharmaceutical E-commerce Platform Business***

Our pharmaceutical e-commerce platform business comprises the e-commerce platform business (relating to pharmaceutical products, health food and medical devices, etc.) acquired from Alibaba Group, the business of providing outsourced services to Tmall's Pharmaceutical Platform (in respect of categories other than those that have already been acquired) and the new pharmaceutical retail business. As at September 30, 2021, the Group had acquired the e-commerce platform business of pharmaceutical products, medical devices and healthcare products, health food, sexual health and family planning products, contact lenses, and medical and healthcare service categories from Alibaba Group. During the Reporting Period, the total revenue of the above businesses amounted to RMB1,010,257,000, representing a year-on-year increase of 9.2%.

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

During the Reporting Period, the Group has continued to integrate Internet technologies and skillsets to overcome the time and space constraints and enhance healthcare service offerings. The Group continued to establish its online platform of "Dr. Deer APP + Alipay healthcare channel" to provide diversified, multi-layered and seamless online-to-offline transition of appropriate, convenient and high-quality healthcare services to customers coming from all channels, including Taobao, Tmall, Alipay, "Dr. Deer" APP, and Quark Search, so as to make the quality medical resources more accessible to the public. In order to improve the quality and accessibility of medical and healthcare services at a fast pace, the Group focused on expanding platform models for cooperation with vaccination, health screening, testing and other medical and healthcare service organizations during the Reporting Period. This allowed the Group to successfully expand service supply and satisfy users' needs with convenient one-stop medical and healthcare services both online and offline. Digital services business includes tracking business. The Group's proprietary tracking platform, "Ma Shang Fang Xin", continues to grow steadily throughout the Reporting Period, offering more value-added services, further expanding to the area of distribution, and increasing the coverage of retail terminals. During the Reporting Period, the Group recorded revenue from medical and healthcare services and digital services business including online diagnosis and treatment, physical examination, vaccination and nucleic acid testing, dental care, mental care and nursing services which amounted to RMB228,464,000, representing a year-on-year growth of 13.9%, which was mainly attributable to the rapid growth of the GMV generated by the medical and healthcare services from various terminals, yet partially offset by the result of the switch from a direct sales mode to a platform mode of certain businesses and the platform commissions income being recognized on a net basis.

A revenue of RMB28,649,000 was recorded from the Group's acquisition of Xiaolu TCM during the Reporting Period, which was included in healthcare and digital services business.

— **Gross profit and gross profit margin**

The Group recorded gross profit for the Reporting Period of RMB1,870,775,000. Gross profit margin for the Reporting Period was 20.0%, as compared with 26.0% of the corresponding period of the preceding year. This was mainly attributable to the following reasons: (i) a decrease in the proportion of revenue from pharmaceutical e-commerce platform business which has higher gross profit margin; (ii) a decrease in the gross profit margin of the pharmaceutical direct sales business as a result of the increase in the Group's market share of online B2C pharmaceutical sales for the Reporting Period; and (iii) a significant growth of prescription drug business with lower gross profit margin and increase in its proportion of revenue as a result of the Group's accelerated business deployment of prescription drug sales business for the Reporting Period.

— **Other income and gains**

Other income and gains for the Reporting Period amounted to RMB386,364,000, representing an increase of RMB243,553,000 or 170.5% as compared with RMB142,811,000 for the corresponding period of the preceding year. This was mainly due to the increase in fair value gains on financial assets at FVPL during the Reporting Period. In particular, the financial assets at FVPL mainly represented the gain on changes in fair value of RMB113,376,000 and RMB94,623,000 recognized by Shandong ShuYu Civilian Pharmacy Corp. Ltd.^ (山東漱玉平民大藥房連鎖股份有限公司) and LinkDoc, respectively.

— **Fulfillment**

Warehousing, logistics and customer service expenses, commissions on the Tmall Platform, payment of handling fees and relevant staff costs incurred by the Group's pharmaceutical direct sales business were included in fulfillment costs. Fulfillment costs for the Reporting Period amounted to RMB979,811,000, representing an increase of RMB230,362,000 or 30.7% from RMB749,449,000 for the corresponding period of the preceding year. Such increase was mainly due to the growth in revenue of the pharmaceutical direct sales business. During the Reporting Period, fulfillment costs accounted for 12.1% of the revenue from pharmaceutical direct sales business, declining from 12.4% for the corresponding period of the preceding year, which reflected the enhancement of operating efficiency of the Group in respect of warehousing, logistics and customer services.

— **Sales and marketing expenses**

Sales and marketing expenses for the Reporting Period amounted to RMB983,714,000, representing an increase of RMB474,977,000 or 93.4% as compared with RMB508,737,000 for the corresponding period of the preceding year. Such increase was mainly due to (i) the Group's increasing investment in building the brand awareness of Tmall's Pharmaceutical Platform and Alibaba Health Pharmacy; (ii) the increase in the deployment of corresponding market resources to increase its market share of online B2C drug sales, and accelerate business deployment of prescription drug sales business; and (iii) the increase in the headcount of its sales and operation functions and operation personnel of innovative business segments such as "Dr. Deer" APP and Neighborhood Healthcare.

— **Administrative expenses**

Administrative expenses for the Reporting Period amounted to RMB170,531,000, representing an increase of RMB27,528,000 or 19.2% as compared with RMB143,003,000 for the corresponding period of the preceding year. Such increase was mainly attributable to the business growth which led to an increase in relevant management personnel costs, back-end supporting costs, shared service costs, and professional costs. Administrative expenses accounted for 1.8% of the Group's total revenue for the Reporting Period, lower than the 2.0% recorded for the corresponding period of the preceding year, which benefited from sound cost controls and continuously emerging economies of scale.

— **Product development expenses**

Product development expenses for the Reporting Period amounted to RMB322,750,000, representing an increase of RMB93,301,000 or 40.7% as compared with RMB229,449,000 for the corresponding period of the preceding year. Such increase was mainly due to the Group's continuous investment in personnel of the Company's research and development function. During the Reporting Period, the Group continued to recruit more information technology engineers to further invest in capacity-building for intelligent supply chain; enhanced investment in technological research and development in the areas of operation refinement in the Group's pharmaceutical direct sales business, customer experiences in prescription refills and regulatory compliance and safety of prescription drugs; and continued to invest in medical and healthcare services products such as "Dr. Deer" APP.

— **Share of profit of joint ventures**

Share of profits of joint ventures represented the share of net operating results of the Group's 45%-owned joint venture, Zhejiang Bianque Health Data Technology Company Limited^ (浙江扁鵲健康數據技術有限公司) and our 13.72%-owned joint venture, Jiangsu Zijin Hongyun Health Industry Investment LLP^ (江蘇紫金弘雲健康產業投資合夥企業(有限合夥)). For the Reporting Period, share of profit of joint ventures was RMB1,329,000, while share of losses of joint ventures of RMB5,694,000 was recorded for the corresponding period of the preceding year.

— **Share of losses of associates**

The Group actively invests in the healthcare segment. The Group's share of losses of associates for the Reporting Period amounted to RMB25,714,000, representing a decrease of RMB7,493,000 or 22.6% as compared with the share of losses of associates of RMB33,207,000 recorded for the corresponding period of the preceding year. The share of losses of associates for the Reporting Period was mainly attributable to the delayed progress of projects of certain associates of the Group providing services to hospitals due to the impact of COVID-19, and the fact that some associates were still in the transformation or growing stage.

— **Non-Hong Kong Financial Report Standard indicator in relation to profit/loss for the Reporting Period: Adjusted net profit/loss**

During the Reporting Period, the Group's loss amounted to RMB231,568,000, as compared with earnings of RMB278,554,000 for the corresponding period of the preceding year. The Group's adjusted net loss amounted to RMB282,850,000, as compared with adjusted net profit of RMB435,759,000 for the corresponding period of the preceding year. Adjusted net (loss)/profit is based on the (loss)/profit for the corresponding period after excluding non-operating profit or loss items such as share-based compensation expenses, change in fair value of financial assets at FVPL (non-current portion), gain or loss on deemed partial disposal of associates (net of tax). The adjusted net loss for the Reporting Period was mainly attributable to: (i) the increase in the deployment of the Group's resources in a series of innovative business areas such as the "Dr. Deer" APP, Neighborhood Healthcare and health insurance; (ii) the continuous investment in technological research and development in the areas of drug supply chain capabilities, including drug storage and logistics, as well as operation refinement in the Group's pharmaceutical direct sales business, customer experiences in prescription refills and regulatory compliance and safety of prescription drugs during the Reporting Period; (iii) the Group's increasing investment in building the brand awareness of Tmall's Pharmaceutical Platform and Alibaba Health Pharmacy; and (iv) decrease in operating margin of the Group's direct sales business as the Group increased its market share of online B2C drug sales, accelerated business deployment of prescription drug sales business and increased the deployment of corresponding market resources.

To supplement the Group's consolidated financial statements presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Group has also reported its adjusted net (loss)/profit, which is not required under, or presented in accordance with, HKFRSs, as an additional financial indicator. We are of the view that presenting the non-HKFRS indicator together with the relevant HKFRS indicator will help investors to better compare our operational performance across various periods, without the potential impact of items which our management considers as not indicative of our operational performance. We believe that the non-HKFRS indicator provides investors and other individuals with helpful information to understand and assess our consolidated operational results in the same way that our management does. However, the adjusted net (loss)/profit we presented may not be comparable with similar indicators presented by other companies. Such non-HKFRS indicator has its limitations as an analytical tool, and it should not be regarded as being independent from the operational results or financial position presented according to HKFRSs, or as an alternative to analyze the relevant operational results or financial position. In addition, the definition of such non-HKFRS indicator may vary from those applied in other companies.

The adjusted net profit/loss for the six months ended September 30, 2021 and 2020 set out in the table below represents adjustments to the most direct and comparable financial indicator calculated and presented in accordance with HKFRSs (i.e. profit/(loss) for the Reporting Period):

	Six months ended September 30,	
	2021	2020
	RMB'000	*RMB'000*
(Loss)/profit for the Reporting Period	**(231,568)**	278,554
Excluding		
— Share-based compensation	**182,975**	198,514
— Fair value gains on financial assets at FVPL, net of tax	**(210,555)**	(34,444)
— Gain on deemed partial disposal of an associate, net of tax	**(23,702)**	(6,865)
Adjusted net (loss)/profit	**(282,850)**	435,759

FINANCIAL RESOURCES, LIQUIDITY AND FOREIGN EXCHANGE EXPOSURES

The cash and other liquid financial resources of the Group as at September 30, 2021 and the corresponding comparative figures as at March 31, 2021 were summarized as follows:

	September 30, 2021 *RMB'000*	March 31, 2021 *RMB'000*
Cash and cash equivalents	**11,256,451**	11,636,769
Short-term investment at FVPL — Wealth management products	**26,680**	—
Cash and other liquid financial resources	**11,283,131**	11,636,769

Cash flows of the Group for the six months ended September 30, 2021 and September 30, 2020 were as follows:

	Six months ended September 30,	
	2021 *RMB'000*	2020 *RMB'000*
Net cash flows generated from operating activities	**597,704**	566,400
Net cash flows generated from/(used in) investing activities	**1,341,079**	(4,396,292)
Net cash flows (used in)/generated from financing activities	**(20,816)**	8,957,393
Net increase in cash and cash equivalents	**1,917,967**	5,127,501
Cash and cash equivalents at the beginning of the period	**7,252,275**	2,594,981
Effects of exchange rate changes	**(123,909)**	(209,205)
Cash and cash equivalents at the end of the period as stated in the interim condensed consolidated statement of cash flows	**9,046,333**	7,513,277
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**11,256,451**	12,267,628
Non-pledged time deposits with original maturity over three months	**(2,210,118)**	(4,754,351)
Cash and cash equivalents at the end of period as stated in the interim condensed consolidated statement of cash flows	**9,046,333**	7,513,277

— **Net cash flows generated from operating activities**

For the Reporting Period, net cash flows generated from operating activities amounted to RMB597,704,000, which was primarily attributable to our loss before income tax from continuing operations of RMB229,862,000, as adjusted by: (i) non-cash or non-operating activities expense items, which primarily comprised addition of share-based compensation expenses of RMB182,975,000, and deduction of gain on financial assets at FVPL of RMB224,102,000 and bank and other interest income of RMB86,458,000; (ii) changes in working capital, which primarily comprised an increase in trade and bills payables of RMB1,641,864,000, an increase in other payables and accruals of RMB85,629,000, an increase in prepayments, other receivables and other assets of RMB364,155,000, an increase in inventories of RMB314,878,000, and an increase in trade receivables of RMB191,736,000; and (iii) addition of interest received of RMB97,108,000.

— **Net cash flows generated from investing activities**

For the Reporting Period, net cash flows generated from investing activities was RMB1,341,079,000, which was primarily attributable to the amount generated from the disposal of fixed deposits for a term of over three months of RMB2,174,376,000, net cash used in acquisition activities of RMB742,068,000, the net cash used in the purchase of financial assets at FVPL of RMB72,000,000, and net cash used in capital injection in associates of RMB59,701,000 during the Reporting Period.

— **Net cash flows used in financing activities**

For the Reporting Period, net cash flows used in financing activities was RMB20,816,000, which was primarily attributable to the principal portion of lease payments of RMB22,226,000 during the Reporting Period.

— **Gearing ratio**

As at September 30, 2021, the Group did not have any borrowings, and hence no gearing ratio was shown.

As at September 30, 2021, the Group did not have any material contingent liabilities and had not pledged any Group assets for bank loans or banking facilities.

The Group's operations and transactions are principally conducted in the PRC. The Group prudently managed its treasury functions and maintained a healthy liquidity position throughout the Reporting Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet the Group's funding requirements from time to time. 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, Renminbi and United States dollars, while other assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi. The Group changed its presentation currency from Hong Kong dollars to Renminbi starting from the year ended March 31, 2016 to better reflect its operations in the PRC and to be consistent with the internal reporting portfolio reviewed by the Directors. The Group does not have a foreign exchange hedging policy, but the management will continue to closely monitor exchange rate fluctuations and will take appropriate measures to keep foreign exchange risk exposure to the minimum. The Group does not use any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

The number of full-time employees of the Group as at September 30, 2021 was 1,334 (1,033 as at March 31, 2021). Total staff costs of the Group for the Reporting Period amounted to RMB614.5 million (RMB440.3 million for the six months ended September 30, 2020). All staff employed by the Group in Hong Kong participated in the Mandatory Provident Fund Scheme.

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

The Group 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 the Share Award Scheme, the Board may grant awards in the form of restricted share units ("**RSUs**") or options to eligible participants, including the Directors, the directors of the Company's subsidiaries, the employees of the Group or any other persons who, as determined by the Board in its absolute discretion, have contributed or will contribute to the Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group engaged in trading of short-term and liquid investments and financial assets ranging from unit trusts, structured deposits and other wealth management during the Reporting Period in accordance with its treasury policy initially adopted in June 2015 to utilize surplus cash reserves for treasury management purpose. The Company's treasury policy sets out the selection guidelines and relevant approval procedures for acceptable short-term investments and financial assets with reference to its risk management policy. According to such treasury policy, the Company invests in products including non-equity financial asset investments with strong liquidity which can be realized either at any time or within a short period of time. Such investments shall be subscribed from financial institutions in the approved list, which shall be reviewed every two years. During the Reporting Period, such financial institutions included various branches of the China Merchant Bank, Bank of Ningbo, China CITIC Bank, Pudong Development Bank, Huaxia Bank, Minsheng Bank, Bank of China and Ping An Bank. According to the Company's prevailing approval procedures, any investment decision related to financial assets shall be approved by the financial and treasury manager of the Company, and shall, depending on the size of the investment, be approved by the financial controller or chief financial officer. The Company's short-term investments at FVPL as at September 30, 2021 amounted to approximately RMB26.7 million (March 31, 2021: Nil) representing the short-term investments held by a subsidiary of the Company operating Xiaolu TCM, which the Group acquired during the Reporting Period.

During the Reporting Period, the Group did not have any significant investments nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures.

INTERIM DIVIDEND

The Board has resolved that no interim dividend be declared for the six months ended September 30, 2021 (for the six months ended September 30, 2020: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to continuously attain and maintain high standards of corporate governance as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders, and to enhancing shareholder value.

In the opinion of the Board, throughout the Reporting Period, the Company has complied with the code provisions (the "**Code Provisions**") set out in the Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), except in respect of the following matters:

According to Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. ZHU Shunyan ("**Mr. Zhu**") has been appointed as both the Chairman of the Board and the Chief Executive Officer of the Company, with effect from March 16, 2020. After joining the Group, Mr. Zhu is primarily responsible for overseeing the Group's general management and business development and for formulating business strategies and policies for our business management and operations. The Directors consider that it is the most suitable for Mr. Zhu to hold both the positions of the Chairman of the Board and the Chief Executive Officer as they believe that it will ensure consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board is also of the view that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the Chairman of the Board and the Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. The appointment of Mr. TU Yanwu ("**Mr. Tu**") as an executive Director became effective on October 23, 2020. However, he was not subject to election by the Shareholders at the special general meetings held on March 1 and 29, 2021, respectively. The Board considered that it was more appropriate to have the election be considered by the Shareholders at the annual general meeting on July 30, 2021 (the "**2021 AGM**") so that re-election of all eligible Directors who were subject to retirement by rotation could be considered by the Shareholders at the same time in the 2021 AGM. As a result, Mr. Tu retired and offered himself for re-election and was re-elected as the executive Director at the 2021 AGM.

Code Provision C.1.2 stipulates that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company from time to time, based on business needs and conditions, provides to the Board up-to-date business information and convenes ad hoc meetings for considering material business or management issues, so as to enable the Directors and the Board as a whole to discharge their duties.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

The change in information of the Directors pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2021 annual report dated May 25, 2021, which is required to be disclosed in the Company's 2021 interim report, is set out below:

Mr. WU Yongming and Mr. XU Hong have resigned as non-executive Directors, with effect from October 13, 2021.

Mr. SHEN Difan ("**Mr. Shen**") has been appointed as an executive Director and Mr. LI Faguang has been appointed as a non-executive Director, with effect from October 13, 2021.

On November 24, 2021, the remuneration committee of the Company and the Board have considered and approved the remuneration of Mr. Shen. Mr. Shen shall be entitled to receive a salary of RMB115,000 per month as chief operation officer of the Company, but does not receive any remuneration for his position as an executive Director. His remuneration as chief operation officer of the Company was determined with reference to his experience and prevailing market rates. Under his employment contract, Mr. Shen is also entitled to discretionary bonuses paid out either in the form of cash, RSUs or share options of the Company, which shall be determined by the Board based on his performance as well as other allowances and benefits including but not limited to share-based compensation expenses and pension scheme contributions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to regulate the dealings of the Directors in the Company'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 Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, except that a trustee of the Share Award Scheme purchased a total of 1,300,000 shares of the Company on market to satisfy the share awards granted to connected employees of the Company upon vesting.

REVIEW OF INTERIM RESULTS

The Group's interim results for the Reporting Period have not been audited, but have been reviewed by the audit committee of the Company and the independent auditor of the Company, Ernst & Young.

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 Reporting Period will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Alibaba Health Information Technology Limited
ZHU Shunyan
Chairman and Chief Executive Officer

Hong Kong, November 24, 2021

As at the date of this announcement, the Board comprises seven Directors, of which (i) three are executive Directors, namely Mr. ZHU Shunyan, Mr. SHEN Difan and Mr. TU Yanwu; (ii) one is a non-executive Director, namely Mr. LI Faguang; and (iii) three are independent non-executive Directors, namely Mr. LUO Tong, Mr. WONG King On, Samuel and Ms. HUANG Yi Fei (Vanessa).

^ *For identification purpose only*